

**Mouwasat**  
Mouwasat Medical Services Co.



**المواساة**  
شركة المواساة للخدمات الطبية

# Annual Report 2024



**Years**  
of Dedication

Mouwasat Medical Services Company



The Custodian of the Two Holy Mosques

**King Salman bin Abdulaziz Al Saud**

May Allah protect him



His Royal Highness Crown Prince and Prime Minister

**Prince Mohammed bin Salman bin  
Abdulaziz Al Saud**

May Allah protect him

# Table of Content

introduction	4
Theme of the Year	6
Financial and Operational Highlights	10

## Section (1) Overview

At a Glance	16
Subsidiaries and Associates	30
Brands	33
Success Partners	34
Our Initiatives	35
Key Achievements of the Year	39

## Section (2) Strategic Report

Chairman's Message	42
CEO's Message	44
Managing Director's Message	46
Strategy	48
Business Operating Model	52
Certifications and Accreditations	56
Challenges and Opportunities	62
Future Goals and Aspirations	65
Risk Management	66

## Section (3) Operational Review

Overview of the Medical Sector in the Kingdom	72
Operational Performance	74
Quality Control and Assurance	80
Human Resources and Recruitment	87
Marketing and Customer Outreach	90
Business Digitalization	92
Related Parties and Stakeholders Engagement	94

## Section (4) Governance and Sustainability

Governance at Mouwasat	100
The Company's Bylaws	104
The Company's Organizational Structure	104
The Company's Board of Directors	105
The Company's Transactions with Related Parties	126
The Company's Board Performance Appraisal	128
Shareholders' General Assemblies	128
The Company's Loans	131
The Company's Statutory Payments	132
The Company's Shareholders	133
Accounting Standards	141
The Company's Internal Audit and Control	141
The Company's Sustainability and Social Responsibility	143
Board Declarations	147
Board's Recommendations	148

## Section (5) Financial Performance

Development of the Financial Statements in 5 Years	152
Key Financial Ratios and Indicators	153
Annual Results in Brief	154
Financial Statements and Supplementary Notes	156

**50**  
*Excellence that Begins with Confidence*

**Years  
of Dedication**

## Introduction

In 2024, Mouwasat Medical Services Company, “Mouwasat”, continued to solidify its position as a leading healthcare provider through its investment in cutting-edge technological and medical advancements, the development of its medical team’s skills, and the provision of high-quality services tailored to cater to the diverse needs of its customers across various specialties. Complementing these efforts, the Company introduced several innovative projects and initiatives aimed at boosting its overall performance.

Even amidst a challenging healthcare market in the Kingdom, Mouwasat has successfully navigated these challenges. This was driven by the Company’s continuous efforts to pursue its strategic goals towards sustainable growth, alongside its commitment to develop its operations and ensure its operational excellence.

The Board of Directors of Mouwasat Medical Services Company is pleased to present to its esteemed shareholders the Annual Report for the year 2024. This Report offers a comprehensive overview of key developments, financial and operational results, and strategic objectives attained throughout the year. It also highlights the Company’s principal activities, notable achievements, and encountered challenges, alongside a detailed account of the Company’s objectives and future directions.



## Theme of the Year

# 50 Years of Dedication

## Expertise that Beats with Confidence

Our theme for 2024 encapsulates the successful journey that Mouwasat has undertaken from its establishment to the present day. Over 50 years of giving, the Company has been unwavering in its commitment to delivering exceptional medical and health services to all citizens and residents of Saudi Arabia. This unwavering dedication embodies the Company's pledge to maintain the highest quality standards through the integration of cutting-edge medical technologies. This, in turn, enhances the Company's leading position in the healthcare sector and makes it an emblem of continuous development.

Over the past five decades, the Company's name has become synonymous with excellence and innovation in healthcare. Throughout its rich history, the Company thrived to deliver high-quality services backed by its extensive experience, robust infrastructure, and competent team of medical and administrative professionals. This journey has garnered the appreciation and confidence of its customers, making "Mouwasat" the premium choice for patients seeking outstanding healthcare.

The Company's theme for 2024 showcases its unwavering commitment to quality and innovation at every stage of patient care, from the moment of admission to full recovery. Mouwasat is keen on providing its patients with a seamless experience through offering exceptional healthcare services that match the highest international standards. Furthermore, the Company endures to implement a well-

crafted strategy for expansion by inaugurating new hospitals on schedule, enhancing the network of medical centers, and launching innovative projects that offer various specialties using the latest technological advancements. The Company's goal is to deliver an integrated healthcare experience that surpasses its Customers' expectations and meets their needs with the highest levels of efficiency. It is also relentlessly focused on upgrading the services provided at its existing affiliated centers as well as launching new centers, offering a wider range of specialties with innovative technological techniques.

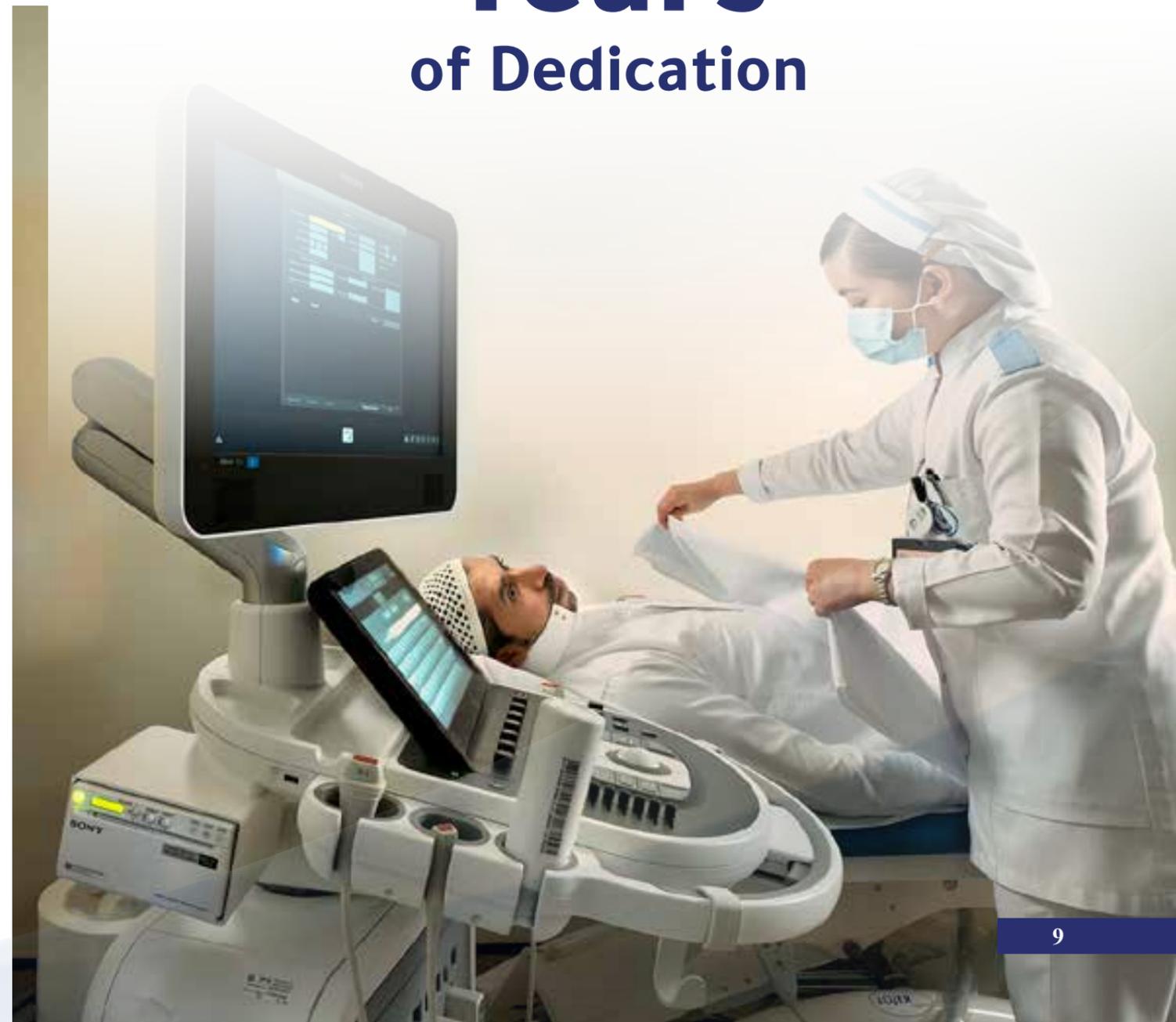
The Company's strategy underpins its steadfast dedication to advancing and qualifying its staff as well as sharpening their competencies. Mouwasat ensures patient satisfaction, boosts confidence, and maximizes returns for the interest of its shareholders. The Company strives to sustain this trust in the coming years so that Mouwasat continues to be the icon for excellence in the healthcare sector.

This year's theme aligns with the Kingdom's Vision 2030, sending a clear message to its shareholders and customers: Mouwasat will continue to be the first choice and a reliable provider of distinguished, high-quality medical services. The Company emphasizes its ongoing commitment to improving service levels and meeting the aspirations of the health community.

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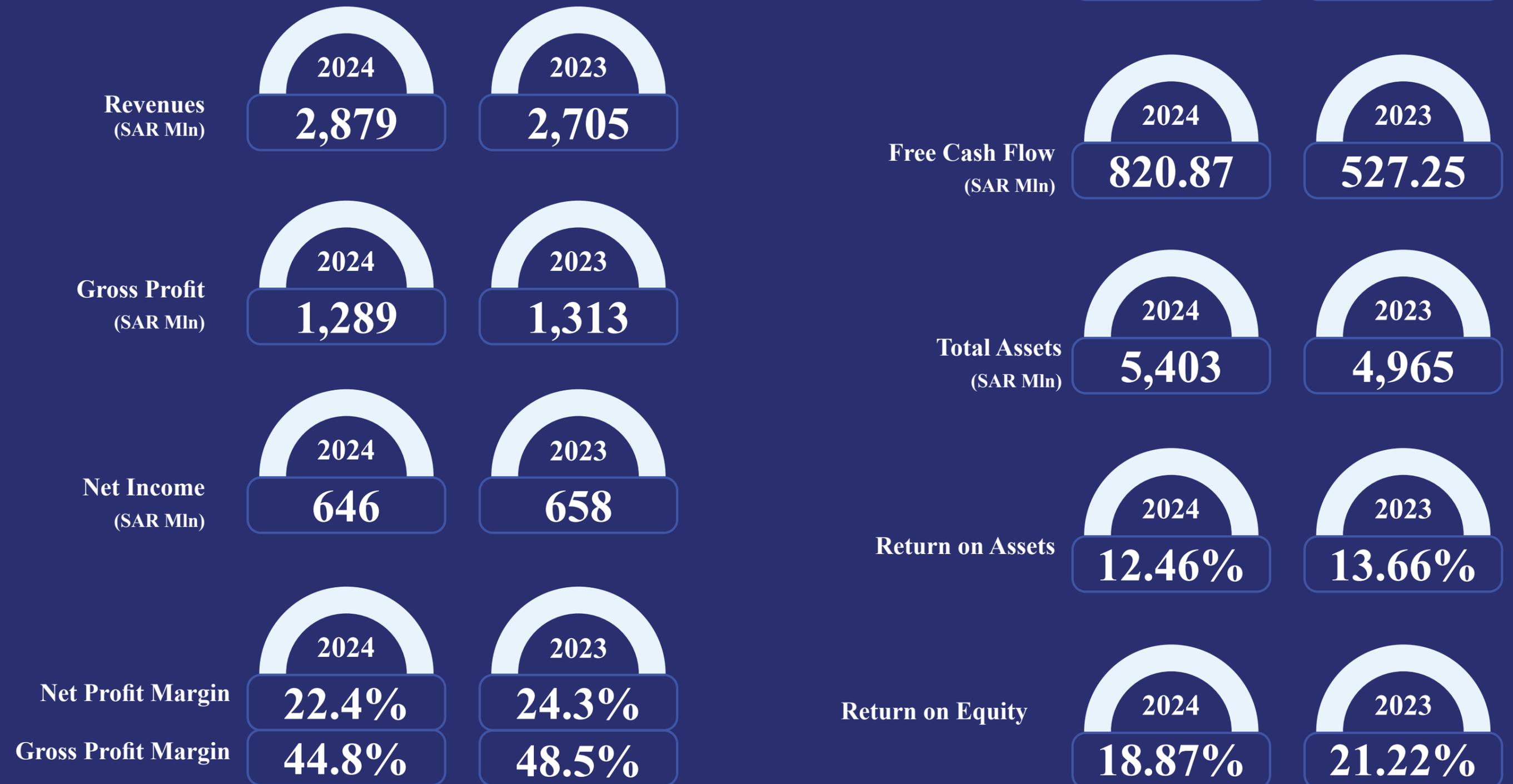
Expertise that Beats with Confidence

