

NAHDI MEDICAL COMPANY
(A Saudi Joint Stock Company)

CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2025
with
INDEPENDENT AUDITOR'S REPORT

NAHDI MEDICAL COMPANY
(A Saudi Joint Stock Company)

CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2025

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KPMG Professional Services Company

Zahran Business Center
Prince Sultan Street
P. O. Box 55078
Jeddah 21534
Kingdom of Saudi Arabia
Commercial Registration No 4030290792

Headquarters in Riyadh

شركة كي بي إم جي للاستشارات المهنية مساهمة مهنية

مركز زهران للأعمال
شارع الأمير سلطان
ص. ب. 55078
جدة 21534
المملكة العربية السعودية
سجل تجاري رقم 4030290792

المركز الرئيسي في الرياض

Independent Auditor's Report

To the Shareholders of Nahdi Medical Company (A Saudi Joint Stock Company)

Opinion

We have audited the consolidated financial statements of Nahdi Medical Company ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2025, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) 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).

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the 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.



Independent Auditor's Report

To the Shareholders of Nahdi Medical Company (A Saudi Joint Stock Company) (continued)

Existence and Valuation of Inventories

Refer Note 3.7 to the consolidated financial statements for the material accounting policy, Note 2.5 for the significant accounting estimates and Note 11 for the relevant disclosure.

Key audit matter

As at 31 December 2025, the Group reported gross inventories of $\text{SAR} 2.393$ million (2024: $\text{SAR} 1.817$ million), with a provision for inventories amounting to $\text{SAR} 115.5$ million (2024: $\text{SAR} 106.6$ million).

Inventories are measured at the lower of cost and net realizable value (NRV). NRV represents the estimated selling price less the costs required to complete the sale. Any write-down to NRV is recognized in the consolidated statement of profit or loss.

The Group operates a perpetual inventory system and undertakes periodic physical counts at pharmacy stores and distribution sites throughout the year.

We identified inventory existence and valuation as a key audit matter due to:

- The significant value of inventory held across numerous locations with large volumes of daily transactions, increasing the risk of misstatement in existence; and
- The significant judgment applied by management in determining provisions for inventory write-downs, based on NRV assessments, which require evaluating forecast selling prices and related costs.

How the matter was addressed in our audit

Our audit procedures included, among others:

- Assessed the design and operating effectiveness of controls over inventory recording, including daily transaction processing and system reconciliations.
- Attended selected physical stock counts at various pharmacy sites to assess the accuracy of the perpetual inventory records, tested count procedures, and reconciled observed results with the inventory system.
- Selected samples of inventory items to verify quantities against count records, and validated recorded costs to supporting purchase documentation.
- Evaluated management's methodology for determining NRV by reviewing forecast selling prices, related completion and selling costs, and market data. Tested sample write-down calculations against historical sales records, post year-end selling prices, and current market trends.
- Performed testing around year-end to ensure transactions were recorded in the correct accounting period.

Other information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the consolidated financial statements and our auditor's report thereon. The annual report 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 when it becomes available 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, when made available to us, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.



Independent Auditor's Report

To the Shareholders of Nahdi Medical Company (A Saudi Joint Stock Company) (continued)

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 IFRS that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, the applicable requirements of the Regulations for Companies and Company's By-laws and for such internal control as management determines is necessary to enable the preparation of 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, the Board of directors, are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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



Independent Auditor's Report

To the Shareholders of Nahdi Medical Company (A Saudi Joint Stock Company) (continued)

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

- 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 group 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 of Nahdi Medical Company and its subsidiaries.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and 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.

KPMG Professional Services Company

Dr. Abdullah Hamad Al Fozan
License No. 348

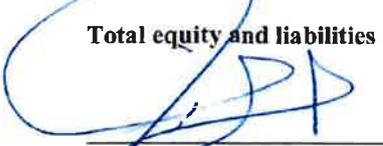
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Corresponding to 27 Ramadan 1447H

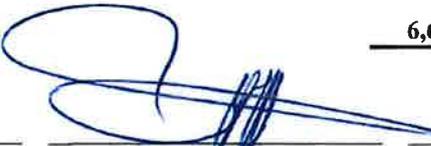


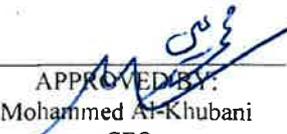
NAHDI MEDICAL COMPANY
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2025

	Note	31 December 2025 S	31 December 2024 S
ASSETS			
Property and equipment	6	1,202,956,432	1,112,587,787
Intangible assets	8	67,615,618	68,616,979
Investment properties	7	255,900,823	255,900,823
Right-of-use assets	9	1,825,289,731	1,607,005,320
Net investment from finance lease	10	10,627,015	--
Prepayments and other non-current assets	13	29,465,214	35,670,011
Non-current assets		3,391,854,833	3,079,780,920
Inventories	11	2,277,875,619	1,710,822,925
Trade receivables	12	261,431,783	135,503,395
Prepayments and other current assets	13	203,816,766	290,432,425
Finance lease - current portion	10	1,460,016	--
Cash and cash equivalents	14	554,443,212	956,809,579
Current assets		3,299,027,396	3,093,568,324
Total assets		6,690,882,229	6,173,349,244
EQUITY AND LIABILITIES			
Equity			
Share capital	15(a)	1,300,000,000	1,300,000,000
Statutory reserve	15(b)	--	369,207,440
Foreign currency translation reserve		111,799	(74,256)
Retained earnings		1,443,426,566	916,969,664
Total equity		2,743,538,365	2,586,102,848
Liabilities			
Lease liabilities	9	1,363,088,843	1,146,279,313
Accruals and other non-current liabilities	18	15,237,863	14,622,549
Employee benefit liabilities	16	421,460,663	420,490,334
Non-current liabilities		1,799,787,369	1,581,392,196
Trade payables	17	1,418,612,325	1,232,626,403
Lease liabilities – current portion	9	420,242,217	383,476,461
Accruals and other current liabilities	18	257,987,135	312,781,825
Zakat and tax provision	19	50,714,818	76,969,511
Current liabilities		2,147,556,495	2,005,854,200
Total liabilities		3,947,343,864	3,587,246,396
Total equity and liabilities		6,690,882,229	6,173,349,244


APPROVED BY:
Abdullah Al Nahdi
DEPUTY CHAIRMAN


APPROVED BY:
Yasser Joharji
CEO


APPROVED BY:
Mohammed Al-Khubani
CFO

The attached notes from 1 to 35 form an integral part of these consolidated financial statements.

NAHDI MEDICAL COMPANY
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2025

	Note	31 December 2025 س	31 December 2024 س
Revenue	20.1	10,213,238,401	9,446,420,046
Cost of revenue	20.2	(6,407,667,002)	(5,934,073,050)
Gross profit		3,805,571,399	3,512,346,996
Other operating income	21	20,272,818	29,446,113
Selling and distribution expenses	22	(2,520,994,689)	(2,321,780,458)
General and administrative expenses	23	(378,307,034)	(346,818,242)
Operating profit for the year		926,542,494	873,194,409
Finance costs	24	(141,863,820)	(115,867,176)
Finance income	25	61,217,959	59,140,721
Other income		9,748	16,479,031
Reversal of impairment on investment properties	7	—	1,596,639
Profit before Zakat and tax		845,906,381	834,543,624
Zakat and tax charge	19	(15,168,821)	(13,820,000)
Profit for the year		830,737,560	820,723,624
Other comprehensive income			
<i>Items that will not be reclassified to profit or loss in subsequent periods:</i>			
Re-measurement gain on defined benefits obligations	16	54,511,902	16,854,810
<i>Items that may be reclassified to profit or loss in subsequent periods</i>			
Exchange differences on translation of foreign operations		186,055	768,435
Other comprehensive income for the year		54,697,957	17,623,245
Total comprehensive income for the year		885,435,517	838,346,869
Earnings per share:			
Basic and diluted, earnings per share attributable to ordinary equity holders of the Parent Company	26	6.39	6.31

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APPROVED BY:
Yasser Joharji
CEO

APPROVED BY:
Mohammed Al-Khubani
CFO

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NAHDI MEDICAL COMPANY
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2025

	<u>Share capital</u> س.ر.	<u>Statutory reserve</u> س.ر.	<u>Retained earnings</u> س.ر.	<u>Foreign currency translation reserve</u> س.ر.	<u>Total</u> س.ر.
Balance as at 1 January 2024	1,300,000,000	369,207,440	794,391,230	(842,691)	2,462,755,979
Profit for the year	--	--	820,723,624	--	820,723,624
Other comprehensive gain for the year	--	--	16,854,810	768,435	17,623,245
Total comprehensive income for the year	--	--	837,578,434	768,435	838,346,869
Dividends (note 15c)	--	--	(715,000,000)	--	(715,000,000)
Balance as at 31 December 2024	1,300,000,000	369,207,440	916,969,664	(74,256)	2,586,102,848
Profit for the year	--	--	830,737,560	--	830,737,560
Other comprehensive gain for the year	--	--	54,511,902	186,055	54,697,957
Total comprehensive income for the year	--	--	885,249,462	186,055	885,435,517
Transfer of statutory reserve to retained earnings (note 15b)	--	(369,207,440)	369,207,440	--	--
Dividends (note 15c)	--	--	(728,000,000)	--	(728,000,000)
Balance as at 31 December 2025	1,300,000,000	--	1,443,426,566	111,799	2,743,538,365

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CEO

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NAHDI MEDICAL COMPANY
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2025