# Years of Dedication

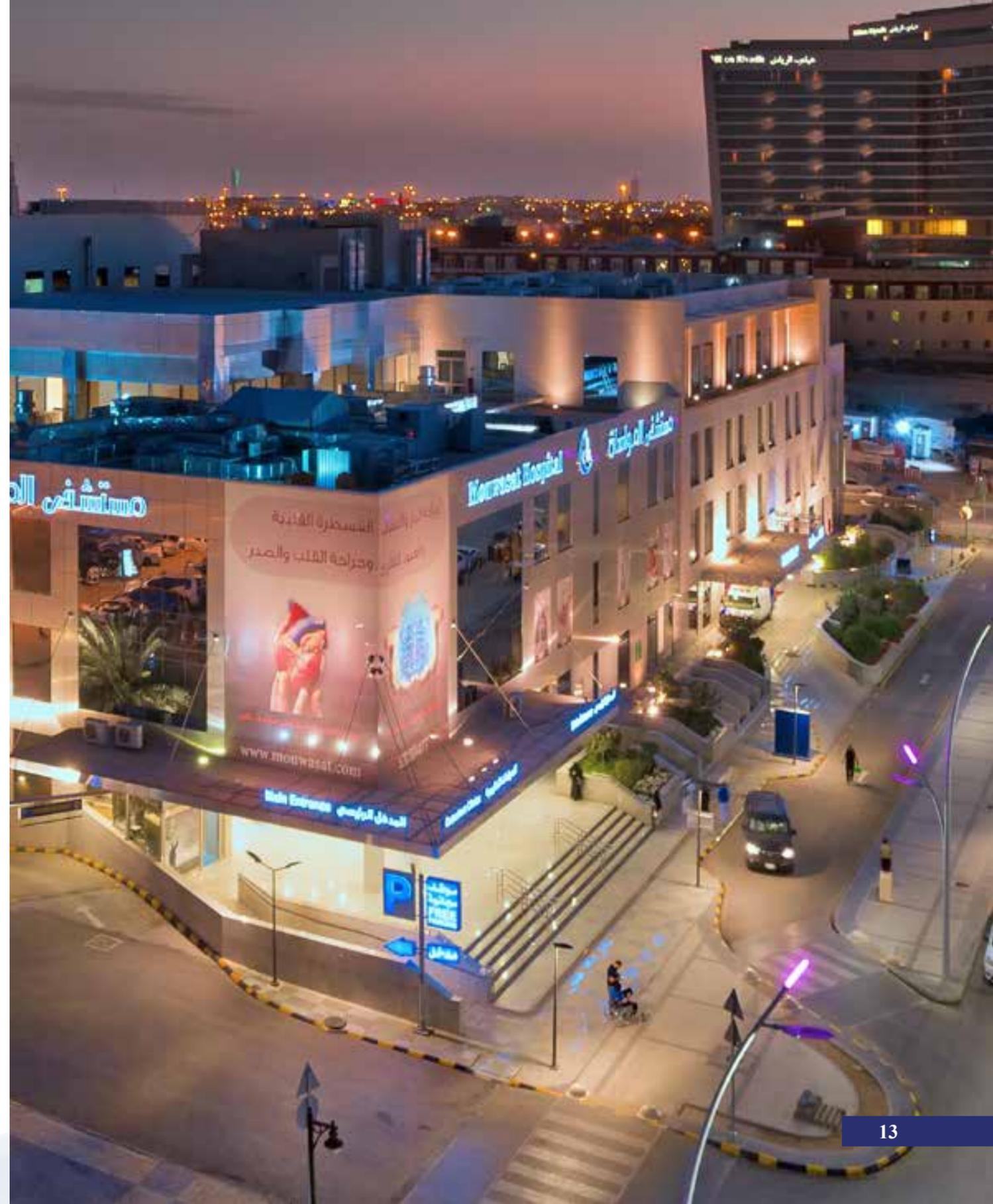
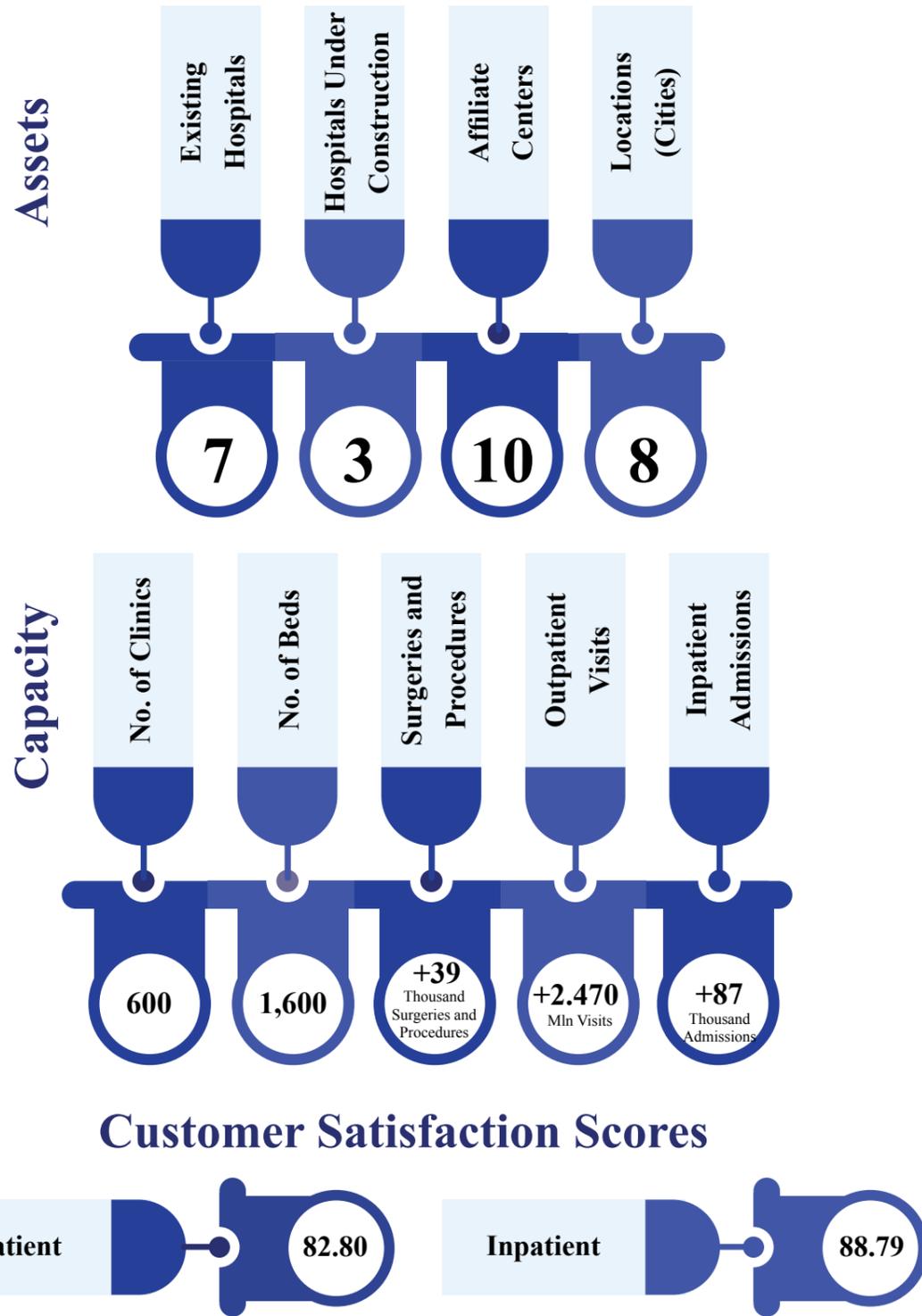


## 2024 in Figures

### Financial Highlights



## Operational Highlights



# Section (1) Overview

<b>At a Glance</b>	<b>16</b>
<b>Subsidiaries and Associates</b>	<b>30</b>
<b>Brands</b>	<b>33</b>
<b>Success Partners</b>	<b>34</b>
<b>Our Initiatives</b>	<b>35</b>
<b>Key Achievements of the Year</b>	<b>39</b>

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*Everthe that Exalts with Confidence*

**Years  
of Dedication**

# 1- At a Glance

## 1-1 Establishment and Incorporation

Mouwasat was established in 1974 as a sole proprietorship by Mr. Mohammed Sultan Al Subaie, with an initial capital of SAR 100,000. The Company's activity was to manage and operate medical facilities by establishing Mouwasat Dispensary in Dammam in 1975.

In 1997, Mouwasat transitioned into a limited liability company, receiving Commercial Registration No. 2050032029, which was issued in Dammam on 12<sup>th</sup> Ramadan 1471H (corresponding to 22<sup>nd</sup> January 1997). The capital was subsequently increased to SAR 3,000,000.

On 27<sup>th</sup> Muharram 1419H (corresponding to 23<sup>rd</sup> May 1998), the partners increased the Company's capital to SAR 4,500,000, with a par value of SAR 1,000 per share. On 8<sup>th</sup> Dhul-Qi'dah 1425H (corresponding to 20<sup>th</sup> December 2004), the partners decided to raise the capital to SAR 147,000,000, divided into 2,940,000 ordinary shares, each with a par value of SAR 50.

On 4<sup>th</sup> Dhul-Hijjah 1426H (corresponding to 4<sup>th</sup> January 2006), His Excellency the Minister of Commerce and Industry authorized the

transformation of the Company from a limited liability company to a joint-stock company, pursuant to Resolution No. 1880. The capital was confirmed at SAR 147,000,000, divided into 2,940,000 shares, each with a par value of SAR 50.

On 25<sup>th</sup> Rabi' Al-Thani 1472H (corresponding to 23<sup>rd</sup> May 2006), by virtue of the Extraordinary General Assembly decision, the Company's capital was increased to SAR 250,000,000. This capital is divided into 25,000,000 fully paid shares, each with a par value of SAR 10.

The Company launched its first medical project by opening Mouwasat Dispensary, the first private Dispensary in Dammam. Over the previous decades, it has continued to grow and now owns seven hospitals along with several centers located throughout the Kingdom.

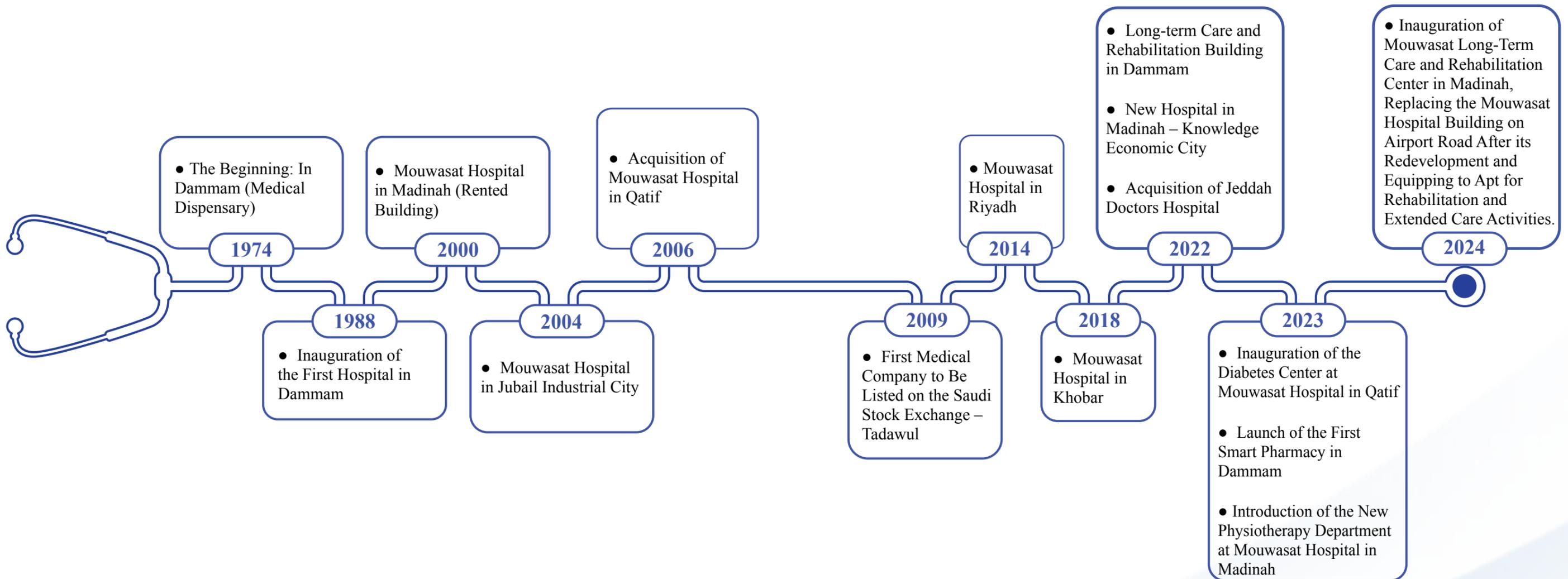
In 2024, the Company achieved numerous milestones that reflect its commitment to providing outstanding services. Mouwasat invested in technology and innovation to meet the increasing demands of its customers, resulting in positive operational and financial outcomes.



## 1-2 Growth Journey

Over five decades, Mouwasat has firmly established itself as a premier healthcare leader in the Kingdom. This ascent is directly attributable to its unwavering commitment to the provision of high-quality medical services. Furthermore, the Company went

beyond these achievements, continually striving to expand the scope of its services across all parts of the Kingdom while upholding the highest standards of patient care and attention.



# Key Milestones in 2024

- The Company participated in the Arab Health Exhibition in Dubai.
- A new Diabetes and Diabetic Foot Center opened at Mouwasat Hospital in Jubail Industrial City.

- The Company ranked first place in the Ada'a Health Award, demonstrating a superior approach.
- Mouwasat Hospital in Khobar secured fifth place in the National Competition for the Reduction of Catheter-associated Urinary Tract Infections (CAUTI) in 2023.

- The medical team at Mouwasat Hospital in Dammam successfully performed a high-precision microscopic surgery to remove a tumor from a patient's adrenal gland.
- In another case, the orthopedic surgery team at Mouwasat Hospital in Qatif alleviated the suffering of a patient in his sixties who had been experiencing stiffness, rigidity, and an inability to move his right shoulder for an extended period.

- Mouwasat Hospital in Madinah - Knowledge Economic City has received accreditation from the American Commission on Accreditation of Rehabilitation Facilities (CARF) for its Physiotherapy Department.
- Mouwasat Group organized the National Symposium for World Immunization Week 2024, featuring a distinguished panel of speakers.

## January

- Mouwasat Hospital in Dammam has inaugurated the Rehabilitation Center in Medical Tower No. (2) providing services, including Surgery and treatment of musculoskeletal system and neurology diseases.
- The Hospital has received accreditation from the Saudi Commission for Health Specialties (SCFHS) for its training programs in various medical specialties.

## February

- Mouwasat Hospital in Dammam received the highest score from Newsweek's annual ranking of the World's Best Hospitals in 2024.
- The Dialysis Centers Group at Mouwasat Hospitals, as the first medical group in the Kingdom of Saudi Arabia, received the accreditation of the Australian Council for Global Healthcare Standards (ACHS).

## March

- Mouwasat Hospital in Jubail has received international accreditation from the American Healthcare Information and Management Systems Society (HIMSS).
- Mouwasat has established a new Company, Modawaa and Rieaya Medical Company, in partnership with Al Dawaa Medical Services Company.

## April

- All Mouwasat hospitals have received accreditation from the Joint Commission International (JCI), a prestigious global organization that evaluates the quality of healthcare facilities. This achievement reflects the Company's commitment to meeting the objectives of Vision 2030.
- Mouwasat Hospital in Jubail Industrial City has been accredited by CARF, a global organization specializes in assessing hospitals and healthcare institutions.

## August

- The Urology Team at Mouwasat Hospital in Dammam successfully removed a large tumor from a patient's left kidney.

## July

- Mouwasat participated in the Global Health Exhibition, which held in Riyadh from 21<sup>st</sup> to 23<sup>rd</sup> October under the theme "Invest in Health".
- During the Exhibition, Mouwasat signed several contracts with specialized international companies, including Philips International, Siemens International, and General Electric.

## June

- Mouwasat Hospital in Dammam was recognized as one of the top five hospitals in the Eastern Province for its outstanding service to beneficiaries during the Performance Excellence Award for the private sector "Amyaz" ceremony for 2024.
- Mouwasat Hospital in Khobar received an honor from the Council of Health Insurance (CHI) for its excellence in enhancing the beneficiary experience in outpatient clinics.

## May

- Mouwasat sponsored and participated in the 23<sup>rd</sup> Arab Conference on Modern Methods in Hospital Management, held in Cairo, Egypt.
- Mouwasat Hospital in Riyadh achieved a significant international milestone by receiving the Dialysis Excellence Award, recognizing its efforts in enhancing patient-centered services.

## September

## October

## November

## December

### 1-3 Vision, Mission, and Values

Mouwasat Medical Services Company is founded upon the conviction that innovation is the very essence of progress. This profound belief shapes our vision: to deliver truly unparalleled healthcare services. Our ambitious mission is the embodiment

of this vision, propelling us to be pioneers and trailblazers in the healthcare landscape. We are unceasing in our pursuit of excellence in meeting the needs of our esteemed customers, recognizing them as the paramount focus of our Company.

#### World-Class Healthcare



#### Vision

Building on our belief in the right of all people to quality healthcare, we combine cutting-edge technology, and medical techniques and practices that have proven themselves both in theory and clinical practice, with the best practices in the medical field and close collaboration with local and international medical organizations to provide excellent health centers both inside and outside the Kingdom.



#### Mission

Providing our clients with sustainable, first-class medical services of the highest quality, with a constant commitment to continuously improve our medical services and to improve the skills and expertise of our employees, aiming to achieve our desired goals by relying on innovation and working with a team spirit.



#### Values

In Mouwasat Medical Services Company, we adopt a set of values and ethics that guide us in fulfilling our mission and shape our approach. This commitment ensures that we consistently provide the highest levels of care and professionalism.