	Note	31 December 2025 ﷲ	31 December 2024 ﷲ
Operating activities			
Profit before zakat and tax		845,906,381	834,543,624
<i>Adjustment to reconcile profit before zakat to net cash flows from operating activities:</i>			
Depreciation of property and equipment	6	289,246,261	258,310,575
Depreciation of right-of-use assets	9	473,926,030	417,607,257
Amortisation of intangible assets	8	31,533,716	27,520,959
Gain on disposal of property and equipment	21	(486,119)	(1,537,363)
Loss / (gain) on termination of leases		1,743,141	(1,007,962)
Reversal of Impairment on Investment properties	7	--	(1,596,639)
Provision for employee benefits	16	75,785,364	63,167,224
Form of provision for inventories	11	61,292,048	32,326,343
Form / (reversal) for Impairment losses on trade receivables	12	2,690,128	(192,863)
Finance costs	24	141,863,820	115,867,176
Finance income	25	(61,217,959)	(59,140,721)
		<u>1,862,282,811</u>	<u>1,685,867,610</u>
<i>Working capital changes:</i>			
Inventories		(628,344,742)	(333,740,018)
Trade receivables		(128,618,516)	37,537,205
Prepayments and other assets		92,820,456	(59,278,034)
Trade and other payables		170,047,519	338,318,825
Accruals and other liabilities		(30,866,934)	5,837,747
Cash from operations		<u>1,337,320,594</u>	<u>1,674,543,335</u>
Finance costs paid	24	(141,863,820)	(115,867,176)
Zakat paid	19	(41,423,514)	(49,382,455)
Employee benefits paid	16	(20,303,133)	(17,939,221)
Net cash flows from operating activities		<u>1,133,730,127</u>	<u>1,491,354,483</u>
Investing activities			
Purchase of property and equipment	6	(387,085,742)	(339,530,890)
Proceeds from sale of property and equipment		486,806	1,566,346
Purchase of intangible assets	8	(30,532,355)	(44,967,392)
Interest received		60,127,214	54,917,083
Principal received from finance lease	10	2,677,452	--
Net cash flows used in investing activities		<u>(354,326,625)</u>	<u>(328,014,853)</u>
Financing activities			
Payment of principal portion of lease liabilities	9	(453,955,924)	(401,960,735)
Dividends paid	15c	(728,000,000)	(715,000,000)
Net cash flows used in financing activities		<u>(1,181,955,924)</u>	<u>(1,116,960,735)</u>
(decrease) / Increase in cash and cash equivalents		<u>(402,552,422)</u>	<u>46,378,895</u>
Net foreign exchange difference		186,055	768,435
Cash and cash equivalents at 1 January		<u>956,809,579</u>	<u>909,662,249</u>
Cash and cash equivalents at 31 December	14	<u>554,443,212</u>	<u>956,809,579</u>
Supplementary non-cash information			
Transfer of statutory reserve to retained earnings	15b	369,207,440	--
Additions to net investment in finance lease	10	13,673,738	--
Additions to right-of-use assets	9	756,615,702	803,663,703

APPROVED BY:
Abdullah Al Nahdi
DEPUTY CHAIRMAN

APPROVED BY:
Yasser Joharji
CEO

APPROVED BY:
Mohammed Al-Khubani
CFO

The attached notes from 1 to 35 form an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2025

1. CORPORATE INFORMATION

Nahdi Medical Company (the “Parent Company” or the “Company”) is a Saudi Joint Stock Company formed under Companies Law in the Kingdom of Saudi Arabia under Commercial Registration No. 4030053868 dated 1 October 2003 (corresponding to 5 Sha’ban 1424H) and Unified No. 7018056114.

The principal activity of the Group is the wholesale and retail trading of cosmetics, pharmaceutical products, special and healthy foods, and medical equipment. The main shareholders as of 31 December 2025 are AlNahdi Holding Company and Saudi Economic and Development Holding Company with ownership percentage of 38% and 25%, respectively. (31 December 2024: AlNahdi Holding Company and Saudi Economic and Development Holding Company with ownership percentage of 38% and 25%, respectively).

The Group operates mainly in the Kingdom of Saudi Arabia (“KSA”) and the United Arab Emirates (“UAE”), and its Head Office is located at the following address:

Nahdi Medical Company,
P.O. Box 17129,
King Abdulaziz Road, Murjan District, Jeddah 23715
Kingdom of Saudi Arabia.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Basis of measurement

These consolidated financial statements have been prepared on a historical cost basis, unless stated otherwise.

The group has prepared the consolidated financial statements using the accrual basis of accounting and the going concern concept.

2.3 Functional and presentation currency

These consolidated financial statements are presented in Saudi Riyals (“ﷲ”) which is also the functional and presentation currency of the Company.

2.4 Basis of consolidation

These consolidated financial statements comprise the financial position and performance of the Parent Company and the following direct and indirect subsidiaries (collectively referred to “the Group”) in which the Company exercises control as at 31 December 2025:

NAHDI MEDICAL COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
At 31 December 2025

2. BASIS OF PREPARATION (continued)

2.4 Basis of consolidation (continued)

<u>Subsidiary name</u>	<u>Country of incorporation</u>	<u>Principal business activity</u>	<u>Effective ownership interest</u>	
			<u>31 December 2025</u>	<u>31 December 2024</u>
Nahdi Care Limited Company	KSA	Clinics	100%	100%
Al Sakhaa Golden Trading and Contracting Company*	KSA	Labor Services	100%	100%
Nahdi Investment CO. L.L.C**	UAE	Holding Company	100%	100%

* As at 31 December 2025, Al Sakhaa Golden Trading and Contracting Company has an investment in the following subsidiary:

<u>Subsidiary name</u>	<u>Country of incorporation</u>	<u>Principal business activity</u>	<u>Effective ownership interest</u>	
			<u>31 December 2025</u>	<u>31 December 2024</u>
Al Sakhaa integrated solutions	Egypt	IT consulting	99%	99%

The remaining 1% is held by Nahdi Investment CO. L.L.C, who holds the share for the beneficial interest of the company.

**As at 31 December 2025, Nahdi Investment CO. L.L.C also has investments in the following subsidiaries:

<u>Subsidiary name</u>	<u>Country of incorporation</u>	<u>Principal business activity</u>	<u>Effective ownership interest</u>	
			<u>31 December 2025</u>	<u>31 December 2024</u>
Nahdi Drug Store L.L.C	UAE	Drug store	99%	99%
Nahdi Pharmacy L.L.C	UAE	Pharmacy	99%	99%

The remaining 1% is held by Mr. Saleh Mohamed Amer Salmeen Al Hajeri of Nahdi Investment Co. who holds the share for the beneficial interest of the company.

The financial statements of the subsidiaries are prepared for the same reporting period as that of the Group, using consistent accounting policies of the Group.

Control is achieved when the Group is exposed, or has rights, to variable returns from its transactions with the investee and has the ability to affect those returns through exercising 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 the Group the current ability to direct the relevant activities of the investee).
- Exposure, or rights, to variable returns from its transactions with the investee.
- The ability to use its power over the investee to affect its returns.

2. BASIS OF PREPARATION (continued)

2.4 Basis of consolidation (continued)

Generally, there is a presumption that a majority of voting rights results 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 control over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee.
- Rights arising from other contractual arrangements.
- 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.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated.

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

2.5 Significant accounting judgments, estimates and assumptions

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

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

- Sensitivity analysis disclosures (note 16)
- Financial instruments risk management and policies (note 27)
- Capital management (note 28)

Judgements

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

2. BASIS OF PREPARATION (continued)

2.5 Significant accounting judgments, estimates and assumptions (continued)

Judgements (continued)

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

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

The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization to the leased asset). The periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

The Group has several lease contracts that include extension and terminations options. The options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercise significant judgement in determining whether these extension and termination options are reasonably certain to be exercised.

Revenue from contracts with customers

The Group applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

Determining method to estimate variable consideration

Certain contracts for the sale of goods include a right of return and volume rebates that give rise to variable consideration. In estimating the variable consideration, the Group is required to use either the expected value method or the most likely amount method based on which method better predicts the amount of consideration to which it will be entitled.

The Group determined that the most likely amount method is the appropriate method to use in estimating the variable consideration for the sale of goods with volume rebate as the selected method better predicts the amount of variable consideration driven by customers' rebate entitlement based on volume thresholds and purchase made by them during the period.

Before including any amount of variable consideration in the transaction price, the Group considers whether the amount of variable consideration is constrained. The Group determined that the estimates of variable consideration are not constrained based on its historical experience, business forecast and the current economic conditions. In addition, the uncertainty, if any, on the variable consideration will be resolved within a short time frame.

2. BASIS OF PREPARATION (continued)

2.5 Significant accounting judgments, estimates and assumptions (continued)

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material difference in the carrying amounts of assets and liabilities within the next financial period, are presented below. The Group used these assumptions and estimates on the basis available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur. Information about the assumptions and estimation uncertainties is included in the following areas:

Useful lives of property and equipment / intangible assets/ investment properties

The management determines the estimated useful lives of property and equipment & intangible assets for calculating depreciation/amortization. These estimates is determined after considering expected usage of the assets or physical wear and tear. The management reviews the residual value and useful lives annually and future depreciation/amortization charges are adjusted where management believes the useful lives differ from previous estimates.

Determination of inventory net realizable value

Estimates of net realizable value of inventories are based on the most reliable evidence at the time the estimates are made. These estimates take into consideration fluctuations of price or cost directly related to events occurring subsequent to the financial position date to the extent that such events confirm conditions existing at the end of year.

Provision for expected credit losses (ECLs) of trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision matrix is initially based on the Group's historical observed default rates. The Group calibrates the matrix to adjust the historical credit loss experience with forward-looking information.. For instance, if forecasted economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults in relevant sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customers' actual default in the future. The information about the ECLs on the Group trade receivables is disclosed in note 12 & 27.

Defined benefit plan

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

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management considers the market yield on Government bonds.