**Responsibility**  
Loyalty and commitment, in addition to effective work and financial responsibility.



**Excellence**  
Through quality, patient care, and resource development.



**Working in a Team**  
Working cooperatively to achieve goals.



**Safety**  
Commitment to patient and environmental safety.



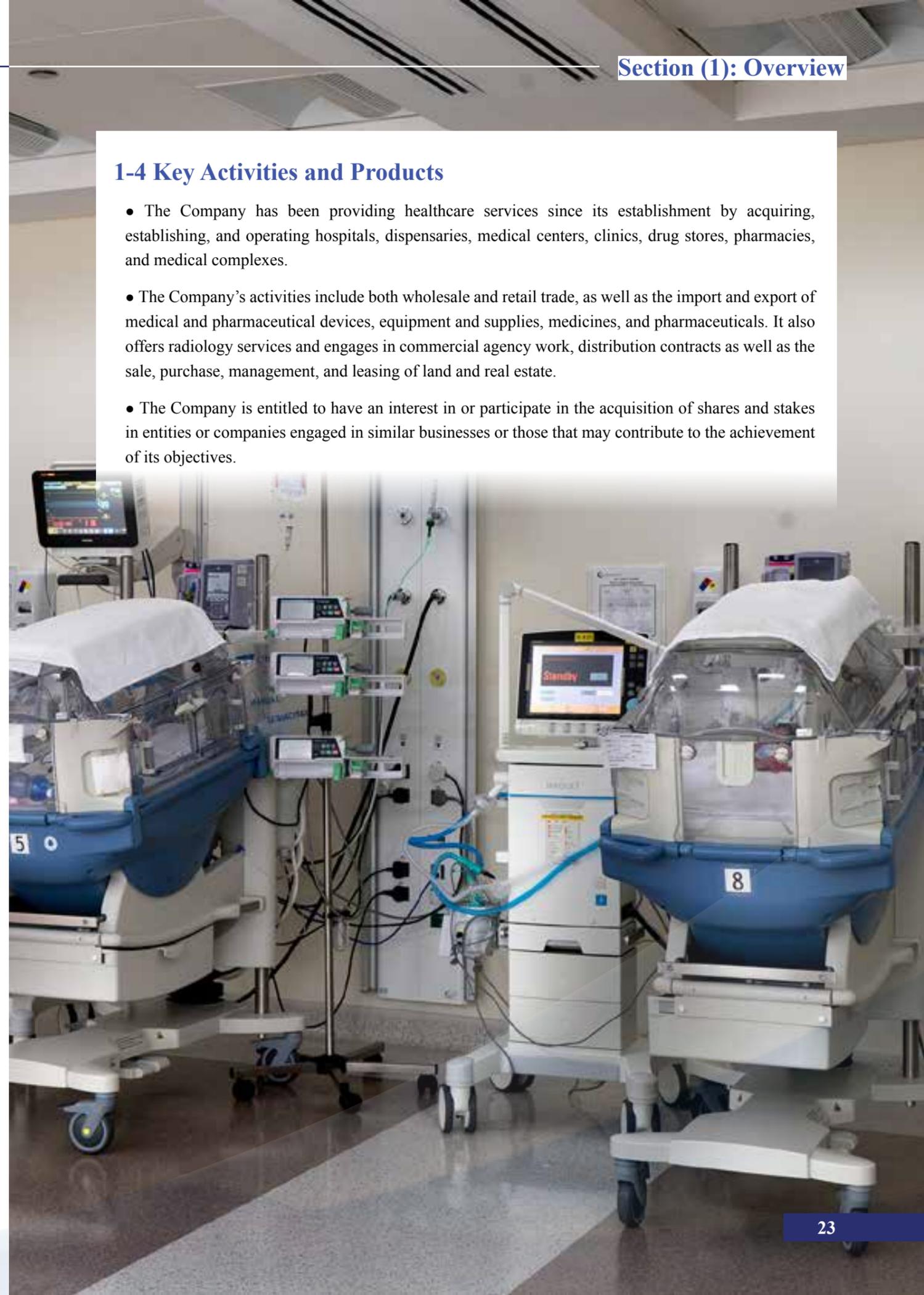
**Ethics**  
Integrity, honesty, honor, privacy, and confidentiality.



**Principles**  
Trust in individuals and respect for them.

### 1-4 Key Activities and Products

- The Company has been providing healthcare services since its establishment by acquiring, establishing, and operating hospitals, dispensaries, medical centers, clinics, drug stores, pharmacies, and medical complexes.
- The Company's activities include both wholesale and retail trade, as well as the import and export of medical and pharmaceutical devices, equipment and supplies, medicines, and pharmaceuticals. It also offers radiology services and engages in commercial agency work, distribution contracts as well as the sale, purchase, management, and leasing of land and real estate.
- The Company is entitled to have an interest in or participate in the acquisition of shares and stakes in entities or companies engaged in similar businesses or those that may contribute to the achievement of its objectives.



## 1-5 Geographic Footprint

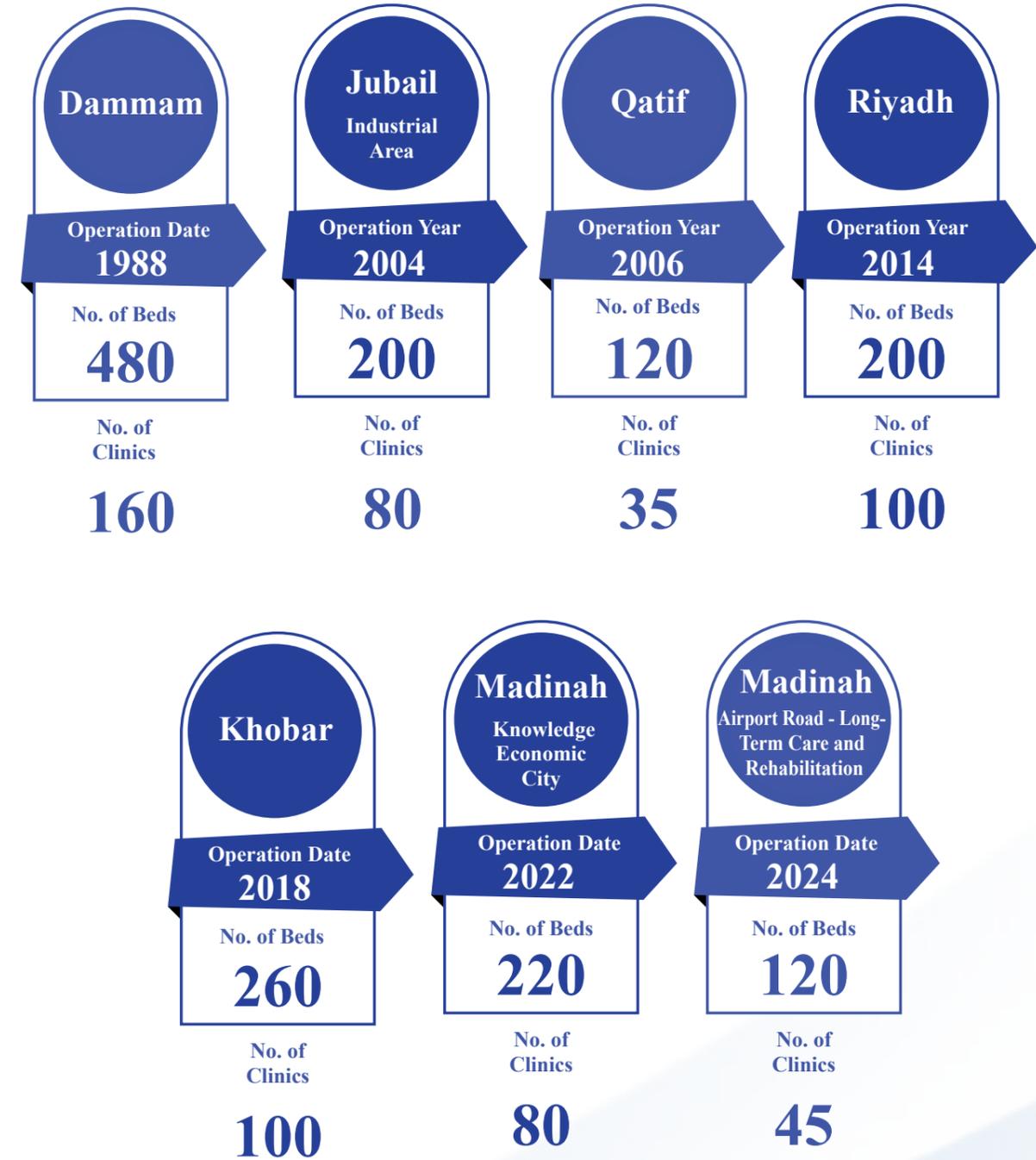
Since its foundation in 1974, Mouwasat has focused on expansion and growth. Its journey began with the opening of the first Hospital in Dammam in 1988. Since then, the Company has endeavoured diligently to develop a vast medical network that enhances the quality of healthcare in the Kingdom, aligning with

the goals of Vision 2030. Currently, the Company takes pride in its presence across many regions by ensuring the provision of its exceptional services, solidifying its role as a dedicated partner in promoting the health of Saudi communities.

### Geographical Presence of Mouwasat Hospitals



### Existing Mouwasat Hospitals

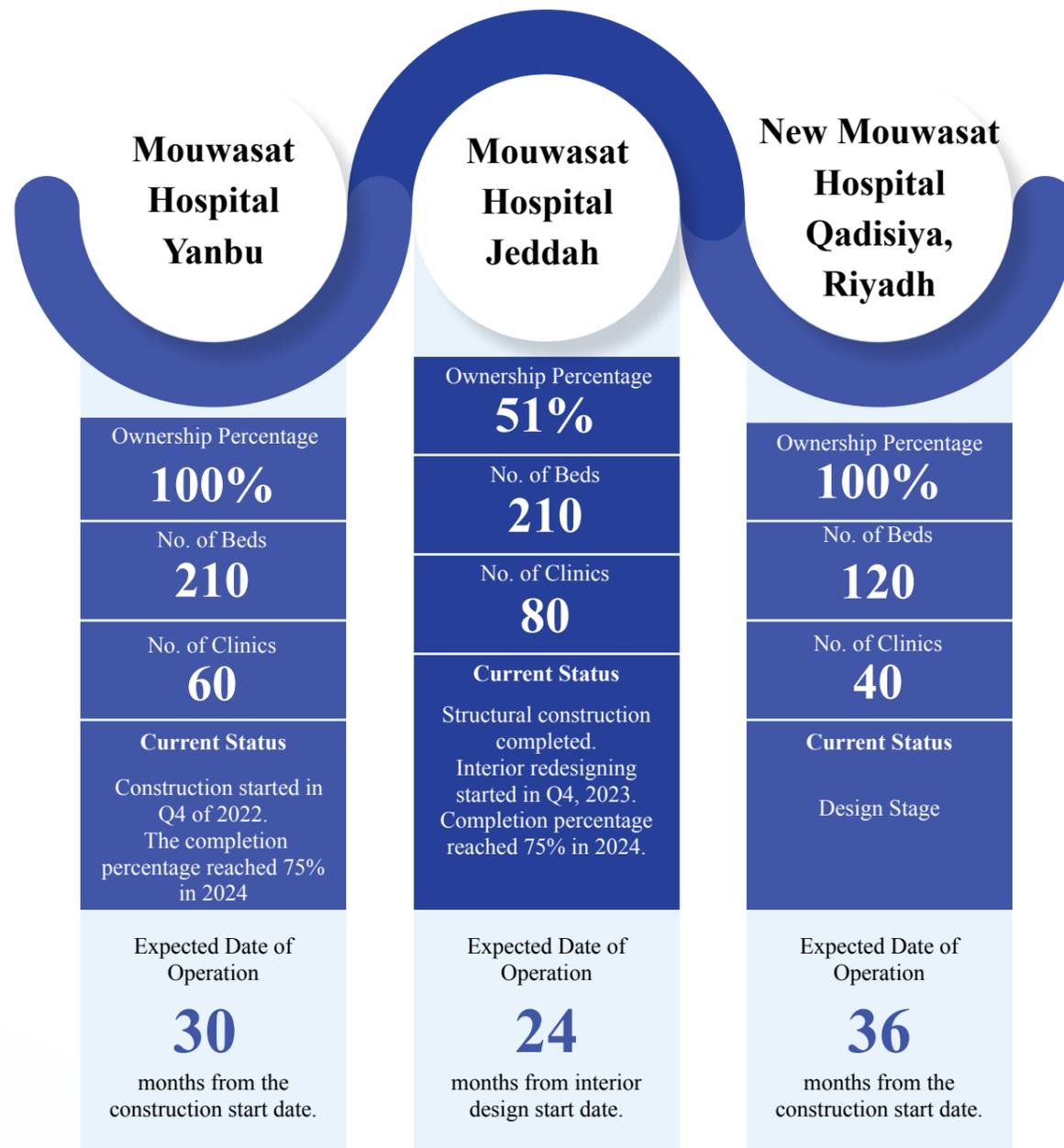


## 1-6 Future Projects

The vision of Mouwasat encompasses broader horizons and ambitions beyond its current capabilities. The Company is not only focused on providing existing services; it actively strives to expand by introducing more hospitals to better serve the healthcare needs of the community. The

Company's goal is to become the first and most trusted choice for patients in the Region. Guided by this vision, the Company is working as one team to launch three new hospitals equipped with the latest innovative technologies, offering a wide range of advanced medical services.

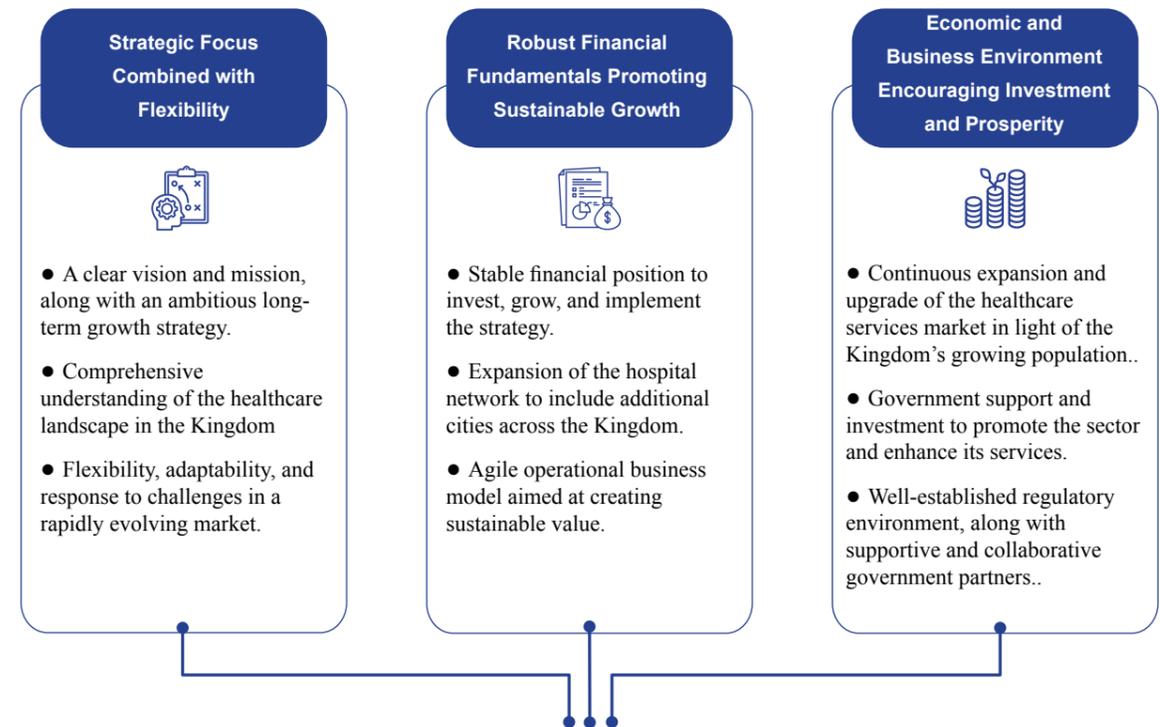
### New Mouwasat Hospitals Under Construction



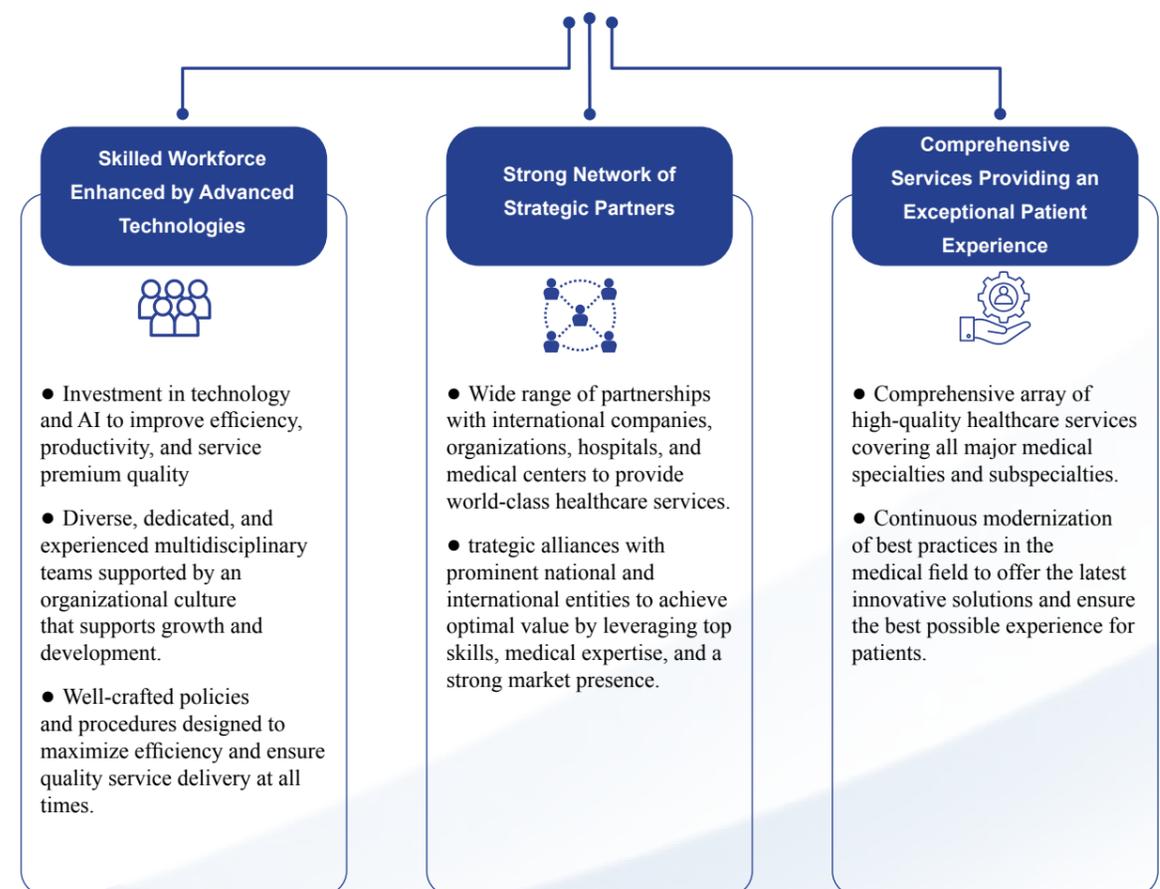
## 1-7 Investment Case

Financially and Operationally, Mouwasat offers unique investment opportunities in the promising healthcare sector due to its ability to quickly adapt to market changes. The Company aims to provide sustainable value to its shareholders through consistent growth, sector leadership, and

robust financial performance over the years. This commitment supports its vision, mission, and values, introducing the Company as an appealing and strong investment option for partners and investors.



## Mouwasat Is Your Top Choice for Both Treatment and Investment



## 2- Subsidiaries and Associates

Mouwasat is committed to continually expanding its strategic partnerships to deliver innovative services that benefit the residents of Saudi Arabia. From its very beginning, the Company concluded acquisition deals with entities operating in the same field with the aim to solidify its position and enhance its extensive network. It holds shares in three companies providing various activities, as well as divesting its share of one of its subsidiaries as follows:

- **Eastern Medical Services Company Limited**

Mouwasat holds a controlling stake of 51% in Eastern Medical Services Company, headquartered in Khobar, Eastern Region, Saudi Arabia. This acquisition, took place in 2006, significantly strengthened its presence in the region. The company is one of the pioneers in the healthcare sector in the Kingdom, with a paid-up capital of SAR 60 million. Its main activity is establishing and operating hospitals, medical complexes, and private clinics.

- **Jeddah Doctors Company**

On 2<sup>nd</sup> October 2022, Mouwasat acquired a 51% stake in Jeddah Doctors Company, a closed Saudi joint stock company with a capital of SAR 173.7 million, headquartered in Jeddah, Western Region, Saudi Arabia, as part of the Company's expansion strategy. The Company's main activities are human health and social

work, education, real estate, and construction. It owns a hospital under construction under the name of Jeddah Doctors Hospital, which will operate within Mouwasat medical network under a management and operating contract. The hospital is expected to start operating in the second quarter of 2025.

- **Modawaa and Rieaya Medical Company**

In 2024, Mouwasat announced the establishment of a new limited liability company in partnership with Al Dawaa Medical Services Company, named "Modawaa and Rieaya Medical". The Company has a capital of SAR one million for operating medical clinics, headquartered in Khobar, with Mouwasat holding a 51% ownership stake.

- **Advanced Medical Complexes Co. Ltd. (Associate - Divested)**

On 30<sup>th</sup> January 2024, Mouwasat announced its decision to divest from its investment in Advanced Medical Complexes Co. Ltd., one of its associates. As part of an agreement finalized on 28<sup>th</sup> November 2024, Mouwasat agreed to sell all of its equity shares in Advanced Medical Complexes Co. Ltd. to Magrabi Hospitals and Centers Company. The payment for the shares was received on 25<sup>th</sup> December 2024.

### Details of Ownership of Subsidiaries and Associates

Subsidiary Name	Eastern Medical Services Company Limited	Jeddah Doctors Company	Modawaa and Rieaya Medical Company	Advanced Medical Complexes Co. Ltd. (Associate)*
Capital	60 SAR Mln	173.7 SAR Mln	1 SAR Mln	10 SAR Mln
Ownership Percentage				
Main Activity	Establishing and setting up hospitals, Dispensaries, and private medical clinics	Human health and social work activities, education, real estate activities, construction	Human Health and Social Work Activities - Medical Clinics	Wholesale and retail trade activities in medical and surgical devices, equipment, and instruments
Operational Location	KSA	KSA	KSA	KSA
Establishment Location	KSA	KSA	KSA	KSA

\* Divested from the Associate

### Description of the Main Activity Types of the Group and its Subsidiaries

Main Activity	2024		2023	
	SAR Mln	Share Percentage	SAR Mln	Share Percentage
Medical Services (Hospitals)	2,428	84%	2,312	85%
Medicines (Pharmacies)	451	16%	393	15%
<b>Total</b>	<b>2,879</b>	<b>100%</b>	<b>2,705</b>	<b>100%</b>

### Geographical Analysis of the Total Revenues of the Company and Its Subsidiaries

Statement	2024		2023	
	SAR Mln	Percentage	SAR Mln	Percentage
Eastern Region	2,042	71%	1,961	72%
Central and Western Regions	837	29%	744	28%
<b>Total</b>	<b>2,879</b>	<b>100%</b>	<b>2,705</b>	<b>100%</b>

## 3- Brands

The Company currently owns seven operating hospitals: Mouwasat Hospital in Dammam, Mouwasat Hospital in Riyadh, Mouwasat Hospital in Madinah, Mouwasat Hospital in Jubail Industrial City, Mouwasat Hospital in Qatif, Mouwasat

Hospital in Khobar, and Mouwasat Center for Long-Term Care in Madinah. Additionally, the Company has hospitals under construction, as well as ten specialized medical Centers.

### Services Provided by Mouwasat Centers



#### Eye Center

The Eye Center at Mouwasat Hospital in Dammam provides integrated medical services at the hands of a team of specialized consultants using the latest technology.



#### Long Term Care

Medical Tower No. (2) at Mouwasat Hospital in Dammam is dedicated to improving functional recovery and quality of life for patients with medical conditions or injuries requiring specialized long-term care.



#### Rehabilitation Center

The Rehabilitation Center at Medical Tower No. (2) in Mouwasat Hospital, Dammam, specializes in treating and rehabilitating patients of all ages who experience difficulties or impairment in motor function caused by an injury or medical condition.

### Mouwasat Centers and Services Provided



#### Cardiology Centers

The Cardiology Centers at Mouwasat Hospitals in Jubail Industrial City and Dammam specialize in diagnosing and treating cardiac diseases, offering a wide range of high-quality services.



#### Nuclear Medicine

Mouwasat Hospital in Khobar has advanced scanners that provide information and details about the pathology of the human body that cannot be obtained by other types of radiology for accurate diagnosis.



#### Fertility Unit

The Fertility Unit was launched in 2011 at Mouwasat Hospital in Dammam to address infertility issues and delayed childbearing, aligning with the Group's strategy is to integrate its services with community needs.



#### Diabetes and Diabetic Foot

A specialized and integrated unit has been established for the care of diabetes and diabetic foot patients at six hospitals affiliated with Mouwasat.



#### Skin Care

In 1999, the first specialized beauty center was established at Mouwasat Hospital in Dammam. In early 2006, the first branch of the Skin Care and Plastic Surgery Center was launched in Khobar. Following the opening of Mouwasat Hospital in Khobar, the center was relocated to this new facility.



#### Bariatric and Endoscopic Surgery

The Badana Clinic is the first center in the Middle East to be awarded the degree of excellence by the International Federation for the Surgery of Obesity (IFSO). It is located in Mouwasat Hospitals in Dammam and Khobar.



#### Stroke Unit

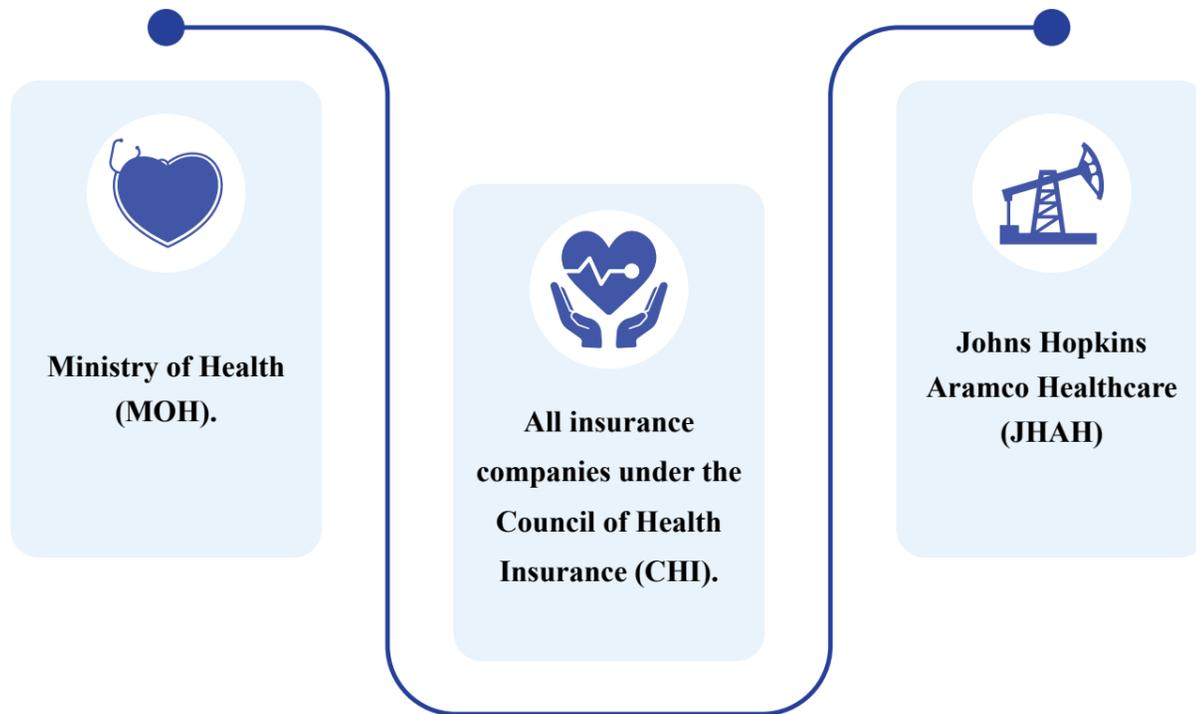
The Stroke Unit has been operational since the beginning of the year 2021, where it was equipped with an advanced system that connects all radiology equipment with the latest treatment practices using artificial intelligence to support and perform early diagnosis of stroke around the clock.

## 4- Success Partners

Strategic partnerships are essential for the success and growth of Mouwasat. Throughout its history, the Company has prioritized collaboration with major institutions and companies to deliver innovative

and effective medical solutions that contribute to enhancing the health and well-being of the community while helping to reach a broader customer base

### Company Portfolio



## 5- Our Initiatives

At Mouwasat, the scope of work transcends the confines of patient care to encompass a broader spectrum of responsibilities. In alignment with its comprehensive vision of healthcare and enduring commitment to community service, the Company actively engages in various initiatives. These include fostering meaningful dialogue with all stakeholders, launching public awareness campaigns, and implementing programs that underscore the Company's dedication to educating the community on preventative healthcare measures across a range of diseases.

The Company has always had a strong belief over the past decades that true success lies in serving the community and contributing effectively to raise public awareness. It dedicates its efforts throughout the year to launching awareness campaigns, organizing seminars and lectures, participating in conferences, as well as active interaction through social media platforms, where its medical team provides advice on chronic diseases and keeps up with medical developments. The pharmaceutical team also provides consultations on medications.

The Company seeks to enhance health awareness in the community, especially among its medical staff and employees, through partnerships with government and private institutions. By creating a safe and healthy environment that fosters creativity and innovation, the Company is equipped to deliver

services with high standards of quality and efficiency.

Mouwasat takes pride in the tangible results of its efforts, as reflected in the satisfaction of its customers. In 2024, the patient satisfaction index for its services reached 81.8%, slightly below its targeted rate of 85%. The Company is committed to maintaining this level of satisfaction through a structured plan that emphasizes the development of its employees' skills in enhancing the patient experience. This focus not only improves its competitiveness but also contributes to increased revenue for the Company.

The Company is committed to strengthening its relationship with patients by offering an integrated care experience led by its team of specialists. The patient relations officer assists patients in accessing the services they need, whether through inquiries or direct guidance. Meanwhile, the customer service officer is responsible for booking appointments, responding to inquiries, as well as handling and responding to patient requests.

As part of its commitment to leadership and continuous growth, the Company strives to enhance the patient experience by reducing patient attrition rates and fostering loyalty. It achieves this by studying patients' needs and providing solutions that align with their aspirations with the aim to deliver a distinguished medical service that meets the highest standards of quality and excellence.



**• Promoting Community Well-Being**

Mouwasat operates on the deeply held principle that human health is the ultimate wealth. This core belief is the driving force behind the Company’s commitment to proactively launching ongoing health awareness initiatives aimed at reaching all community segments, all within the overarching framework of its vision to establish a sustainable healthcare ecosystem that serves every individual.