2. BASIS OF PREPARATION (continued)

2.5 Significant accounting judgments, estimates and assumptions (continued)

Estimates and assumptions (continued)

Defined benefit plan (continued)

The mortality rate is based on publicly available mortality tables for the country. Those mortality tables tend to change only at intervals in response to demographic changes. Future salary increases are based on expected future inflation rates for the country.

Further details about employee benefits obligations are provided in note 16.

Revenue recognition - Estimating stand-alone selling price – Customer loyalty programme

The Group estimates the stand-alone selling price of the loyalty points awarded under the customer loyalty programme. The stand-alone selling price of the loyalty points issued is calculated by multiplying the estimated redemption rate and the monetary value assigned to the loyalty points. In estimating the redemption rate, the Group considers breakage which represents the portion of the points issued that will never be redeemed. The Group applies statistical projection methods in its estimation using customers' historical redemption patterns as the main input. The redemption rate is updated quarterly and the liability for the unredeemed points is adjusted accordingly. In estimating the value of the points issued, the Group considers the mix of products that will be available in the future in exchange for loyalty points and customers' preferences. The Group ensures that the value assigned to the loyalty points is commensurate to the stand-alone selling price of the products eligible for redemption (i.e., the value of each point is equivalent to the stand-alone selling price of any products eligible for redemption divided by number of points required). The points issued have an expiry date of one year from the date of issuance.

Leases – Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the Group's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

Impairment of non-financial assets

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

2. BASIS OF PREPARATION (continued)

2.5 Significant accounting judgments, estimates and assumptions (continued)

Estimates and assumptions (continued)

Going concern

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

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES

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

3.1 Current versus non-current classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current/ non-current classification.

Assets

An asset is classified as current when:

- It is expected to be realized or intended to sell or consumed in normal operating cycle; or
- It is held primarily for the purpose of trading; or
- It is expected to be realized within twelve months after the reporting period; or
- It is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

Liabilities

A liability is current when:

- It is expected to be settled in normal operating cycle; or
- It is held primarily for the purpose of trading; or
- It is due to be settled within twelve months after the reporting period; or
- It does not have the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

3.2 Foreign currencies

The Group's consolidated financial statements are presented in Saudi Riyals ("ﷲ"), which is also the parent company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
At 31 December 2025

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

3.2 Foreign currencies (continued)

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange ruling at the reporting date.

All differences arising on settlement or translation of monetary items are recognised in the consolidated statement of profit or loss.

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

Group Companies - foreign operations

The assets and liabilities of foreign operations are translated to Saudi Riyals at rate of exchange prevailing at the reporting date and their statement of profit or loss and other comprehensive income are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognized in other comprehensive income. Dividends received from foreign subsidiaries (if any), are translated at the exchange rate in effect at the transaction date and related currency translation differences are realized in the consolidated statement of other comprehensive income.

On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is reclassified to profit or loss.

3.3 Property and equipment

Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located and borrowing costs on qualifying assets.

When significant parts of an item of property and equipment have different useful lives, they are accounted for as items (major components) of property and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment and are recognized net within other income in the consolidated statement of profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2025

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

3.3 Property and equipment (continued)

Capital work in progress

Capital work-in-progress ("CWIP") represents all costs relating directly to the ongoing projects in progress and is capitalized as property and equipment when the project is completed. CWIP is carried at cost, less any recognized impairment loss.

Cost includes expenditure that is directly attributable to the acquisition of the items. Depreciation of these assets, on the same basis as other same class of assets, commences when the assets are available for their intended use.

Subsequent costs

The cost of replacing a part of an item of property and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property and equipment are recognised in the consolidated statement of profit or loss as incurred.

Depreciation

Depreciation represents the systematic allocation of the depreciable amount of an asset over its estimated useful life. Depreciable amount represents cost of an asset, or other amount substituted for cost, less its residual value. Depreciation is recognised in the consolidated statement of profit or loss on a straight-line basis over the estimated useful lives of each item of property and equipment. Depreciation methods, useful lives and residual values are reviewed at least annually and adjusted prospectively if required.

For impairment assessment of property and equipment, please refer note 6. Estimated useful lives of property and equipment are as follows:

	<u>Estimated useful lives</u>
Buildings	The shorter of useful life or related lease term (10 – 25)
Leasehold improvement	The shorter of useful life or related lease term (4 – 8)
Furniture, fixture, office equipment & tools	4
Machinery and equipment	4
Vehicles	4
Computers	4

Derecognition

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

3.4 Investment properties

Investment properties is property held either to earn rental income or for capital appreciation or for both, as well as those held for undetermined future use but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment properties are measured at cost less accumulated depreciation and impairment loss, if any. Investment properties are depreciated on a straight-line basis over the estimated useful life of the respective assets.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

3.4 Investment properties (continued)

Investment properties are derecognized either when they have been disposed off or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the consolidated statement of profit or loss in the period of derecognition.

Transfers are made from investment properties to property and equipment only when there is a change in use evidenced by commencement of development with a view to sell. Such transfers are made at the carrying value of the property at the date of transfer.

The useful lives and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from these assets.

3.5 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in consolidated statement of profit or loss and other comprehensive income in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised 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 are 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 are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the consolidated statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

Intangible assets under development consists of costs incurred in relation to development of software which will be eventually transferred to intangible assets. Intangible assets with indefinite useful lives (goodwill) are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

An intangible asset is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated statement of profit or loss when the asset is derecognized.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2025

3. **SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)**

3.5 **Intangible assets (continued)**

Intangible assets represent computer software and acquisition of pharmacies which have finite useful lives. The estimated rates of amortization of intangible assets are as follows:

Software	4 years
Acquisitions of pharmacies licenses	4 years
Others	5 years

3.6 **Leases**

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

Group as a lessee

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

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Lands	5 to 25 years
Pharmacy stores	5 to 10 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment.

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

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2025

3. **SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)**

3.6 **Leases (continued)**

Lease liabilities (continued)

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

The lease liabilities are presented as a separate line in the consolidated statement of financial position.

Short-term leases and leases of low-value assets

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

Group as a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Group applies IFRS 15 to allocate the consideration in the contract.

The Group applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease. The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'finance income'.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
At 31 December 2025

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

3.7 Inventories

Inventories are stated at the lower of cost and net realizable value. The cost of inventories is principally based on the weighted average principle, and includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition.

Net realizable value represents the estimated selling price for inventories less the costs necessary to make the sale. Any impairment loss arising as a result of bringing the inventories at their net realizable value is recognized in the consolidated statement of profit or loss.

3.8 Financial instruments

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

Financial Assets

The Company's financial assets comprise of cash and cash equivalents, trade receivables and certain prepayments.

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

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. The Company initially 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.

On initial recognition, a financial asset is classified as measured at:

- Amortized cost;
- Fair value through other comprehensive income (FVOCI) – debt instruments;
- Fair value through other comprehensive income (FVOCI) – equity instruments; or
- Fair value through profit or loss (FVTPL)

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

Financial liabilities

Financial liabilities are classified as measured at amortized cost or financial liabilities at fair value through profit or loss FVTPL. A financial liability is classified as at FVTPL if it is classified as held for trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities are classified as "held for trading" if they are acquired for the purpose of selling in the near future. This category includes derivative financial instruments entered by the company that are not designated as hedging instruments as stated in IFRS 9. Other financial liabilities are measured at amortized cost using the effective interest method.

The Company's financial liabilities include trade payables, certain accrued expenses and other current liabilities and lease liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2025

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

3.8 Financial instruments (continued)

Offsetting of financial instruments

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

3.9 Cash and cash equivalents

Cash and cash equivalents balances comprise of cash at banks, cash on hand and short-term highly liquid deposits with original maturities of three months or less that are held for the purpose of meeting short-term cash commitments and are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

3.10 Cash dividend to shareholders of the Group

Interim Dividends are recorded as liability in the period in which they are approved by the Board of Directors. As per the company's bylaws, The General Assembly shall determine the percentage that must be distributed among the shareholders from the net profits after deducting the reserves, if any. The company may distribute semi- or quarterly interim dividends to its shareholders, and it may authorize the Board of Directors to undertake this task.

3.11 Pension and other post-employment benefits

Short-term employee benefits

Short-term employee benefits are expensed as the related services are provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Post-employment benefits

The Group's obligation under employee end of service benefit is accounted for as an unfunded defined benefit plan and is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods and discounting that amount. The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. Re-measurement of the net defined benefit liability, which comprise actuarial gains and losses are recognised immediately in OCI. The Group determines the net interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability, taking into account any changes in the net defined benefit liability during the period as a result of benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in employee costs in the consolidated statement of profit or loss (refer to note 16).

Obligation in respect of Nahdi Investment CO. L.L.C, where applicable are calculated in accordance with the U.A.E Labor Law and are based on current remuneration and cumulative years of service at the reporting date.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

3.12 Zakat and tax

The Group (entities registered in Kingdom of Saudi Arabia only) is subject to the Regulations of the Zakat, Tax and Customs Authority ("ZATCA") in the Kingdom of Saudi Arabia. Zakat is provided for in accordance with the Regulations of the Zakat, Tax and Customs Authority (ZATCA) in the Kingdom of Saudi Arabia and on accruals basis. The zakat charge is computed on Zakat based on a unified return. Any shortfall / excess on finalization of an assessment is accounted for in the year in which assessment is finalized.

The income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Withholding tax

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

3.13 Value Added Tax ("VAT")

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

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

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

3.14 Revenue from contracts with customers

The Group is engaged in the business of retail trading of cosmetics, pharmaceutical products, special and healthy foods, and medical equipment. Revenue from contracts with customers is recognised when control of the goods is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods. The Group has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods before transferring them to the customer. The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in note 2.5.