The Company is committed to organizing year-round campaigns within its hospitals to enhance patient experience and foster engagement. Notable initiatives include the “Share Your Experience” campaign, as well as campaigns designed to enhance patient contentment, such as “Thank You – Pleasant Surprises.”

Committed to elevating service standards, Mouwasat provides specialized training programs designed to elevate the customer experience awareness of relevant personnel. Furthermore, the Company offers additional programs to cultivate essential communication skills for its employees, encompassing training in call management and time management. To further strengthen visual

communication and build trust with patients and visitors, the Company has implemented a unified uniform and logo for customer experience representatives within its hospitals.

In 2024, the Company concentrated on enhancing its social role through various initiatives. One noteworthy contribution was from Madinah Hospital, which participated in the “Umrah of the Year” initiative, providing health and medical care to over 200 visitors from 30 different countries. Additionally, it organized a free eye examination event at the Eye Center in Mouwasat Hospital in Dammam, which attracted more than 350 visitors. The Company also introduced payment plans in collaboration with its partners, allowing patients to pay for medical services in manageable instalments.

Mouwasat conducted various health awareness initiatives throughout the year to support community well-being and educate the public about different diseases and their prevention methods.



**• Environmental Sustainability**

At Mouwasat, environmental preservation is regarded as a shared responsibility with the community. Therefore, the Company is committed to implementing sustainable practices in all its operations and services by upgrading its devices with the aim of reducing energy and water consumption and managing waste effectively, according to the highest environmental standards. The Company also seeks to enhance environmental awareness in general and launch green initiatives that contribute to building a more sustainable future.

**• Social Responsibility**

The Company strives to contribute effectively to building a more prosperous society by focusing on healthcare, awareness, welfare, and education. It works closely with government partners to implement social initiatives that address pressing needs, such as Ramadan giving programs, employment fairs, charitable contributions, and orphan care, believing in its role to promote social solidarity in the achievement of a sustainable positive impact.



• **Innovative Services**

Throughout its history, Mouwasat has consistently focused on innovating its services, firmly believing that innovation is the lifeblood for any organization striving for excellence. As it pursues to become a leader in healthcare, the Company continuously explores new horizons, paving the way to exceed its customers' future expectations and deliver advanced medical solutions that enhance the quality of life.

• **Digital Transformation**

The Company prioritizes digital transformation due to its critical importance in the modern business environment. It leverages digital technologies to enhance its services,

making them more accessible and adaptable to evolving market demands. This approach not only strengthens its relationship with customers but also creates successful experiences that align with their expectations.

• **Saudization**

The Company places significant importance on Saudization, aiming to be a leader in this area within the health sector by building a distinguished and qualified Saudi team capable of delivering innovative services that elevate the standard of healthcare. To achieve this, it focuses on developing its cadres and enhancing their professional skills at various stages of their careers, ensuring the highest levels of efficiency and excellence.

**6- Key Achievements of the Year**

Mouwasat takes immense pride in the significant milestones achieved throughout 2024, building upon its decades-long legacy of growth and excellence. With patient health and safety consistently at the forefront of the Company's priorities, and serving as the very foundation of its business, Mouwasat has focused on delivering a more comfortable healing environment and an unparalleled level of service. This year witnessed the expansion of the Company's service portfolio, increased hospital capacity, and substantial investments in cutting-edge medical technologies. These advancements have collectively enhanced operational efficiency and elevated standards of quality. Beyond these core enhancements, the Company was also dedicated to organizing numerous events and initiatives that reflect its unwavering commitment to the community.

During 2024, the Company implemented significant

expansions across its services and facilities, executing 11 expansion projects. These initiatives included increasing adult and pediatric intensive care unit (ICU) beds, sample collection units, outpatient clinics, emergency departments, and more. Furthermore, Mouwasat established two new centers, upgraded five diverse departments, and developed a command and control center (CCC) within ICU to ensure the highest standards of critical care. To further augment the Company's specialized service offerings, it also added a range of specialized medical disciplines.

These efforts have borne fruit by obtaining numerous prestigious awards, certificates, and accreditations, as Mouwasat Hospitals received nine distinguished awards and 49 accreditations, including both newly secured and successfully renewed certifications. This reflects its leadership in providing healthcare services that meet the highest international standards.

**2024 Success Stories**

- 

**Expansion of Mouwasat Hospitals**  
Mouwasat expansion strategy included many of its hospitals, especially increasing the number of intensive care beds for children and adults. Additionally, the Hematology and Oncology Department at Dammam has been developed.
- 

**Global Partnerships**  
The Company has formed partnerships with several leading global entities, including Philips International, Siemens, General Electric, and Al Faisaliah Medical Systems.
- 

**Innovative Technological Techniques**  
Da Vinci robotic surgical system has been introduced for precise surgical specialties, including obesity, urology, and oncology surgeries at Mouwasat Hospital in Khobar, in addition to an automated laboratory as well as developing a remote control and Command Center for the intensive care units.
- 

**International Accreditations**  
Mouwasat Hospitals has received subspecialty accreditations from SCFHS. Additionally, the Pharmacy Department has been accredited by the American Society of Health System Pharmacists (ASHP).
- 

**Establishment of New Centers**  
The Rehabilitation and Long-Term Care Center has commenced operations in Madinah Hospital, along with an advanced Eye Center at Mouwasat Hospital in Dammam. Furthermore, an integrated Diabetes Center has been established at Mouwasat Hospital in Jubail.



# Section (2)

## Strategic Report

Chairman's Message	42
CEO's Message	44
Managing Director's Message	46
Strategy	48
Business Operating Model	52
Certifications and Accreditations	56
Challenges and Opportunities	62
Future Goals and Aspirations	65
Risk Management	66

**50**  
*Excellence that Exalts with Confidence*  
**Years  
of Dedication**

# 1-Chairman's Message



## Mohammed Sultan Al-Subaie

### Our Valued Shareholders,

It is with great pleasure that I present to you the Annual Report of Mouwasat Medical Services Company (Mouwasat) for the fiscal year concluding on 31st December 2024. This report is a testament to our Company's journey, one richly adorned with significant accomplishments. While navigating the complex landscape of local and global healthcare challenges, this year has marked significant strides across all facets of our operations.

The year 2024 served as compelling evidence of Mouwasat's enduring commitment to providing exceptional healthcare services. Fueled by state-of-the-art technologies and a dedication to attracting highly qualified professionals, we have significantly broadened the reach of our services to cater to the evolving healthcare needs of patients and visitors throughout Saudi Arabia. Our market prominence has also been amplified through strategic investments in artificial intelligence and digitization, advancements that have tangibly improved operational and administrative efficiencies, boosted patient satisfaction, and cemented the trust of our key strategic partnerships.

### Building Momentum

Throughout 2024, Mouwasat strategically expanded its footprint, successfully establishing a new company and inaugurating a suite of advanced medical centers. These initiatives are central to our mission of broadening service offerings and enhancing patient accessibility. Concurrently, we achieved remarkable headway in the development of our hospital projects currently underway while also pioneering the integration of cutting-edge robotic services

across new medical specialties. These concerted efforts have yielded demonstrable financial gains.

Mouwasat's dedication to social responsibility took tangible form in 2024 through a wide range of impactful initiatives. We spearheaded numerous health awareness programs, actively participated in diverse community endeavors, and established collaborative partnerships to bolster medical education and provide crucial support to vulnerable groups. In parallel, our commitment to Saudization, a key pillar of Vision 2030, remained steadfast. We are proud to report a Saudization rate of 36.5%.

### New Horizons for 2025

As we look towards 2025, Mouwasat is poised to amplify our past achievements, resolutely pursuing continued expansion, sustained growth, and the vigorous cultivation of innovation across all our operations. Our strategic roadmap prioritizes the acquisition of state-of-the-art medical technologies and equipment, complemented by comprehensive training programs to empower our personnel to leverage these advancements effectively. Furthermore, we are committed to the timely completion and launch of our new hospital projects, while simultaneously enriching the spectrum of highly specialized services within our established facilities.

Patient satisfaction remains paramount at Mouwasat, and we are dedicated to consistently elevating satisfaction levels by ensuring the delivery of exceptional healthcare services that adhere to the highest quality benchmarks. We are also committed to enhancing the patient journey through pioneering and innovative treatment solutions.

Firmly believing in the transformative power of research and development to elevate healthcare quality, we will continue to champion studies and research initiatives that contribute to the advancement of medical solutions and the optimization of healthcare sector performance.

With the alignment to the Kingdom's Vision 2030 and the rapid growth in the healthcare sector, we, at Mouwasat, are committed to enhancing our competitive capabilities by investing in modern technologies, developing the work environment, and improving operational efficiency. Our goal is to achieve strong and sustainable financial performance while contributing to the advancement of the health sector.

As we witness the burgeoning opportunities presented by Saudi Arabia's strategic mega-projects and its preparations to host global spectacles such as Expo 2030 and the 2034 FIFA World Cup, the imperative for sophisticated medical services and a robust healthcare infrastructure intensifies. Recognizing this pivotal juncture, Mouwasat is proactively expanding our facilities and amplifying our readiness to meet this escalating demand. Our strategy is centered on attracting cutting-edge technologies, nurturing the expertise of our medical professionals, and launching transformative initiatives that elevate the quality of healthcare provision. These concerted efforts are designed to contribute significantly to the realization of Vision 2030's ambitious goals and to firmly establish Mouwasat as a vanguard in the healthcare sector.

### A Message of Gratitude and Recognition

At the outset, I would like to convey our deepest thanks and profound veneration to the Custodian of the Two Holy Mosques, King Salman bin Abdulaziz Al Saud, and His Royal Highness Crown Prince Mohammed bin Salman – may God preserve them. We express our sincere gratitude for their unwavering support of the healthcare sector and their visionary dedication to its advancement, aligning with the ambitious aspirations of Vision 2030. Furthermore, we

extend our appreciation to the esteemed Ministry of Health, all relevant authorities, and our esteemed strategic partners for their invaluable and productive collaboration.

It is also incumbent upon me to acknowledge and thank the distinguished members of our Board of Directors, our executive leadership team, and each and every dedicated employee of Mouwasat. Their relentless efforts have been the bedrock of our collective achievements.

In closing, we offer our heartfelt thanks to our shareholders for their unwavering trust and express our profound gratitude to all who have entrusted us with their healthcare needs. We reaffirm our enduring commitment to providing premier healthcare services, upholding the most rigorous global standards, and ensuring that the health and well-being of our patients remain, as always, our foremost priority.

## 2-CEO's Message



### Nasser Sultan Al-Subaie

#### To Our Esteemed Shareholders and Valued Partners in Success,

In 2024, Mouwasat Medical Services Company (Mouwasat) realized a series of significant qualitative achievements, each reflecting our unwavering dedication to fulfilling our ambitious vision: to be pioneers in delivering trusted healthcare across the Kingdom of Saudi Arabia. Through the provision of integrated, high-caliber medical services, we have effectively addressed the diverse needs of our community and strengthened our presence throughout the regions of the Kingdom. This expansive reach unlocks new avenues for continued growth and innovation, propelling us forward in our relentless pursuit of excellence.

Among our most noteworthy milestones in 2024 was the establishment of “Modawaa and Rieaya Medical Company” a new and vital addition to our corporate family, established in strategic partnership with “Al Dawaa Medical Services Company”. This new entity is specifically designed to deliver primary care through general medical complexes, further extending the breadth and depth of our healthcare offerings across the Kingdom. In addition to our specialized medical centers within our hospitals, we have established and are now operating several additional centers. These

include the Eye Medicine and Surgery Center, the Neuromuscular Treatment Center, and the Diabetes and Endocrinology Centers, which are now available across all our hospitals— a truly exceptional stride towards elevating the quality and scope of healthcare services we provide.

#### International Accreditations Underscoring Our Leadership

Mouwasat hospitals have successfully established and renewed both local and international accreditations through our ongoing commitment to service improvement and innovation. All Mouwasat hospitals have received renewals for these accreditations.

Notably, Mouwasat has achieved the Centers of Excellence (CoE) accreditation from the Australian Council on Healthcare Standards International (ACHSI) for all its hospitals, making it the first medical group in the Kingdom of Saudi Arabia to attain this recognition.

Mouwasat Hospital Dammam was distinguished by Newsweek magazine as among the premier hospitals in the Kingdom. Completing our portfolio of international validations, we have attained the Surgical Excellence Certificate Accreditation from the Surgical Review Corporation (SRC) for all

Mouwasat hospitals, a testament to our comprehensive commitment to surgical excellence.

#### Customer Satisfaction is Our Priority

Mouwasat stands at the forefront of achieving the highest levels of customer satisfaction. In 2024, we recorded an 80% satisfaction rate among patients, employees, and stakeholders. In 2025, we aim to raise this rate to over 85%, reinforcing Mouwasat’s reputation as one of the leading healthcare providers nationwide.

#### Strategy 2025: Expansion and Sustainable Growth

Looking ahead to 2025, our strategic priorities at Mouwasat are firmly focused on bolstering the Company’s revenues through both vertical and horizontal expansion initiatives, thereby augmenting our asset base and enhancing our medical infrastructure. In alignment with the Kingdom’s Vision 2030, we are equally committed to increasing the recruitment of highly qualified Saudi nationals across our organization. Concurrently, we are dedicated to elevating our service offerings through the renewal of both international and domestic accreditations for our hospitals, and the strategic establishment of new medical centers, with a particular emphasis on investments in cutting-edge technologies.

Furthermore, we will continue to cultivate strategic partnerships across diverse sectors to fortify the healthcare ecosystem within the Kingdom,

underpinned by our unwavering commitment to upholding the highest standards of quality and safety in all facets of our operations.

At Mouwasat, we firmly believe that an unwavering commitment to integrity and transparency forms the bedrock of our enduring success. We embrace our responsibilities to the community and diligently strive to advance the health and well-being of its members, a reflection of our 50-year legacy of providing exemplary healthcare services.

#### A Word of Gratitude

In closing, I wish to express our profound gratitude and deep appreciation to the esteemed members of the Board of Directors of Mouwasat for their unwavering collaboration with our executive leadership. Their steadfast dedication and sincere efforts have been truly pivotal to our collective achievements.

Furthermore, we extend our special thanks to our valued clientele and partners for their enduring trust and consistent support, which significantly bolsters our capacity to deliver exceptional services. We are confident that this sustained synergy will propel us together towards ever greater heights of excellence and leadership within the healthcare domain.

## 3-Managing Director's Message



### Khaled Suleiman Al-Saleem

Against the backdrop of Saudi Arabia's monumental evolution across the business and investment landscape and seamlessly aligned with the Kingdom's Vision 2030 economic trajectory, Mouwasat Medical Services Company (Mouwasat) proudly announces a year of remarkable ascent in 2024. We have achieved unprecedented progress on both financial and operational fronts, a testament to our unwavering commitment to not just lead, but to pioneer the future of healthcare excellence.

Patient-centricity remains, as always, the cornerstone of our mission. Throughout 2024, we have executed substantial expansions across our healthcare network, enhancing numerous medical centers and departments. These strategic developments include a significant augmentation of adult and pediatric Intensive Care Unit beds, alongside modernized and expanded laboratories, outpatient services, emergency care, and a comprehensive suite of other vital medical services. In our continuous pursuit of asset optimization and

strategic realignment, we successfully initiated some vertical and horizontal expansions in alignment with the Company's strategy.

These strategic expansions and transformative initiatives have catalyzed exceptional financial performance for Mouwasat. We are delighted to report record profits of SAR 646 million for 2024, and shareholder returns that have reached an outstanding SAR 3,568 million. Demonstrating robust financial stewardship amidst prevailing challenges, the Company effectively managed operational costs at SAR 1,590 million, a direct result of our agile and effective strategies in operations and resource management.