The Group's recognition of revenue from each source of revenue is as follows:

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

3.14 Revenue from contracts with customers (continued)

Sale of goods (retail)

The Group operates a chain of retail stores (pharmacies and healthcare stores) selling medicines, perfumes, cosmetics and beauty tools and products. Revenue is recognised at the point in time when control of the asset is transferred to the customer (i.e., at the point the customer purchases the goods at the retail outlet). Payment of the transaction price is due immediately at the point in time when control of the asset is transferred to the customer. However, certain sales are through insurance and other companies. A receivable is recognised by the Group upon transfer of control as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due. It is the Group's policy to sell its products to its customers with a right of return within 14 days. However, the management concluded that the expected returns based on pattern of historical returns is deemed immaterial, accordingly the management has not accounted for it.

Loyalty points program

The Group has a loyalty points programme, customer loyalty points, which allows customers to accumulate points that can be redeemed for free products. The loyalty points give rise to a separate performance obligation as they provide a material right to the customer.

A portion of the transaction price is allocated to the loyalty points awarded to customers based on relative stand-alone selling price and recognised as a contract liability until the points are redeemed. Revenue is recognised upon redemption of points by the customer.

When estimating the stand-alone selling price of the customer loyalty points, the Group considers the likelihood that the customer will redeem the points. The Group updates its estimates of the points that will be redeemed on a quarterly basis and any adjustments to the contract liability balance are charged against revenue.

The disclosures of significant estimates and assumptions relating to the estimation of the stand-alone selling price of the loyalty points are provided in note 2.5.

Revenue from loyalty points for registered customers in the loyalty program included separate performance obligation.

Revenue is allocated between the loyalty program and the other components of the sale using standalone selling price. It is recognized as revenue when the Group has fulfilled its obligations to supply the discounted products or free goods under the terms of the program or when it is no longer probable that the points under the program will be redeemed.

Variable consideration

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts for the sale of goods provide customers with volume rebates giving rise to variable consideration.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

3.14 Revenue from contracts with customers (continued)

Volume rebates and rejection

The Group provides volume rebates to certain customers (insurance companies) once their purchase during the period exceeds a threshold specified in the contract. To estimate the variable consideration for the expected future rebates, the Group applies the most likely amount method as the selected method better predicts the amount of variable consideration driven by customers' rebate entitlement based on volume thresholds and purchase made by them during the period. The Group then applies the requirements on constraining estimates of variable consideration and recognized a refund liability for the expected rebates.

Revenue is recognized at the estimated net realizable amounts from the third-party payers (like insurance companies) and others for the goods provided or services rendered, net of estimated revenue adjustments (rejection of claims and volume discounts) when the goods are provided or related services are rendered.

Other Income

Other income that are incidental to the Group's business model are recognized as income as they are earned or accrued. This represents profit from sale of scrapped inventory and other miscellaneous income.

Rental Income

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred or incentive in negotiating and arranging an operating lease is considered an integral part of the carrying amount of the leased contract and recognized on a straight-line basis over the lease term.

3.15 Expenses

Cost of revenue

Cost of revenue represents all expenses directly attributable or incidental to the core operating activities of the Group. Cost of sales includes the direct costs incurred to bring the goods in the saleable condition and the direct costs pertaining to the provision of services. Rebates, compensation, other incentives and earned benefits from suppliers are recognized when earned by the Group; which occurs when all obligations to earn suppliers' support have been discharged and can be measured reliably.

Selling and distribution expenses

These include any costs incurred to carry out or facilitate selling activities of the Group. These costs typically include salaries of the sales staff, marketing, distribution, and logistics expenses.

General and administrative expenses

These are operational expenses which are not directly related to the sale of goods. These also include allocations of general overheads which are not specifically attributed to cost of revenue.

Allocation of overheads between cost of revenue, selling and distribution and general and administrative expenses, where required, is made on a consistent basis.

3.16 Finance costs

Finance costs comprises of finance costs on lease liabilities and financial charges as and when incurred by the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

3.17 Earnings per share (EPS)

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

4. NEW AND AMENDED STANDARDS AND INTERPRETATIONS

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

4.1 Amendments to IAS 21 – Lack of exchangeability – Effective date 1 January 2025

An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose

5. STANDARDS ISSUED BUT NOT YET EFFECTIVE

Following are the new standards and amendments to standards which are effective for annual periods beginning on or after 1 January 2025 and earlier application is permitted for certain new standards and amendments; however, the Group has not early adopted them in preparing these Consolidated Financial Statements. The Group is currently evaluating the impact of the adoption of these standards on the Consolidated Financial Statements.

5.1 Amendments to IFRS 9 and IFRS 7 - Classification and Measurement of Financial Instruments – Effective date 1 January 2026

These amendments:

- clarify the requirements for the timing 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 instruments with features linked to the achievement of environment, social and governance (ESG) targets); and
- make updates to the disclosures for equity instruments designated at Fair Value through Other Comprehensive Income (FVOCI)

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5. STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)

5.2 IFRS 18 - 'Presentation and Disclosure in Financial Statements' – Effective date 1 January 2027

This is the new standard on presentation and disclosure in financial statements, with a focus on updates to the statement of profit or loss. The key new concepts introduced in IFRS 18 relate to:

- the structure of the statement of profit or loss;
- required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and
- enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.

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6. PROPERTY AND EQUIPMENT

	<u>Lands</u> ﷲ	<u>Buildings</u> ﷲ	<u>Leasehold improvement</u> ﷲ	<u>Furniture, fixture, office equipment and tools</u> ﷲ	<u>Machinery and equipment</u> ﷲ	<u>Vehicles</u> ﷲ	<u>Computers</u> ﷲ	<u>Capital work in progress</u> ﷲ	<u>Total</u> ﷲ
<u>Cost:</u>									
At beginning of the year	58,172,935	281,300,190	1,580,453,700	74,872,332	250,175,380	986,278	178,873,185	50,010,516	2,474,844,516
Additions	--	10,646,257	195,839,704	7,259,025	47,928,698	255,075	24,116,656	101,040,327	387,085,742
Disposals	--	--	--	(130,470)	(386,986)	--	--	--	(517,456)
Transfer from capital work in progress	--	--	43,225,141	--	--	--	--	(43,225,141)	--
Write-offs*	--	--	(38,730,808)	(813,016)	(2,347,734)	--	(26,050)	--	(41,917,608)
At end of the year	<u>58,172,935</u>	<u>291,946,447</u>	<u>1,780,787,737</u>	<u>81,187,871</u>	<u>295,369,358</u>	<u>1,241,353</u>	<u>202,963,791</u>	<u>107,825,702</u>	<u>2,819,495,194</u>
<u>Accumulated depreciation and impairment:</u>									
At beginning of the year	--	47,853,297	956,097,623	58,121,563	159,527,759	986,278	139,670,209	--	1,362,256,729
Depreciation charge for the year	--	15,154,784	206,933,923	8,173,843	39,716,204	21,256	19,246,251	--	289,246,261
Disposals	--	--	--	(130,465)	(386,304)	--	--	--	(516,769)
Write-offs*	--	--	(31,685,139)	(665,933)	(2,070,337)	--	(26,050)	--	(34,447,459)
At end of the year	--	<u>63,008,081</u>	<u>1,131,346,407</u>	<u>65,499,008</u>	<u>196,787,322</u>	<u>1,007,534</u>	<u>158,890,410</u>	--	<u>1,616,538,762</u>
<u>Net book value:</u>									
At 31 December 2025	<u>58,172,935</u>	<u>228,938,366</u>	<u>649,441,330</u>	<u>15,688,863</u>	<u>98,582,036</u>	<u>233,819</u>	<u>44,073,381</u>	<u>107,825,702</u>	<u>1,202,956,432</u>

*Write-offs during the year relate to non-movable assets disposed of due to the closure of certain pharmacies.

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6. PROPERTY AND EQUIPMENT (continued)

	<u>Lands</u> ﷲ	<u>Buildings</u> ﷲ	<u>Leasehold improvement</u> ﷲ	<u>Furniture, fixture, office equipment and tools</u> ﷲ	<u>Machinery and equipment</u> ﷲ	<u>Vehicles</u> ﷲ	<u>Computers</u> ﷲ	<u>Capital work in progress</u> ﷲ	<u>Total</u> ﷲ
<u>Cost:</u>									
At beginning of the year	58,172,935	252,238,130	1,363,276,425	67,600,553	205,188,843	1,303,681	166,145,630	59,474,623	2,173,400,820
Additions	--	24,154,456	194,480,969	8,358,382	49,616,711	-	17,988,056	44,932,316	339,530,890
Disposals	--	--	(925,006)	(540,449)	(2,912,040)	(317,403)	(5,260,501)	--	(9,955,399)
Transfer from capital work in progress	--	10,133,213	44,061,210	--	--	--	--	(54,194,423)	--
Write-offs	--	(5,225,609)	(20,439,898)	(546,154)	(1,718,134)	--	--	(202,000)	(28,131,795)
At end of the year	<u>58,172,935</u>	<u>281,300,190</u>	<u>1,580,453,700</u>	<u>74,872,332</u>	<u>250,175,380</u>	<u>986,278</u>	<u>178,873,185</u>	<u>50,010,516</u>	<u>2,474,844,516</u>
<u>Accumulated depreciation and impairment:</u>									
At beginning of the year	--	32,781,094	789,942,002	50,542,943	131,113,330	1,269,945	127,286,417	--	1,132,935,731
Depreciation charge for the year	--	15,612,183	183,512,028	8,562,072	32,946,447	33,736	17,644,109	--	258,310,575
Disposals	--	-	(901,551)	(540,444)	(2,906,701)	(317,403)	(5,260,317)	--	(9,926,416)
Write-offs	--	(539,980)	(16,454,856)	(443,008)	(1,625,317)	--	--	--	(19,063,161)
At end of the year	<u>--</u>	<u>47,853,297</u>	<u>956,097,623</u>	<u>58,121,563</u>	<u>159,527,759</u>	<u>986,278</u>	<u>139,670,209</u>	<u>--</u>	<u>1,362,256,729</u>
<u>Net book value:</u>									
At 31 December 2024	<u>58,172,935</u>	<u>233,446,893</u>	<u>624,356,077</u>	<u>16,750,769</u>	<u>90,647,621</u>	<u>--</u>	<u>39,202,976</u>	<u>50,010,516</u>	<u>1,112,587,787</u>

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At 31 December 2025

6. PROPERTY AND EQUIPMENT (continued)

a) The depreciation charge for the year has been allocated as follows:

	31 December 2025	31 December 2024
	S	S
Selling and distribution expenses (note 22)	226,958,456	207,564,550
General and administrative expenses (note 23)	14,518,418	14,926,947
Cost of revenue (note 20.2)	47,769,387	35,819,078
	289,246,261	258,310,575

b) Capital work in progress relates to the expenditure incurred on leasehold improvements amounting to S 19.1 million (31 December 2024: S 36.6 million) and for the construction of the clinics amounting to S 88.7 million (31 December 2024: S 13.4 million) which are expected to be capitalized in the following year upon completion and when it is ready for the intended use.