To uphold our commitment to distributing returns to our shareholders, the Board of Directors, in its meeting on 23rd December 2024, recommended the distribution of dividends for the year 2024 amounting

to SAR 400 million. This is equivalent to SAR 2 per share, compared to SAR 350 million distributed for the year 2023.

At Mouwasat, our commitment to enduring success is fueled by relentless innovation and continuous performance enhancement. As we look towards 2025, we are resolutely focused on achieving our ambitious objectives: accelerating revenue and profit growth,

and strategically expanding our footprint through the inauguration of new, state-of-the-art hospitals across the Kingdom. Concurrently, we are deeply invested in nurturing the expertise of our teams through advanced, cutting-edge training programs. This steadfast dedication ensures that we consistently deliver the highest caliber of quality in our healthcare services and achieve unwavering excellence in the medical care we provide.

# 4-Strategy

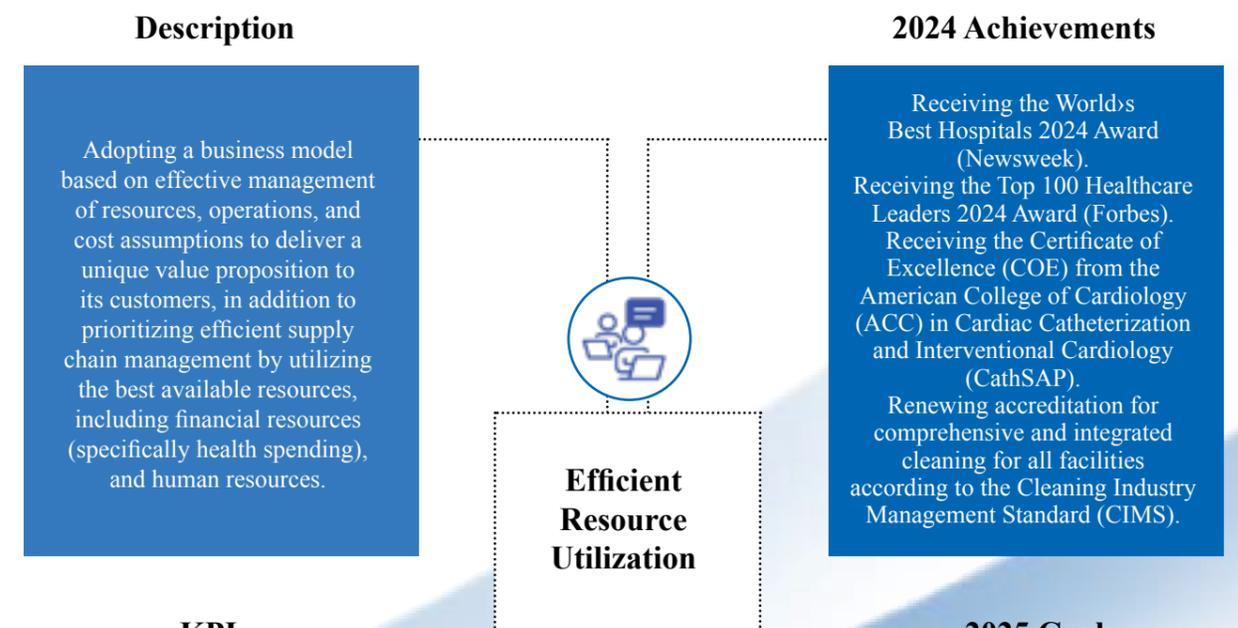
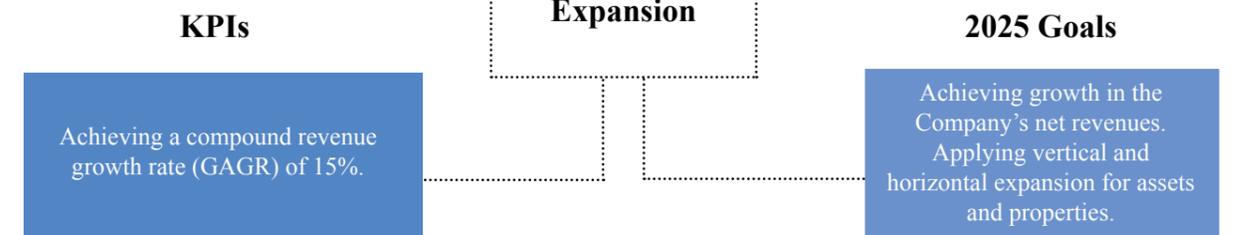
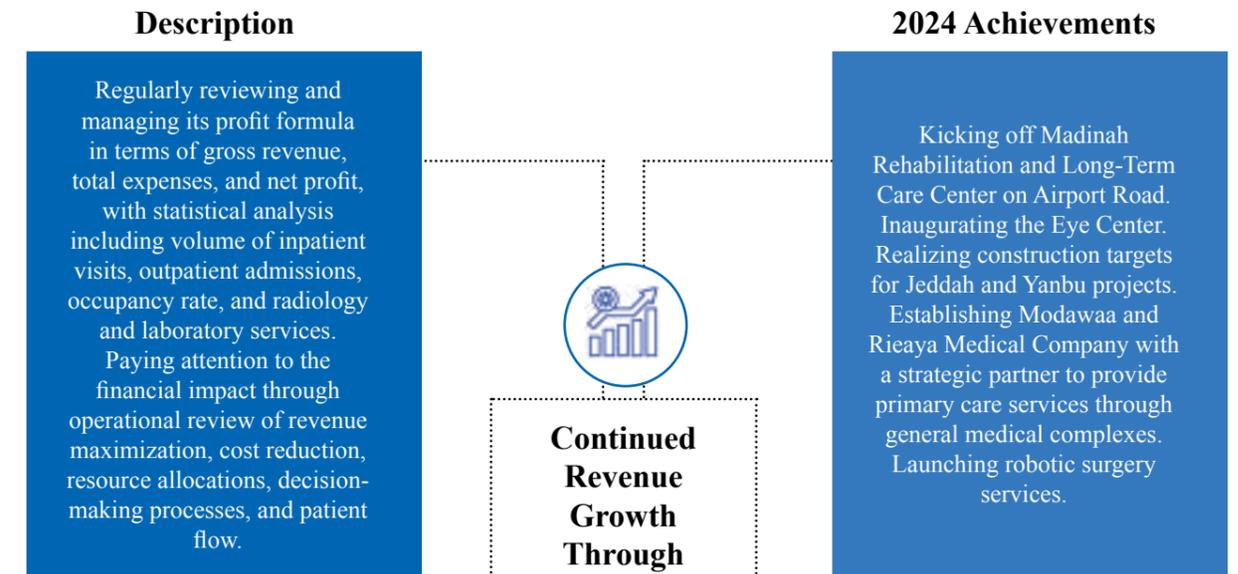
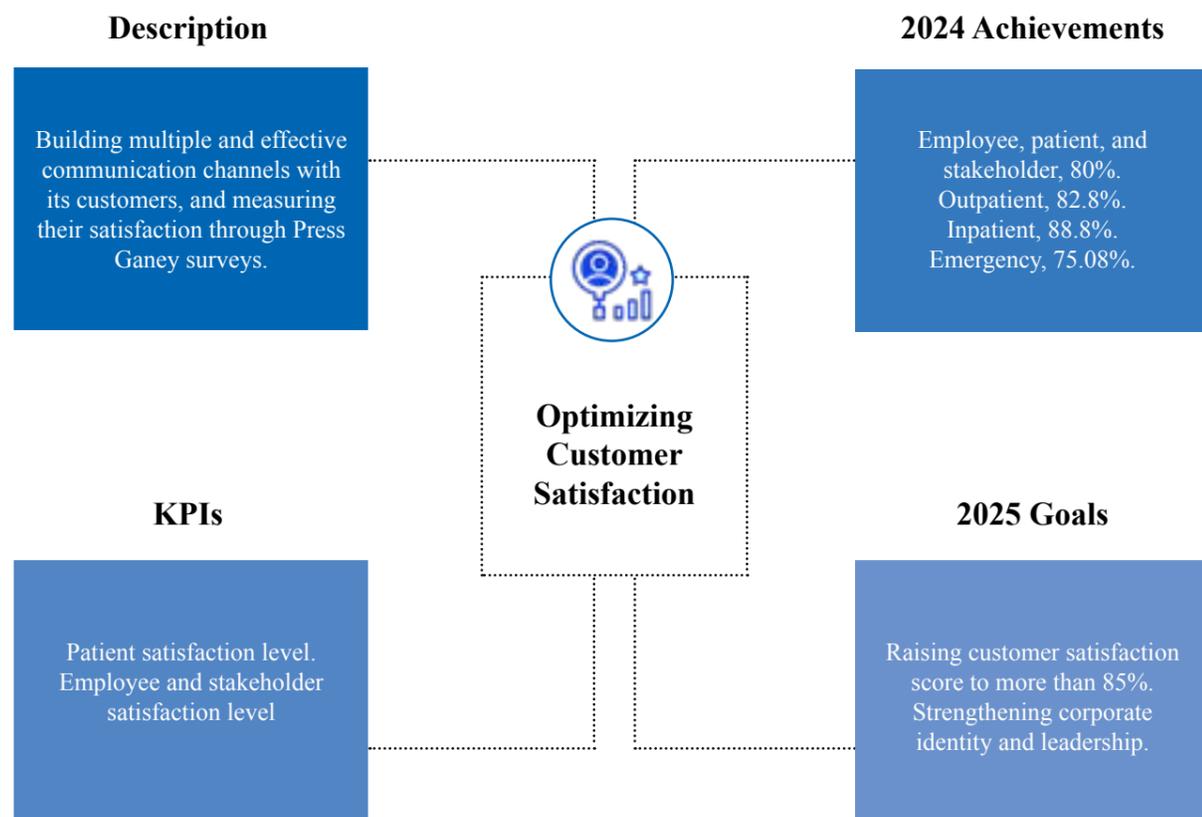
Mouwasat adopts a comprehensive strategy built upon five fundamental pillars. This reflects the Company's commitment to sustainable growth and enhancing customer satisfaction, thereby solidifying its leading position within the highly competitive Saudi Arabian healthcare market.

The Company's strategy aims to create added value in the healthcare sector by providing diverse and distinguished services to all customers. With a focus on investing in technology and innovation, and

supporting human capital, to achieve its vision of leading the medical sector in the Kingdom.

In 2025, the Company aims to implement an ambitious plan leveraging the latest healthcare technologies and innovations. This will enable it to deliver specialized medical services through a distinguished team capable of addressing the evolving challenges within the sector, with the ultimate goal of becoming a leading model in healthcare.

## Towards a Better Future for Healthcare



**Description**

Empowering Saudi youth to elevate Saudization levels in line with the Kingdom's Vision 2030 by providing an engaging and attractive work environment.



**2024 Achievements**

Reaching approximately 36.5% Saudi employment rate slightly approaching a target of 37%.

**Acquiring Saudi Talent**

**KPIs**

Maintaining Saudization requirements percentage.

**2025 Goals**

Attracting top-tier talent. Fostering a culture of innovation and employee engagement. Providing comprehensive employee training and development programs.

**Description**

Providing innovative health services ensuring sector leadership.



**2024 Achievements**

Renewing all international accreditations such as JCI, CBAHI, HIMSS, and obtaining additional accreditations for COE. Standardizing medical records in compliance with regulatory and legislative health insurance requirements.

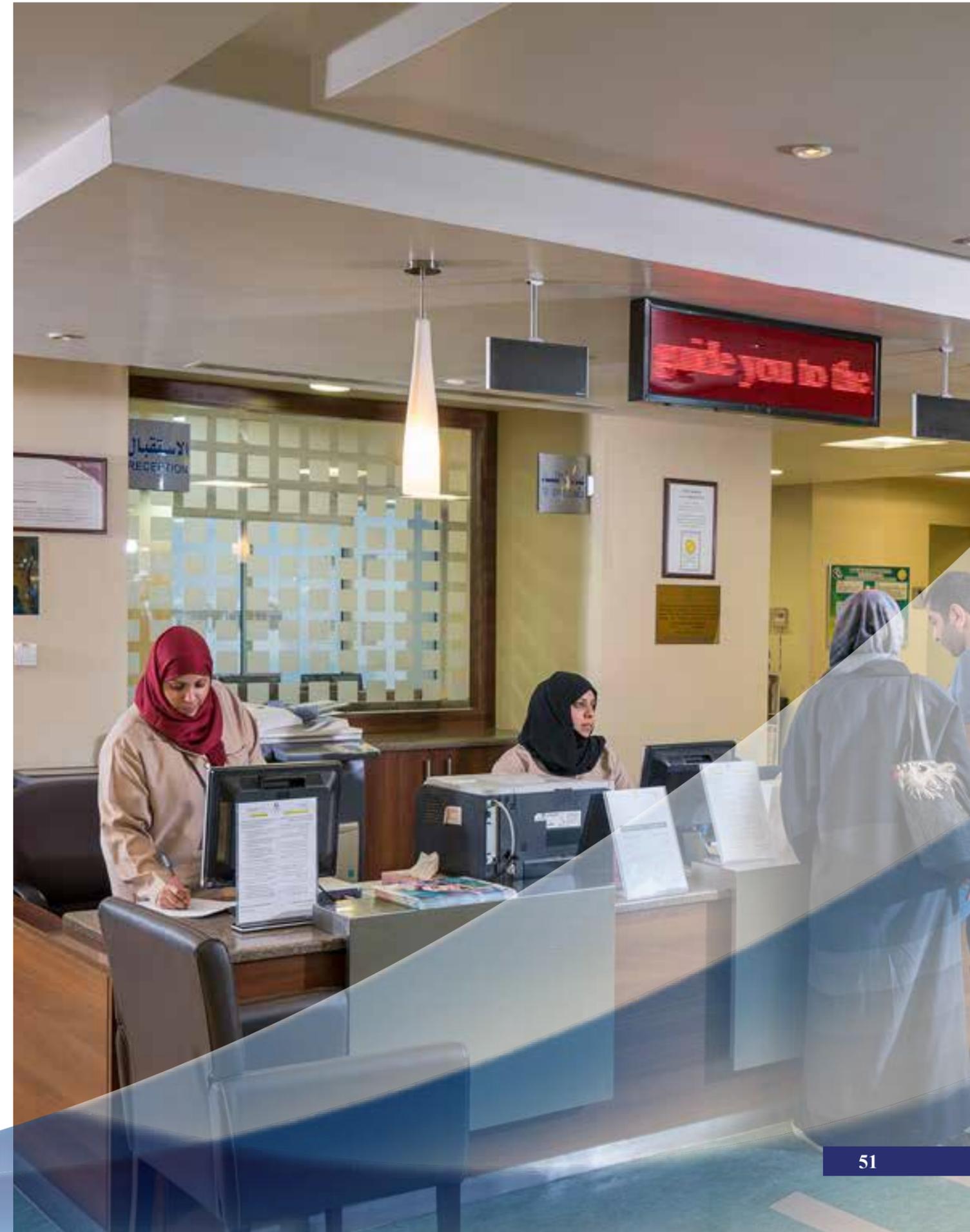
**Upholding the Highest Standards of Quality and Outpatient Safety**

**KPIs**

Renewing all international and local accreditations, as well as seeking new accreditations for centers of excellence (COE).

**2025 Goals**

Improving sustainable development standards and governance across various departments. Expanding the use of AI in operational and administrative processes.



# 5-Business Operating Model

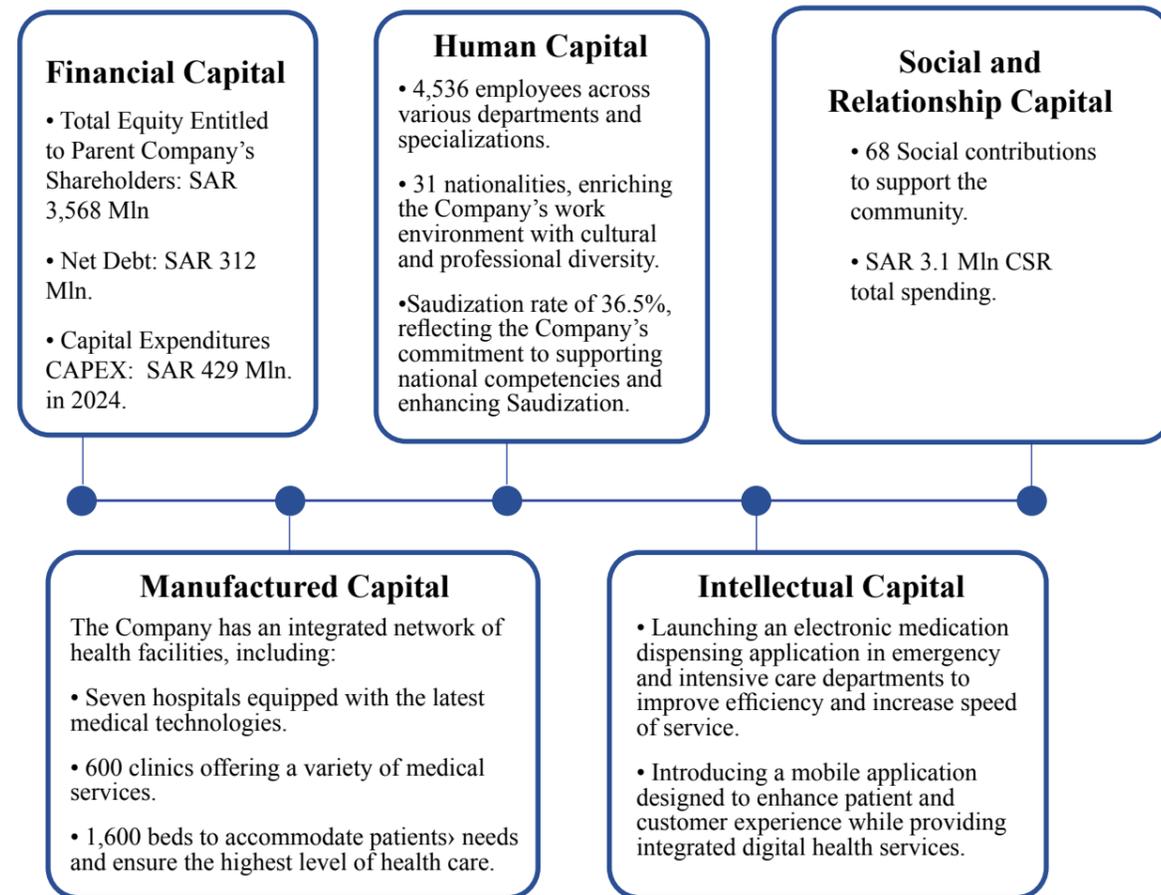
Recognizing the rapidly evolving nature of the healthcare sector, Mouwasat understands the imperative to continuously adapt to these transformations. This is achieved through the adoption of an innovative business model that reinforces its vision for leadership. We firmly believe that healthcare is not merely a service but an investment in a healthier and more sustainable future, as evidenced by our strong track record of delivering exceptional services since our inception.

for patients seeking comprehensive healthcare. We aim to achieve this by setting clear objectives, enhancing strategic investments, and leveraging artificial intelligence and the latest technological innovations. Furthermore, we are dedicated to creating and fostering value through investing in our human capital and elevating their performance levels. This ensures the delivery of high-quality healthcare services that meet the expectations of our patients and align with the advancements in the medical sector.

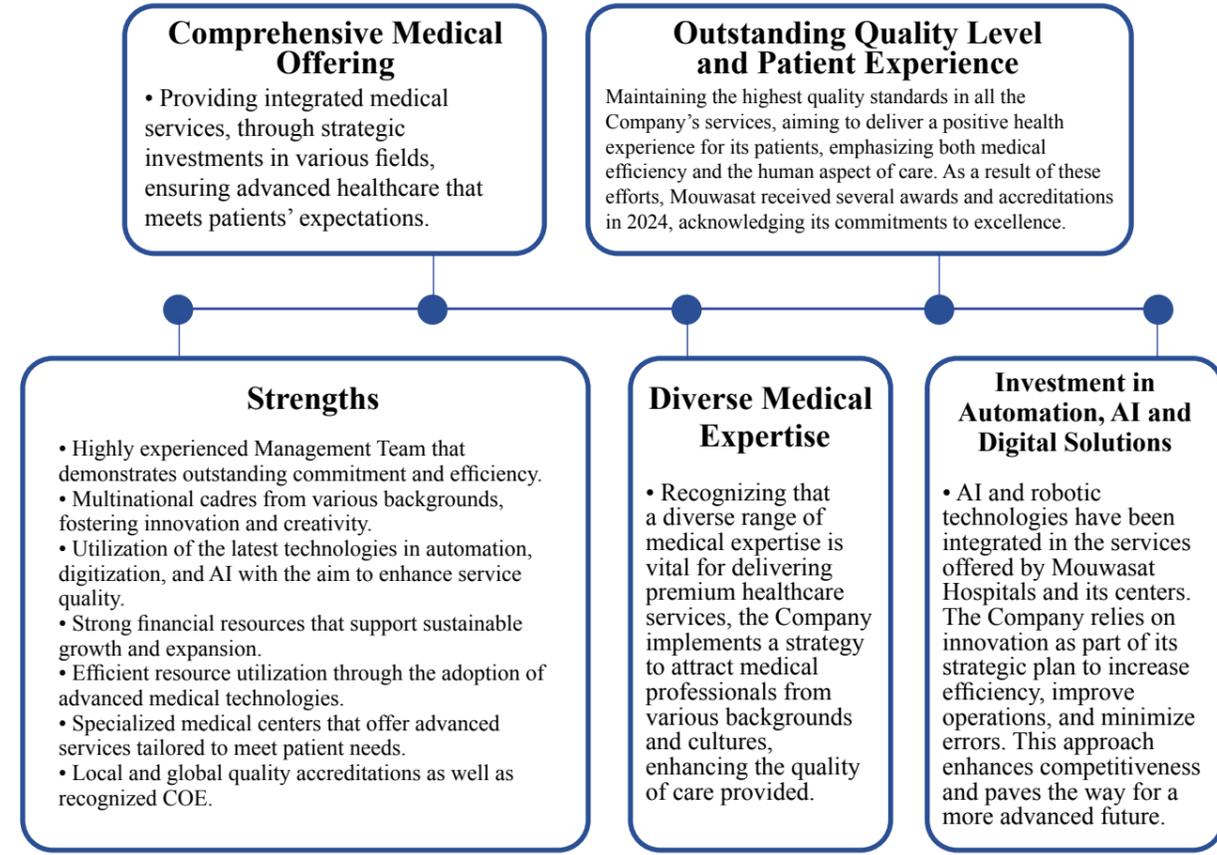
Our ambition is to be the preferred and leading destination

## Innovative and Sustainable Model

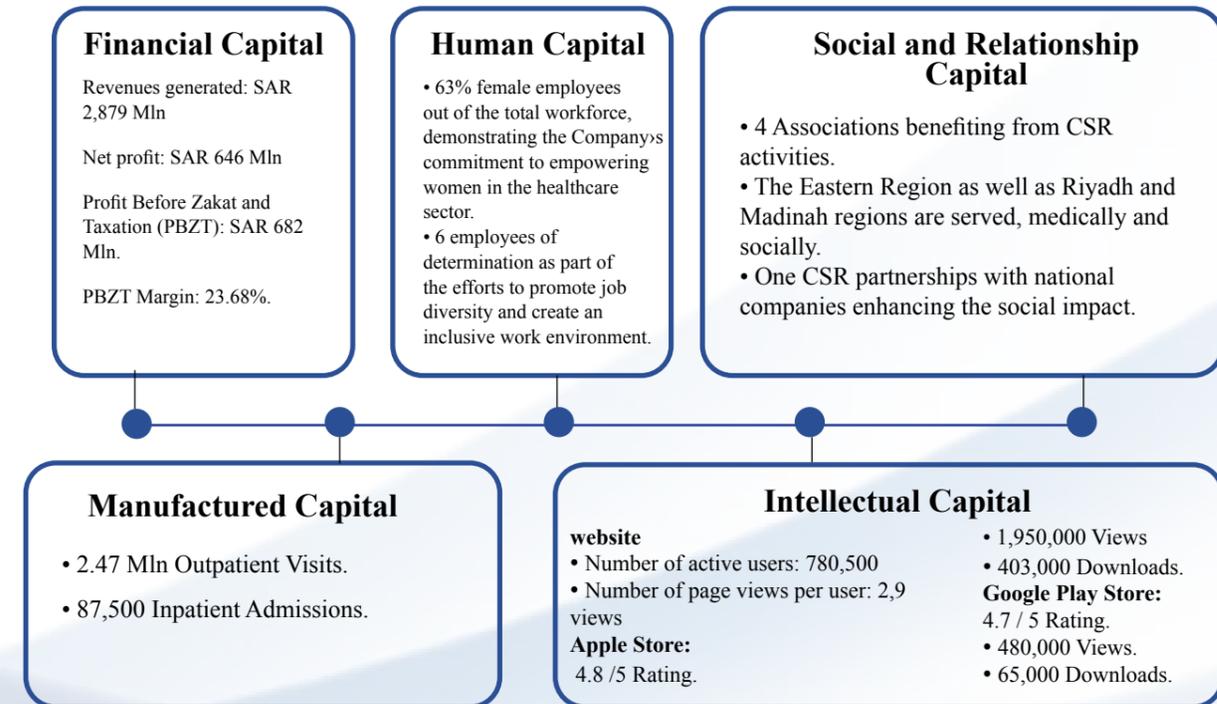
### Inputs



## Value Creation and Enhancement Model



### Outputs





• Engagement of Related Parties and Stakeholders

Mouwasat is dedicated to actively engaging relevant authorities and stakeholders in all its operations. The Company diligently strives to continuously enhance communication and interaction with them, recognizing this proactive engagement as fundamental to sustained success. This participation also plays a crucial role in achieving its strategic objectives and fulfilling the aspirations of all parties involved.



**Shareholders and Investors**

Maintaining ongoing communication channels and continually working to enhance the Company's performance, benefiting both shareholders and investors.



**Customers and Suppliers**

Building strong relationships with both customers and suppliers by measuring patient satisfaction and regularly reviewing contracts with supplier.



**Community**

Raising awareness about diseases, promoting education, and launching initiatives to support the most vulnerable groups.



**Employees**

Implementing a comprehensive strategy for training and development, creating a stimulating work environment for its employees.



**Government and Regulatory Authorities**

Fulfilling all governmental requirements and actively collaborating with the Ministry of Health on various initiatives.



## 6- Certifications and Accreditations

Mouwasat has received several international awards and accreditations in 2024, highlighting its commitment to improving service quality, enhancing operational efficiency, and solidifying its leading position in the healthcare sector.

These achievements reflect the Company's dedication to innovation and development, ensuring the delivery of high-quality medical services that meet customer expectations, boost their confidence, and strengthen its competitive presence in the market.



### 6-1 Awards

Mouwasat has been honored with several prestigious awards this year. These include two awards from Newsweek namely, the World's Best Hospitals 2024 Award, and the Best Hospitals in the Kingdom Award, as well as the Top 100 Healthcare Leaders 2024 Award from Forbes. Additionally, the Company's hospitals located throughout the Kingdom have received several other accolades.



## 6-2 Accreditations

In 2024, the Company received several international accreditations in recognition of its commitment to providing high-quality medical services. Notably, Mouwasat Long-Term Care Center in Madinah earned accreditation from the Saudi Central Board for Accreditation of Healthcare Institutions (CBAHI), adding to the accreditations already held by the Company.

The Joint Commission International (JCI) has renewed its accreditation for Mouwasat Hospitals in Khobar, Jubail, and Dammam. Meanwhile, the Hospital in Riyadh is preparing to renew its accreditation for the eighth version to complete the list of all accredited hospitals.

Furthermore, all of the Company's hospitals have received COE certificates in dialysis from ACHSI. Additionally, they have achieved HIMSS accreditation for the alignment of information systems with healthcare systems. The hospitals in Madinah, Jubail, and Qatif have also been certified by Commission on Accreditation of Rehabilitation Facilities (CARF) for rehabilitation and physiotherapy services.

Mouwasat Hospital in Dammam has recently achieved significant recognition in the field of healthcare. It has obtained a Certificate of Excellence (COE) in Obesity Surgery from the International Federation for the Surgery of Obesity & Metabolic Disorders (IFSO), and COE from the American College of Cardiology (ACC) in Cardiac Catheterization and Interventional Cardiology (CathSAP) for its commitment to cardiovascular excellence. Furthermore, all Mouwasat hospitals have received accreditation from the American Society of Health System Pharmacists (ASHP).

Mouwasat Hospitals received accreditation from both the

American College of Radiology (ACR) and the American Nurses Credentialing Center (ANCC). Additionally, the Company's hospitals have renewed their accreditation for comprehensive and integrated cleaning for all facilities according to the Cleaning Industry Management Standard (CIMS).

The accreditation from the Association for the Advancement of Blood & Biotherapies (AABB) was renewed for Jubail, Khobar, Qatif, and Madinah hospitals. Similarly, the accreditation from the College of American Pathologists (CAP) for Laboratory and Tissue Sciences was renewed for Jubail and Khobar hospitals. Furthermore, the hospitals in Jubail, Qatif, Khobar, Riyadh, and Dammam have obtained ISO certification for Food Safety Management Systems and Hazard Analysis and Critical Control Point (HACCP) accreditation, which emphasize the quality and safety of their food services.

Khobar Hospital has received accreditation from the European Association of Nuclear Medicine (EANM), while the hospitals in Riyadh and Dammam have successfully passed inspection by the Saudi Food and Drug Authority (SFDA).

The Hospital in Dammam has obtained accreditation from the Saudi Commission for Health Specialties (SCFHS) to offer 12 consecutive training programs until the end of 2024 in several specialties. During the year, 18 new trainees were enrolled, bringing the total number of trainees to 32. Furthermore, SCFHS also granted a license to the Department of Pharmacy to offer the Higher Diploma in Clinical Pharmacy, marking it as the first independent pharmacy program in the private sector within the Kingdom.