7. INVESTMENT PROPERTIES

	31 December 2025	31 December 2024
	S	S
Cost:		
At beginning and ending of the year	262,963,234	262,963,234
Accumulated impairment loss:		
At beginning of the year	7,062,411	8,659,050
Reversal of impairment loss for the year	--	(1,596,639)
At end of the year	7,062,411	7,062,411
Net book value	255,900,823	255,900,823

The Group's investment properties only represent the parcels of land in KSA which are currently held for undetermined future use.

The fair value of the Group's investment properties as at 30 November 2025 was valued at S 348.4 million (30 November 2024: S 346.9 million).

The fair value of the Group's investment properties, as at 30 November 2025 was determined on the basis of the valuation exercise carried out by two independent external real estate valuers Abdullah Al Kathiri Real Estate Evaluation Office and Abdulaziz Al-Azab Real Estate Evaluation Co. (2024: Abdullah Al Kathiri Real Estate Evaluation Office and Abdulaziz Al-Azab Real Estate Evaluation Co.) accredited by the Saudi Authority for Accredited Valuers ("TAQEEM"). Both valuers have appropriate qualifications and relevant experience in the fair value measurement of properties in the relevant locations. Management adopted the lower of the two valuation results as the basis for measuring the fair value of the investment properties.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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7. INVESTMENT PROPERTIES (continued)

The fair value of the lands has been determined based on income method, a valuation model in accordance with that recommended by the Saudi Authority for Accredited Valuers was applied.

Based on the difference between the carrying value and the fair value of the parcels of land as at 31 December 2024, a reversal of impairment loss amounting to ~~ﷲ~~ 1,596,639 was recorded in the Group's consolidated financial statements.

This valuation model is in accordance with those recommended by the International Valuation Standards Committee and is consistent with the principles in IFRS 13.

Such values are based on significant unobservable inputs and the fair value measurement was classified as level 3. These significant unobservable inputs for properties with undetermined use include:

Significant inputs and assumptions	Basis of determination	Range (weight average)
Discount rate	Reflecting the inherent risk associated with the development of a real estate asset. Given the uncertainty of future (revenue and cost) projections, a discount rate is adopted to reflect the risk in achieving assumed projections.	2025: 7.5% - 9% 2024: 7% - 8%
Land sales rate (undeveloped) (ﷲ per square meter)	Reflecting the price of comparable industrial land plots	2025: 1,125– 4,200 2024: 1,100 – 4,000
Developer profit	Reflecting the expected developer profit of similar developments for industrial and residential plots.	2025: 25% – 45% 2024: 25% – 45%
Rental rate (ﷲ per square meter)	Reflecting the market rent assumed for retail and offices rental	2025: 1,200 – 750 2024: 1,200 – 700
Capitalization rate	Reflecting the assumed return metric that is used to determine the potential return on the property.	2025: 7.5% 2024: 8%

There have been no major changes to the valuation technique during the year.

All investment properties of the Group are currently held for undetermined future use.

The Group has no restrictions on the realizability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repair, maintenance, and enhancement.

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8. INTANGIBLE ASSETS

	<u>Software</u> ﷲ	Acquisition of pharmacies <u>licenses</u> ﷲ	<u>Total</u> ﷲ
<u>Cost:</u>			
At beginning of the year	234,644,253	102,926,361	337,570,614
Additions	44,967,392	--	44,967,392
Write offs	--	(691,512)	(691,512)
At 31 December 2024	279,611,645	102,234,849	381,846,494
Additions	30,532,355	--	30,532,355
Write offs	(18,579)	(2,194,996)	(2,213,575)
At 31 December 2025	310,125,421	100,039,853	410,165,274
<u>Accumulated amortization:</u>			
At beginning of the year	183,473,707	102,926,361	286,400,068
Amortization charge for the year	27,520,959	--	27,520,959
Write offs	--	(691,512)	(691,512)
At 31 December 2024	210,994,666	102,234,849	313,229,515
Amortization charge for the year	31,533,716	--	31,533,716
Write offs	(18,579)	(2,194,996)	(2,213,575)
At 31 December 2025	242,509,803	100,039,853	342,549,656
<u>Net book value:</u>			
At 31 December 2025	67,615,618	--	67,615,618
At 31 December 2024	68,616,979	--	68,616,979

(a) The amortization charge for the year has been allocated as follows:

	31 December 2025 ﷲ	31 December <u>2024</u> ﷲ
General and administrative expenses (note 23)	18,820,167	17,232,675
Selling and distribution expenses (note 22)	8,823,836	9,143,958
Cost of Sales (20.2)	3,889,713	1,144,326
	31,533,716	27,520,959

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9. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The Group has lease contracts for various items of lands and pharmacy stores used in its operations. Lease of lands generally have lease term of 5 to 25 years while lease of pharmacy stores has lease term of 5 to 10 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. There are several lease contracts that include extension and termination options. The Group applies the 'short-term lease' recognition exemptions for the leases which have lease term lower than or equal to one-year.

Set out below, are the carrying amounts of the Group's right-of-use assets and lease liabilities and the movements during the year:

(a) Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year:

	<u>Lands</u>	<u>Pharmacy stores</u>	<u>Total</u>
As at 1 January 2025	250,736,785	1,356,268,535	1,607,005,320
Additions during the year	185,084,984	571,530,718	756,615,702
Modifications during the year	(2,954,388)	(5,804,194)	(8,758,582)
Termination during the year	--	(55,646,679)	(55,646,679)
Depreciation expense	(27,753,419)	(446,172,611)	(473,926,030)
As at 31 December 2025	405,113,962	1,420,175,769	1,825,289,731

	<u>Lands</u>	<u>Pharmacy stores</u>	<u>Total</u>
As at 1 January 2024	162,018,792	1,104,625,043	1,266,643,835
Additions during the year	111,003,831	692,659,872	803,663,703
Modifications during the year	(10,399,650)	(11,920,484)	(22,320,134)
Termination during the year	--	(23,374,827)	(23,374,827)
Depreciation expense	(11,886,188)	(405,721,069)	(417,607,257)
As at 31 December 2024	250,736,785	1,356,268,535	1,607,005,320

(b) Set out below are the carrying amounts of lease liabilities and the movements during the year:

	31 December <u>2025</u> ﷲ	31 December <u>2024</u> ﷲ
As at 1 January	1,529,755,774	1,174,755,729
Additions during the year	770,193,330	803,663,703
Impact of lease termination	(53,903,538)	(24,382,789)
Modifications during the year	(8,758,582)	(22,320,134)
Accretion of interest during the year (note 24)	88,014,420	73,719,319
Payments during the year	(541,970,344)	(475,680,054)
As at 31 December	1,783,331,060	1,529,755,774
Current	420,242,217	383,476,461
Non-current	1,363,088,843	1,146,279,313

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
At 31 December 2025

9. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

The additions, during the year happened in normal course of business.

The lease modifications during the year mainly relates to a reduction of lease payments for 63 pharmacies (2024: 38 pharmacies) lease contracts which resulted in decrease in the carrying value of lease liabilities and right of use asset.

The lease terminations during the year mainly relates to 49 pharmacies (2024: 39 pharmacies) lease contracts terminated before the expiry date which results to lease termination loss amounting to ﷲ1,743,141 (2024: gain amounting to SR 1,007,962).

The maturity analysis of lease liabilities is disclosed in note 27.

(c) The following are the amounts recognised in the consolidated statement of profit or loss:

	<u>For year ending</u>	
	31 December	31 December
	<u>2025</u>	<u>2024</u>
	ﷲ	ﷲ
Depreciation expense of right-of-use assets (note 20.2, 22 & 23)	473,926,030	417,607,257
Interest expense on lease liabilities (note 24)	88,014,420	73,719,319
Expense relating to short-term leases (note 20.2, 22 & 23)	42,336,817	20,088,804
Total amount recognised in consolidated statement of profit or loss	604,277,267	511,415,380

The Group had total cash outflows for leases of ﷲ 542 million in 2025 (ﷲ 476 million in 2024). The Group also had non-cash additions to right-of-use assets and lease liabilities of ﷲ 757 million in 2025 (ﷲ 804 million in 2024).

The depreciation charge for the year has been allocated as follows:

	<u>For year ending</u>	
	31 December	31 December
	<u>2025</u>	<u>2024</u>
	ﷲ	ﷲ
Selling and distribution expenses (note 22)	456,503,244	393,177,305
General and administrative expenses (note 23)	7,748,823	7,926,114
Cost of Sales (note 20.2)	9,673,963	16,503,838
	473,926,030	417,607,257

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10. NET INVESTMENT FROM FINANCE LEASE

	31 December <u>2025</u> S	31 December <u>2024</u> S
As at 1 January	--	--
Addition	13,673,738	--
Sub-lease Interest income	1,090,745	--
Payments during the year	<u>(2,677,452)</u>	--
At the end of the year	<u>12,087,031</u>	--
Current	<u>1,460,016</u>	--
Non-current	<u>10,627,015</u>	--

11. INVENTORIES

	31 December <u>2025</u> S	31 December <u>2024</u> S
Inventories	2,393,353,182	1,817,385,878
Less: provision for inventories	<u>(115,477,563)</u>	<u>(106,562,953)</u>
	<u>2,277,875,619</u>	<u>1,710,822,925</u>

During 2025, S 6,096 million (2024; S 5,717 million) was recognized as a cost of revenue.

Movement in the provision for inventories was as follows:

	31 December <u>2025</u> S	31 December <u>2024</u> S
At the beginning of the year	106,562,953	97,731,509
Form for the year	61,292,048	32,326,343
Written off during the year	<u>(52,377,438)</u>	<u>(23,494,899)</u>
At the end of the year	<u>115,477,563</u>	<u>106,562,953</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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12. TRADE RECEIVABLES

	31 December 2025 ﷲ	31 December 2024 ﷲ
Trade receivables	267,407,699	139,222,943
Less: Impairment losses on trade receivables (see note below)	<u>(5,975,916)</u>	<u>(3,719,548)</u>
	<u>261,431,783</u>	<u>135,503,395</u>

Movement in the Impairment losses on trade receivables is as follows:

	31 December 2025 ﷲ	31 December 2024 ﷲ
At the beginning of the year	3,719,548	3,924,339
Form / (reversal) for the year*	2,690,128	(192,863)
Written off during the year	<u>(433,760)</u>	<u>(11,928)</u>
At the end of the year	<u>5,975,916</u>	<u>3,719,548</u>

*The total expected credit loss charge on trade receivables of ﷲ 2,690,128 for the year has been recognized within cost of revenue ﷲ 1,454,322 (Note 20.2) and general and administrative expenses ﷲ 1,235,806 (Note 23).

Trade receivables are non-interest bearing and are generally settled on terms of 60 days.

Before accepting any customer, the Group evaluates the credit quality of the potential customers individually and defines the maximum credit period and credit limits. The credit period for the Group's operations normally ranges between 30 to 60 days which is either contractually agreed or internally defined.

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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13. PREPAYMENTS AND OTHER ASSETS

	31 December <u>2025</u> ﷲ	31 December <u>2024</u> ﷲ
<u>Non-current</u>		
Rent deposits	<u>29,465,214</u>	<u>35,670,011</u>
<u>Current</u>		
Prepayments	53,839,895	36,173,163
Employees' related prepayments	54,301,041	57,566,535
Advance payments to suppliers	38,044,609	122,333,467
Value added tax (VAT)	29,250,229	52,469,511
short-term rental	13,601,417	13,273,846
Margin on letter of credits	200,000	230,000
Other current assets	14,579,575	8,385,903
	<u>203,816,766</u>	<u>290,432,425</u>

14. CASH AND CASH EQUIVALENTS

	31 December <u>2025</u> ﷲ	31 December <u>2024</u> ﷲ
Cash at banks	450,978,946	878,143,546
Cash on hand	103,464,266	78,666,033
	<u>554,443,212</u>	<u>956,809,579</u>

At 31 December 2025, the Group had short-term Islamic Murabaha deposits with original maturities of less than three months amounting to Nil. During 2025, The Group earned ﷲ 49 million (2024: ﷲ 51 million) on the Islamic Murabaha deposits at rate of return ranging between 3.90% to 6.20% (2024: 4.97% to 6.21%) (note 25).

At each reporting date, all bank balances are assessed to have low credit risk as they are held with banks with sound credit ratings. Therefore, the probability of default based on forward looking factors and any loss given defaults are negligible.

15. SHAREHOLDERS' EQUITY

(a) **Share capital**

The Company's capital is divided into 130,000,000 shares (31 December 2024: 130,000,000 shares) with a nominal value of ﷲ 10 each (31 December 2024: ﷲ 10 each).

(b) **Statutory reserve**

On 29 April 2025, the General Assembly Meeting of the shareholders approved the transfer of the statutory reserve balance amounting to ﷲ 369,207,440, as reported in the financial statements for the year ended 31 December 2024, to retained earnings.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
At 31 December 2025

15. SHAREHOLDERS' EQUITY (continued)

(c) Dividends

- On 10 March 2025 (corresponding 10 Ramadan 1446H) the Board of Directors announced the distribution of **ﷲ** 390 million as cash dividends (**ﷲ** 3 per share) for the second half of the year 2024 which represents 30% of the nominal value of the shares.
- On 29 July 2025 (corresponding 4 Safar 1447H) the Board of Directors announced the distribution of **ﷲ** 338 million as interim cash dividends (**ﷲ** 2.60 per share) which represents 26% of the nominal value of the shares.

	31 December <u>2025</u> ﷲ	31 December <u>2024</u> ﷲ
Cash dividends for the second half of the year 2024: ﷲ 3.00 per share (second half of the year 2023: ﷲ 3.00 per share)	390,000,000	390,000,000
Cash dividends for the first half of the year 2025: ﷲ 2.60 per share (first half of the year 2024: ﷲ 2.50 per share)	338,000,000	325,000,000
Total dividends for the year	728,000,000	715,000,000

16. EMPLOYEE BENEFIT LIABILITIES

The Group operates an approved unfunded employees' end of service benefits plan ("EOSB") for its employees as required by the Saudi Arabian Labor Law. The following table represents the movement of the defined benefits obligation:

	31 December <u>2025</u> ﷲ	31 December <u>2024</u> ﷲ
Defined benefits obligation at beginning of the year	420,490,334	392,117,269
Current service cost	53,690,377	56,217,944
Past service cost	--	(10,958,809)
Interest cost on defined benefits obligation	22,094,987	17,908,089
Total expense charged to statement of profit or loss*	75,785,364	63,167,224
Actuarial gain on the obligation	(54,511,902)	(16,854,810)
Transferred employees	--	(128)
Payments made during the year	(20,303,133)	(17,939,221)
Defined benefit obligations at the end of the year	421,460,663	420,490,334

* The total expense charged during the year is allocated to the respective expense categories in the consolidated statement of profit or loss as follows: **ﷲ** 8,000,302 within cost of revenue (Note 20.2), **ﷲ** 55,855,318 within selling and distribution expenses (Note 22), and **ﷲ** 11,929,744 within general and administrative expenses (Note 23).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2025

16. EMPLOYEE BENEFIT LIABILITIES (continued)

16.1 Actuarial assumptions

	31 December <u>2025</u>	31 December <u>2024</u>
Discount rate	5.30%	5.40%
Future salary growth/expected rate of salary increase	4%	4.80%
Mortality rate	0.25%	0.25%
Withdrawal rate	Service based	Service based
Retirement age	60 years	60 years

The quantitative sensitivity analysis for principal assumptions is as follows:

	31 December <u>2025</u> ﷲ	31 December <u>2024</u> ﷲ
Discount rate:		
+1.00% increase	(35,774,161)	(34,585,578)
-1.00% decrease	41,663,648	40,170,995
Salary increase rate:		
+1.00% increase	43,040,009	41,250,314
-1.00% decrease	(37,551,104)	(36,160,563)

The sensitivity analyses above have been determined based on a method that extrapolates the impact on the defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analyses are based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation from one another.

The weighted average duration of the defined benefit obligation is 9.43 years (31 December 2024: 8.77 years).

The following is the breakup of the actuarial (gain) / loss:

	31 December <u>2025</u> ﷲ	31 December <u>2024</u> ﷲ
Financial assumptions	(22,779,259)	370,890
Experience adjustment	(27,270,365)	(16,230,408)
Demographic adjustment	(4,462,278)	(995,292)
	<u>(54,511,902)</u>	<u>(16,854,810)</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2025

16. EMPLOYEE BENEFIT LIABILITIES (continued)

16.1 Actuarial assumptions (continued)

The following payments are expected to the defined benefit plan in future years:

	31 December 2025	31 December 2024
	S	S
Within the next 12 months (next annual reporting period)	34,613,923	36,424,211
Between 2 and 5 years	127,651,247	130,617,635
Between 6 and 10 years	147,647,865	153,712,919
Year 11 & above	434,404,271	412,909,338
Total expected payments	<u>744,317,306</u>	<u>733,664,103</u>

17. TRADE PAYABLES

	31 December 2025	31 December 2024
	S	S
Trade payables (note a)	<u>1,418,612,325</u>	<u>1,232,626,403</u>

(a) Trade payables are non-interest bearing and are normally settled on 30-150 days term.

18. ACCRUALS AND OTHER LIABILITIES

	31 December 2025	31 December 2024
	S	S
<u>Non-current</u>		
Staff accruals (note a)	<u>15,237,863</u>	<u>14,622,549</u>
<u>Current</u>		
Staff accruals (note a)	142,689,737	155,770,675
Accrued expenses	80,174,656	116,550,897
Contract liabilities	24,906,521	20,843,541
Other liabilities	10,216,221	19,616,712
	<u>257,987,135</u>	<u>312,781,825</u>

(a) This includes incentives for the executive employees as part of long-term retention plan with the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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19. ZAKAT AND TAX

The movement in the zakat provision during the year is as follows:

	31 December <u>2025</u> ﷲ	31 December <u>2024</u> ﷲ
At the beginning of the year	76,969,511	112,531,966
Provision charge for year	15,168,821	13,820,000
Payment during the year	<u>(41,423,514)</u>	<u>(49,382,455)</u>
At the end of the year	<u>50,714,818</u>	<u>76,969,511</u>

The Group companies that are operated in KSA, (the Parent Company, Nahdi Care Company, and Al Sakhaa Golden Trading and Contracting Company) have been requested and obtained an approval from ZATCA to submit their Zakat based on a unified return. Starting from the year ended 31 December 2023 and onward Zakat submission was based on the unified return which will prepared based on a Special Purpose Financial Statements.

Status of assessments

Nahdi Medical Company

For the year ended 31 December 2015

An objection was filed against the Zakat, Tax, and Customs Authority's ("The authority") assessment of zakat differences amounting to ﷲ 6,017,417 via the website of the General Secretariat of Tax Committees within the statutory period. Subsequently, the company paid ﷲ 1,017,417 representing some of the disputed items, on 29 December 2022. The Authority attached a memorandum explaining its desire to drop its appeal on the remaining disputed amount of ﷲ 5,000,000. The Appeals Committee issued a decision accepting the dismissal of the dispute in the appeal filed by the Authority. The Authority's amended assessment was issued, reflecting the committee's decisions and finalizing the zakat status for the year.

For the years ended 31 December 2016 to 2019

A final assessment was issued by the Authority, and the company paid the zakat differences.

For the years ended 31 December 2020 to 2023

The company has submitted its zakat returns for these years and the final assessment has been issued for zakat differences amounting to ﷲ 6,650,697 and the company paid the zakat differences.

For the year ended 31 December 2024

The zakat status remains as mentioned above. The Company submitted zakat return for the year and no zakat assessment was received. The Company received a valid zakat certificate until 30 April 2026.

For the year ended 31 December 2025

The zakat status remains as mentioned above.

19. ZAKAT AND TAX (continued)

Status of assessments (continued)

Subsidiaries

Al Sakhaa Golden Trading and Contracting Company

For the years from starting operations till year ended 31 December 2015

The Company has filed Zakat returns for these years, but no zakat assessments was received.

For the years from the year ended 31 December 2016 till the year ended 31 December 2019

A final assessment has been issued by the ZATCA, and the company has settled the Zakat differences. Accordingly, the Zakat status for the above years is considered finalized.

For the years ended 31 December 2020 to 2024

The Company submitted zakat return for the year and no Zakat assessment was received. The Company received a valid Zakat certificate until 30 April 2026.

For the year ended 31 December 2025

The Zakat status remains as mentioned above.

Nahdi Care Limited Company

For the years ended 31 December 2019 to 2024

The Company submitted zakat return for the years and no zakat assessment was received. The Company received a valid Zakat certificate until 30 April 2026.

For the year ended 31 December 2025

The Zakat status remains as mentioned above.

Tax Status

Nahdi Investment CO. L.L.C and the subsidiaries

The Company submitted its first tax return for the year 2024 and recorded a nil tax liability. The next filing due date is on 30 September 2026.

Al Sakhaa integrated solutions

The filing for corporate tax return 2024 has been filed on 30 April 2025 with amount of 2,039,860 Egyptian Pound (≃153,071). The next filing due date is on 30 April 2026. No tax assessment was received.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2025

20. REVENUE AND COST OF REVENUE

20.1 Revenue

	<u>For year ending</u>	
	31 December <u>2025</u> S	31 December <u>2024</u> S
Front Shop (non-pharma)	4,195,406,412	3,907,159,466
Pharma	5,439,997,089	5,183,203,623
Others*	<u>577,834,900</u>	<u>356,056,957</u>
	<u>10,213,238,401</u>	<u>9,446,420,046</u>

There is no individual customer contributed more than 10% of the Group's total sales.

* Others mainly include revenue generated from services provided by the clinics under Nahdi Care Limited Company.

20.2 Cost of revenue

	<u>For year ending</u>	
	31 December <u>2025</u> S	31 December <u>2024</u> S
Cost of goods and services (note 11)	6,095,603,718	5,717,214,650
Form / (reversal) of provision for inventories (note 11)	61,292,048	32,326,343
Employee costs*	150,657,620	90,117,987
Depreciation of property and equipment (note 6)	47,769,387	35,819,078
Other expenses**	<u>52,344,229</u>	<u>58,594,992</u>
	<u>6,407,667,002</u>	<u>5,934,073,050</u>

* Employee costs include end-of-service benefits expense amounting to S8,000,302 (see Note 16).

** Other expenses included within cost of revenue comprise expected credit losses of trade receivables amounting to S1,454,322 (2024: S430,477) (Note 12), depreciation expense of right-of-use assets amounting to S9,673,963 (2024: S16,503,838) (Note 9), and amortization charge of intangible assets amounting to S3,889,713 (2024: S1,144,326) (Note 8).

21. OTHER OPERATING INCOME

	<u>For year ending</u>	
	31 December <u>2025</u> S	31 December <u>2024</u> S
Reversal of accrued expenses	--	14,068,460
Rental income	10,255,783	6,350,570
Gain from disposal of property and equipment	486,119	1,537,363
Scrap sale of inventory	1,370,677	2,931,704
Other	<u>8,160,239</u>	<u>4,558,016</u>
	<u>20,272,818</u>	<u>29,446,113</u>

NAHDI MEDICAL COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
At 31 December 2025

22. SELLING AND DISTRIBUTION EXPENSES

	<u>For year ending</u>	
	31 December <u>2025</u> ﷲ	31 December <u>2024</u> ﷲ
Employee costs*	1,335,784,856	1,263,429,233
Amortization of right-of-use assets (note 9)	456,503,244	393,177,305
Depreciation of property and equipment (note 6)	226,958,456	207,564,550
Utilities	75,483,620	72,788,076
Advertising and promotion	52,941,273	59,612,014
Repair and maintenance	58,717,222	48,729,546
Attestation of governmental expenses	24,005,461	23,984,774
Loading and packing expenses	40,511,030	31,439,379
Business events	3,747,839	6,921,988
Communications	6,077,047	6,708,949
Amortization of intangible assets (note 8)	8,823,836	9,143,958
Others	231,440,805	198,280,686
	<u>2,520,994,689</u>	<u>2,321,780,458</u>

* Employee costs include end-of-service benefits expense amounting to ﷲ 55,855,318 (see Note 16).

23. GENERAL AND ADMINISTRATIVE EXPENSES

	<u>For year ending</u>	
	31 December <u>2025</u> ﷲ	31 December <u>2024</u> ﷲ
Employee costs*	218,425,113	208,564,289
Repair and maintenance	54,894,521	42,660,169
Legal and professional	16,363,748	8,346,353
Amortization of intangible assets (note 8)	18,820,167	17,232,675
Depreciation of property and equipment (note 6)	14,518,418	14,926,947
Amortization of right-of-use assets (note 9)	7,748,823	7,926,114
Communications	8,204,564	6,424,948
Attestation and government expenses	2,062,140	2,663,138
Board of directors' remunerations	4,475,000	4,475,000
Expected credit losses of trade receivables (note 12)	1,235,806	(192,863)
Others	31,558,734	33,791,472
	<u>378,307,034</u>	<u>346,818,242</u>

* Employee costs include end-of-service benefits expense amounting to ﷲ 11,929,744 (see Note 16).

24. FINANCE COST

	<u>For year ending</u>	
	31 December <u>2025</u> ﷲ	31 December <u>2024</u> ﷲ
Interest expense on lease liability (note 9)	88,014,420	73,719,319
Bank charges	53,849,400	42,147,857
	<u>141,863,820</u>	<u>115,867,176</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
At 31 December 2025

25. FINANCE INCOME

	<u>For year ending</u>	
	31 December <u>2025</u> ﷲ	31 December <u>2024</u> ﷲ
Income from Islamic Murabaha deposits	48,758,085	50,799,973
Foreign exchange gain	11,369,129	8,340,748
Finance income from finance lease (note 10)	1,090,745	--
	<u>61,217,959</u>	<u>59,140,721</u>

26. EARNINGS PER SHARE

The earnings per share calculation is given below:

	31 December <u>2025</u> ﷲ	31 December <u>2024</u> ﷲ
Profit for the year	<u>830,737,560</u>	<u>820,723,624</u>
Weighted average number of ordinary shares	<u>130,000,000</u>	<u>130,000,000</u>
Earnings per share – basic and diluted	<u>6.39</u>	<u>6.31</u>

There has been no item of dilution affecting the weighted average number of ordinary shares.

27. FINANCIAL INSTRUMENTS RISK MANAGEMENT

The Group's principal financial liabilities include trade payables, due to related parties and lease liabilities. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include cash and cash equivalents, trade receivables and certain prepayments.

The Group's activities expose it to a variety of financial risks: market risk (including interest rate risks, currency risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on robust liquidity management as well as monitoring of various relevant market variables, thereby consistently seeking to minimize potential adverse effects on the Group's financial performance.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk.

Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in the market interest rates. The Group is subject to interest rate risk on its interest-bearing assets. The management manages the Group's interest rate risks by monitoring changes in interest rates in the currencies in which its interest-bearing assets are denominated (if any).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
At 31 December 2025

27. FINANCIAL INSTRUMENTS RISK MANAGEMENT (continued)

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a foreign currency). The Group's transactions are principally in Saudi Riyals. However, the group also transacts in AED. AED to Saudi Riyals is pegged whereas exposure related to other currencies is not material to the group. Moreover, the Group's management monitors such fluctuations and manages its effect on the group's financial statements accordingly.

Credit risk

Customer credit risk is managed subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of the customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored. The insurance companies credit ratings ranging from BB+ and above. At 31 December 2025, the Group had three customers (31 December 2024: three customers) which accounted for approximately 72% (31 December 2024: 73%) of all trade receivable balances. The Group evaluates the concentration of risk with respect to trade receivables as low.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions, and forecasts of future economic conditions. Additionally, minor receivables are grouped into homogenous Group and analysed for impairment collectively. The maximum amount of exposure is the carrying amount of the receivable disclosed in note 12. Promissory notes and other forms of security, if any, are considered integral part of trade receivables and considered in the calculation of impairment.

Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Group's executive management on a regular basis and may be updated throughout the year. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through potential counterparty's failure to make payments.

On that basis, the expected credit loss as at 31 December was determined as follows:

Receivable from customers

Ageing	2025			2024		
	Gross carrying amount ﷲ	Expected credit loss range %	Loss allowance ﷲ	Gross carrying amount ﷲ	Expected credit loss range %	Loss allowance ﷲ
Current (Not due)	144,568,623	1.3%	1,823,696	49,094,992	1.4%	674,306
0-90 Days Overdue	91,340,279	2.4%	2,180,969	44,093,444	2.2%	976,816
91-180 Days Overdue	18,931,842	3.8%	715,524	25,119,095	2.6%	660,927
181-360 Days Overdue	9,785,391	2%	194,600	18,905,114	0.9%	179,239
Over 360 Days Overdue	2,781,564	38.1%	1,061,127	2,010,298	61.1%	1,228,260
	<u>267,407,699</u>		<u>5,975,916</u>	<u>139,222,943</u>		<u>3,719,548</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
At 31 December 2025

27. **FINANCIAL INSTRUMENTS RISK MANAGEMENT (continued)**

Liquidity risk

Liquidity risk is the risk that an exposure will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value. Liquidity risk is managed by the treasury department by monitoring the maturity profile of the Group's financial instruments to ensure that adequate liquidity is maintained or made available, as necessary to the Group. Concentrations of liquidity risk may arise from the repayment terms of financial liabilities, sources of borrowings or reliance on a particular market in which to realize liquid assets. The following is the contractual undiscounted maturity analysis of the financial liabilities of the Group. The Group does not hold financial assets for managing liquidity risk. Hence, these risks have not been considered for maturity analysis.

The following is the contractual undiscounted maturity analysis of the financial liabilities of the Group. The Group does not hold financial assets for managing liquidity risk. Hence, these risks have not been considered for maturity analysis. The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

31 December 2025	<u>Within 1 year</u> ﷲ	<u>1 to 5 years</u> ﷲ	<u>After 5 years</u> ﷲ	<u>Total</u> ﷲ
Trade payables	1,418,612,325	--	--	1,418,612,325
Accruals and other liabilities, (except for non-financial liabilities)	233,080,614	15,237,863	--	248,318,477
Lease liabilities	454,447,418	1,047,960,351	617,157,297	2,119,565,066
	<u>2,106,140,357</u>	<u>1,063,198,214</u>	<u>617,157,297</u>	<u>3,786,495,868</u>
31 December 2024	<u>Within 1 year</u> ﷲ	<u>1 to 5 years</u> ﷲ	<u>After 5 years</u> ﷲ	<u>Total</u> ﷲ
Trade payables	1,232,626,403	--	--	1,232,626,403
Accruals and other liabilities, (except for non-financial liabilities)	291,938,284	14,622,549	--	306,560,833
Lease liabilities	424,316,303	884,176,284	523,208,481	1,831,701,068
	<u>1,948,880,990</u>	<u>898,798,833</u>	<u>523,208,481</u>	<u>3,370,888,304</u>

28. **CAPITAL MANAGEMENT**

For the purpose of the Group's capital management, capital includes issued share capital, statutory reserve and retained earnings attributable to the equity holders of the Group. The primary objective of the Group's capital management is to maximize the Shareholders' value.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is currently not exposed to any gearing risk as it has not obtained any borrowings.

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28. CAPITAL MANAGEMENT (continued)

	31 December 2025 ﷲ	31 December <u>2024</u> ﷲ
Total Liabilities	3,947,343,864	3,587,246,396
Less: Cash and cash equivalents	(554,443,212)	(956,809,579)
Net debt	3,392,900,652	2,630,436,817
Total equity	2,743,538,365	2,586,102,848
Equity and net debt	6,136,439,017	5,216,539,665
Gearing ratio	55%	50%

29. FAIR VALUE MEASUREMENT

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

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

The principal or the most advantageous market must be accessible by the Group.

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

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

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

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

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

If the inputs used to measure the fair value of an asset or liability falls into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest input level that is significant to the entire measurement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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29. FAIR VALUE MEASUREMENT (continued)

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. There were no transfers among the levels during the period.

The management assessed that the fair value of cash and cash equivalents, trade and other receivables, trade payables approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of investment properties was determined using the Market Approach, which is classified as a Level 2 fair value measurement where observable market data for comparable properties was available. For properties where such data was limited, the Residual Method was used, which is classified as a Level 3 fair value measurement due to the use of unobservable inputs and significant valuation assumptions.

30. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties comprise the shareholders have significant influence, directors, associated companies (representing entities controlled or under the significant influence of the Group's shareholders) and key management personnel. During the year ended 31 December 2025 and 31 December 2024 no related party transactions occurred except the compensation for key management.

Key management compensation

Compensation for key management is as follows:

	31 December <u>2025</u> ﷲ	31 December <u>2024</u> ﷲ
Salaries and other benefits	3,500,000	3,500,000
Post-employment benefits*	10,252,512	12,830,770
	<u>13,752,512</u>	<u>16,330,770</u>

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

* The Group recognized the incentives for the executive employees as part of long-term retention plan with the Group as disclosed in note 18(a).

Related party balances are generally unsecured, interest free and settled in cash. There have been no guarantees provided or received for any related party receivables or payables. This assessment is undertaken each financial year by examining the financial position of the related parties and the market in which the related party operates, if any.

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31. SEGMENT INFORMATION

The Group operates mainly in the KSA and the UAE and is engaged in retail trading as sale of cosmetics, medical materials, as well as medical equipment through pharmacies. It also operates specialized medical clinics through one of its subsidiaries. The Group's operations in the UAE are considered relatively insignificant, and accordingly, the Group does not present business sector information at the geographical level as at present more than 90% of the Group's operations are conducted within the Kingdom of Saudi Arabia. Also, the Group's business of operating specialized medical clinics is considered relatively insignificant. The management has concluded that except for retail trading of consumer goods all other lines of businesses are less than 10% of combined revenue, profit or loss and assets of the Group (Note 20.1). The Group has considered the overriding core principles of IFRS 8 'Operating segments' as well as its internal reporting framework, management and operating structure. The Directors' conclusion is that the Group has one operating segment, that of retailing.

Key internal reports received by the CODM, primarily the selling and operation plan (SOP), focus on the performance of the Group as a whole. The operations of all elements of the business are driven by the retail sales environment and hence have fundamentally the same economic characteristics. All operational decisions made are focused on the performance and growth of the retail outlet.

32. COMMITMENTS AND CONTINGENCIES

As at 31 December 2025, the Group has commitments of ₪ 111 million (31 December 2024: ₪ 69 million) relating to capital expenditures, which also includes an agreement with a consulting Group to implement the decorations of pharmacies, implement the new stores, construction of distribution centre. It also includes commitments pertains to letter of credit and letter of guarantee.

33. COMPARATIVE FIGURES

To align with the current period's presentation, the following reclassifications have been made to comparative figures:

- a) ₪ 17.39 million in advance payments to suppliers for property, plant, and equipment, previously reported under Prepayments and other current assets, have been reclassified to prepayments and other non-current assets.
- b) Depreciation and amortization expenses of ₪ 20.52 million directly related to medical services have been reclassified from Selling and distribution expenses to Cost of revenue.

These adjustments have no impact on the statement of changes in equity or cash flows.

<u>Consolidated Statement of Financial Position as at 31 December 2024</u>	<u>As reported as of 31 December 2024</u>	<u>Reclassification</u>	<u>As reported as of 31 December 2024 (comparative)</u>
Prepayments and other current assets	307,823,357	(17,390,932)	290,432,425
Prepayments and other non-current assets	18,279,079	17,390,932	35,670,011

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33. COMPARATIVE FIGURES (continued)

<u>Consolidated Statement of Profit or Loss and Other Comprehensive Income</u>	<u>As reported for the year ended 31 December 2024</u> ﷲ	<u>Reclassification</u> ﷲ	<u>As reported for the year ended 31 December 2024 (comparative)</u> ﷲ
Cost of revenue	(5,913,553,658)	(20,519,392)	(5,934,073,050)
Selling and distribution expenses	(2,342,299,850)	20,519,392	(2,321,780,458)

34. EVENTS AFTER THE REPORTING PERIOD

On 8 March 2026 (corresponding 19 Ramadan 1447H) the Board of Directors announced the distribution of ﷲ 390 million as cash dividends (ﷲ 3 per share) for the second half of the year 2025 which represents 30% of the nominal value of the shares.

During the period subsequent to the financial reporting date of the period ended **31 December 2025**, and up to the date of approval of the financial statements for issuance on 8 March 2026, the Middle East region witnessed rapid geopolitical and security developments that led to an increased level of instability in some regional markets.

Nature and classification of the event: Management evaluated these events in accordance with the requirements of IAS 10 "Events after the reporting date", and determined that these events represent **non-modifying subsequent events**, as they arose as a result of circumstances that did not exist at the financial reporting date, and therefore do not require any adjustment to the balances or financial information presented in the financial statements.

Potential impact on the Company: These developments may have potential impacts on the Company's operations in the coming period, including risks related to the continuity of supply chains, delays in some operational activities, or an increase in some operational or logistical costs. The Management is closely monitoring the situation and regularly updating its assessments of risks and potential impacts.

Going Concern Assessment: After reviewing the data available up to the date of approval of the financial statements, the Management found no material indicators that affect the Company's ability to continue operating as a going concern. The Management will continue to monitor developments and take necessary actions as needed.

35. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements were approved and authorized to issue by the Board of Directors on 8 March 2026 (corresponding 19 Ramadan 1447H).