### 6-3 Center of Excellence Certifications

The accreditation system for the Certificate of Excellence from the American Surgical Review Corporation (SRC) has been fully renewed for Mouwasat Hospitals during 2024, as follows:

Accreditation	Hospital	Image
Centre of Excellence, Urology Surgery	Jubail, Qatif, Khobar, Riyadh, Dammam	
Center of Excellence, Orthopedic Surgery	Jubail, Khobar, Riyadh	
Center of Excellence, Minimally Invasive Gynecology	Qatif, Khobar	
Center of Excellence, Endoscopy	Dammam, Khobar	
Center of Excellence, Minimally Invasive Surgery	Dammam, Khobar, Riyadh	
Center of Excellence, Interventional and Advanced Endoscopy	Dammam	
Center of Excellence, Kidney Stone Management	Dammam	



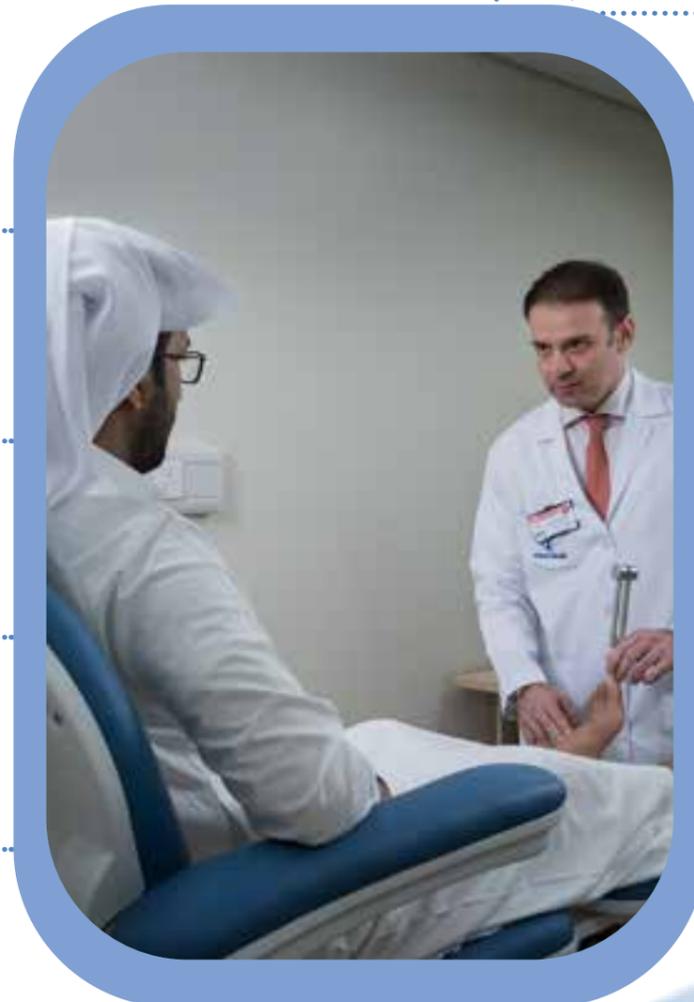
# 7- Challenges and Opportunities

In 2024, the Company encountered several challenges, including a rapidly evolving market, ever-growing quality demands, and the need to adapt to modern technologies and digital advancements. However, it turned these ongoing challenges into significant opportunities by expanding its services and improving performance through innovation and the adoption of modern technologies.

To address these challenges, the Company focused on developing agile and adaptable strategies. This included improving operational processes, investing in technology, and enhancing team efficiency through continuous training. The Company also implemented performance improvement programs and regularly assessed our adaptability to rapid changes, ensuring sustainable growth in the healthcare environment.

## Challenges We Face

- 01** Shortage of Medical Personnel : The shortage of specialized medical personnel in various subspecialties is one of the most significant challenges. To address this, the Company expanded its recruitment efforts to attract distinguished professionals and specialized human resources.
- 02** Accelerating Technological Development : Rapid technological advancements in healthcare pose a major challenge. To overcome this, the Company implements a comprehensive investment plan in innovative technologies to enhance the quality of its medical services.
- 03** High Competitiveness: : Increasing competition within the healthcare sector in the Kingdom is a great challenge. The Company responds to this by continuously innovating its service offerings and developing modern medical services.
- 04** Rising Costs: : The high costs associated with medical services present a challenge. The Company tackles this by improving the efficiency of its medical operations while maintaining the quality of provided care services.
- 05** Launch of Government Platforms: : The introduction of new government platforms poses risks for its operations. The Company addresses this by training its teams and ensuring adherence to data entry timetables.



- 06** New Health Governance Requirements : The emergence of new health governance requirements places pressure on the Company. It copes with this by enhancing the concept of sustainability across all operational areas and fostering effective communication between departments.
- 07** Diversifying Accreditation Standards : Diversifying accreditation standards is addressed by standardizing policies and procedures to align with local and international standards, as well as ongoing training and awareness programs for the Company's staff.
- 08** Supply Chain Disruption : The Company's supply chains face numerous challenges, including global price fluctuations and increased shipping costs. It manages these issues through effective supply chain management and strategic planning to mitigate impacts.
- 09** Contractor Default : Difficulties faced by contractors in new projects represent a significant challenge. The Company addresses this through careful project monitoring and providing necessary support to ensure successful implementation.
- 10** Cybersecurity Threats and Data Breaches : Cybersecurity poses serious challenges for the Company. This is addressed by investing in cybersecurity management, conducting regular security assessments, and establishing specialized teams.
- 11** Low Reimbursement Rates from Insurance Provider : The Company addresses this challenge by offering payment facilities to customers to expedite repayment processes and enhance financial stability.
- 12** Legal Challenges and Medical Negligence Claims : The Company addresses legal challenges related to medical negligence claims by comprehensive coverage for healthcare practitioners and continuous monitoring of medical performance to mitigate risks.
- 13** General Challenges : General challenges include kitchen fires, which the Company manages by installing automatic fire alarm and suppression systems. It also addresses water contamination issues by conducting daily inspections of water unit purification indicators and ensuring regular maintenance.



Opportunities We Seize

**Digital Transformation :** Leveraging opportunities from digital transformation to enhance operational efficiency and deliver advanced medical services.

**Modern Technology :** Investing in modern technology and innovation with the aim to improve healthcare quality and broaden the range of services.

**Engagement with Ministry of Health Initiatives:** Actively participating in initiatives from the Ministry of Health to improve health coverage and strengthen the Company's contribution to the development of the health sector.

**Enhancing Quality in Preventive Healthcare Programs:** Focusing on the importance of quality in preventive healthcare programs and risk reduction, which contributes to elevating the standard of healthcare provided and achieving better outcomes for our patients.sector.

**Participating in Medical Tourism :** Expanding medical tourism efforts by offering specialized services that attract patients from various countries.

**Support for Research on Performance Indicators:** Investing in specialized research to analyze performance indicators, enhancing the Company's ability to deliver the best services possible.

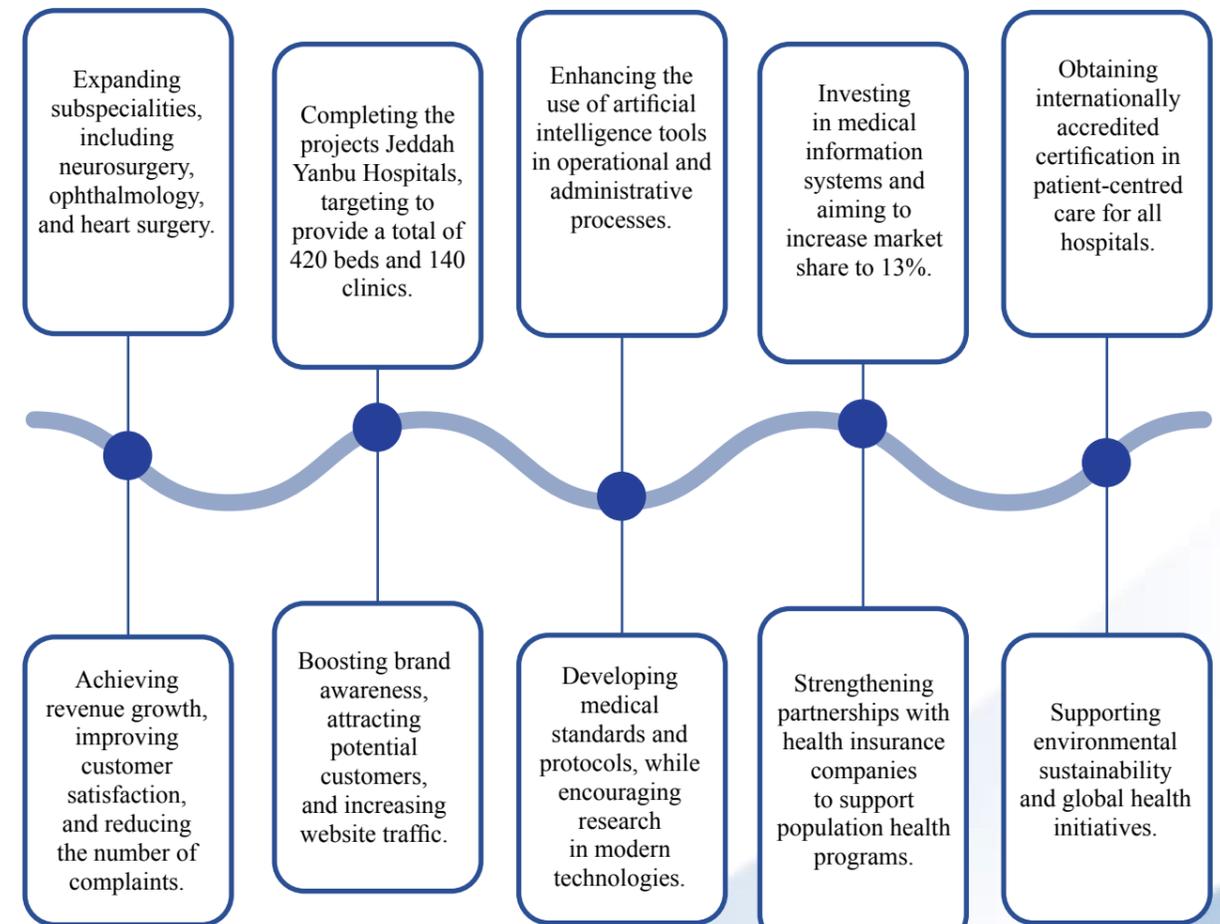
**Exploring New Markets for Revenue Diversification :** Exploring new markets and diverse medical fields to broaden the Company's revenue sources and strengthen its financial sustainability.

## 8-Future Goals and Aspirations

Mouwasat is leading the way in healthcare innovation and technological advancement in Saudi Arabia as part of its future plan. The Company embraces cutting-edge technologies in healthcare and ensures that its staff receives

proper training to keep up with these advancements. This strategy aims to achieve the highest quality of care while providing unparalleled value to its customers.

### Towards a Bright Future



# 9-Risk Management

The healthcare sector is experiencing accelerating transformations globally, necessitating operating companies to understand potential risks and adopt flexible precautionary measures. As a leader in this industry, Mouwasat recognizes the importance of taking a proactive approach to risk management to ensure business sustainability and achieve strategic objectives. Consequently, the Company employs an integrated risk management system, developed in close coordination between the Senior Management and all employees in line with specific guidelines that enhance operational safety and maintain competitiveness.

• Risk Management Framework

Mouwasat Medical Services Company has developed an integrated risk management framework that aligns with international best practices and standards. This framework is designed to identify and assess potential risks that may affect the quality of services provided and develop effective strategies to mitigate these risks, ensuring business continuity and achieving the highest levels of efficiency and reliability.

• Risk Governance

The Company adopts a proactive approach to risk governance by implementing effective preventive measures in collaboration with all departments and the Audit Committee. Mouwasat employs a dynamic model to address potential challenges, focusing on the qualifying and developing its workforce and creating an attractive work environment. This approach helps reduce employee turnover rates, supporting the stability of human resources and avoiding hindering future expansion plans.

Additionally, the Company continues to expand its customer base and increase its market share in the healthcare services sector by building strategic relationships with all related stakeholders, including patients, medical insurance companies, Cooperative Council of Health Insurance (CHI), General Directorates of Health Affairs, Ministry of

Health, and others to ensure integration and sustainability in service delivery.

• Risk Identification

The Company classifies its risks into six main categories: strategic, financial, operational, marketing, human resources, and technological. The initial step involves identifying potential risks, followed by assessing their level of impact using a risk assessment matrix. Risks are then prioritized according to their severity. This process enables the Company to address these risks effectively and implement the appropriate mitigation measures.

• Risk Prioritization

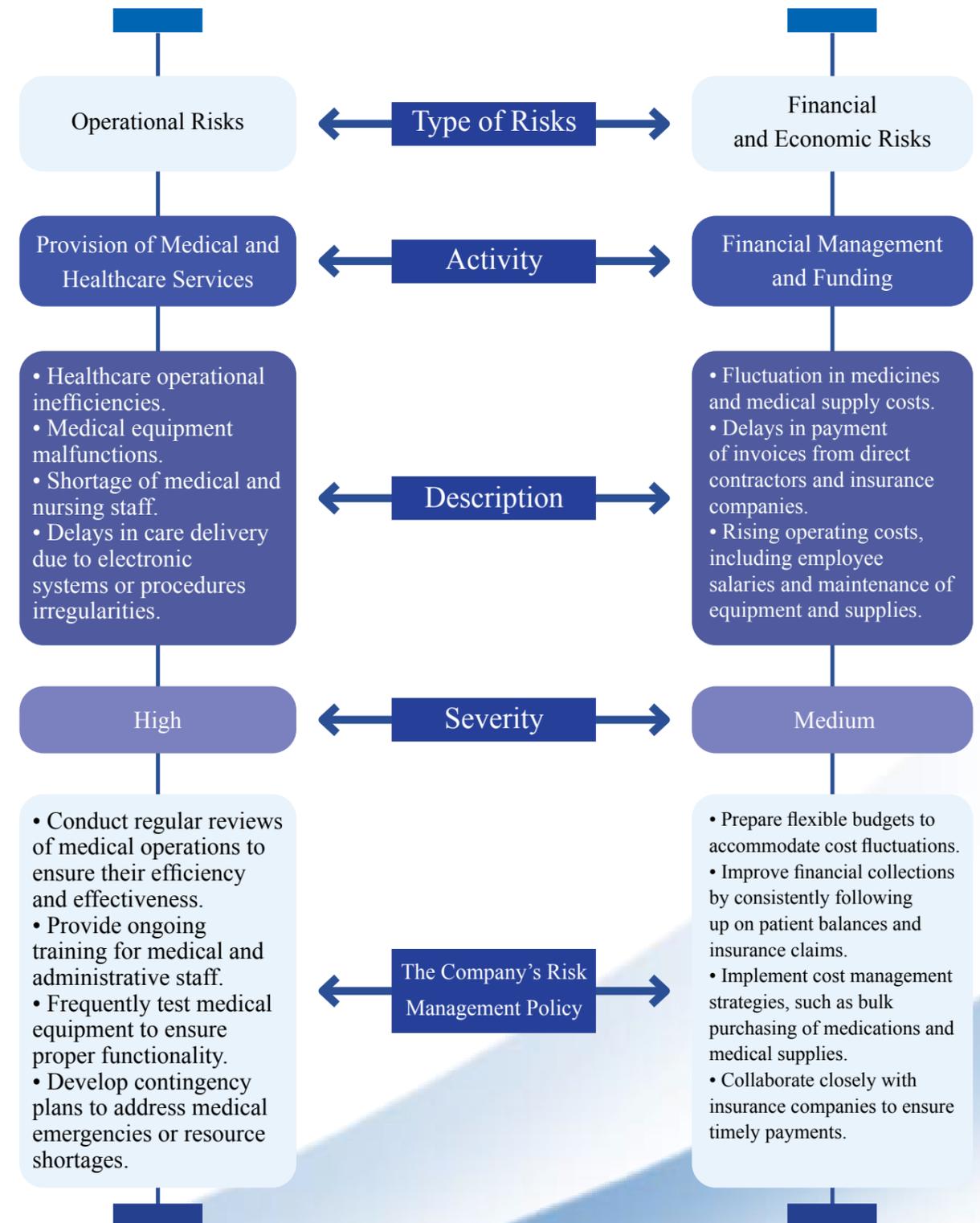
Mouwasat prioritizes risks based on their impact on business operations. The Internal Audit Department conducts an assessment of the evolution of risk factors within the Company and the existing systems designed to address significant or unexpected changes in the financial market, ensuring that control systems are operating effectively.

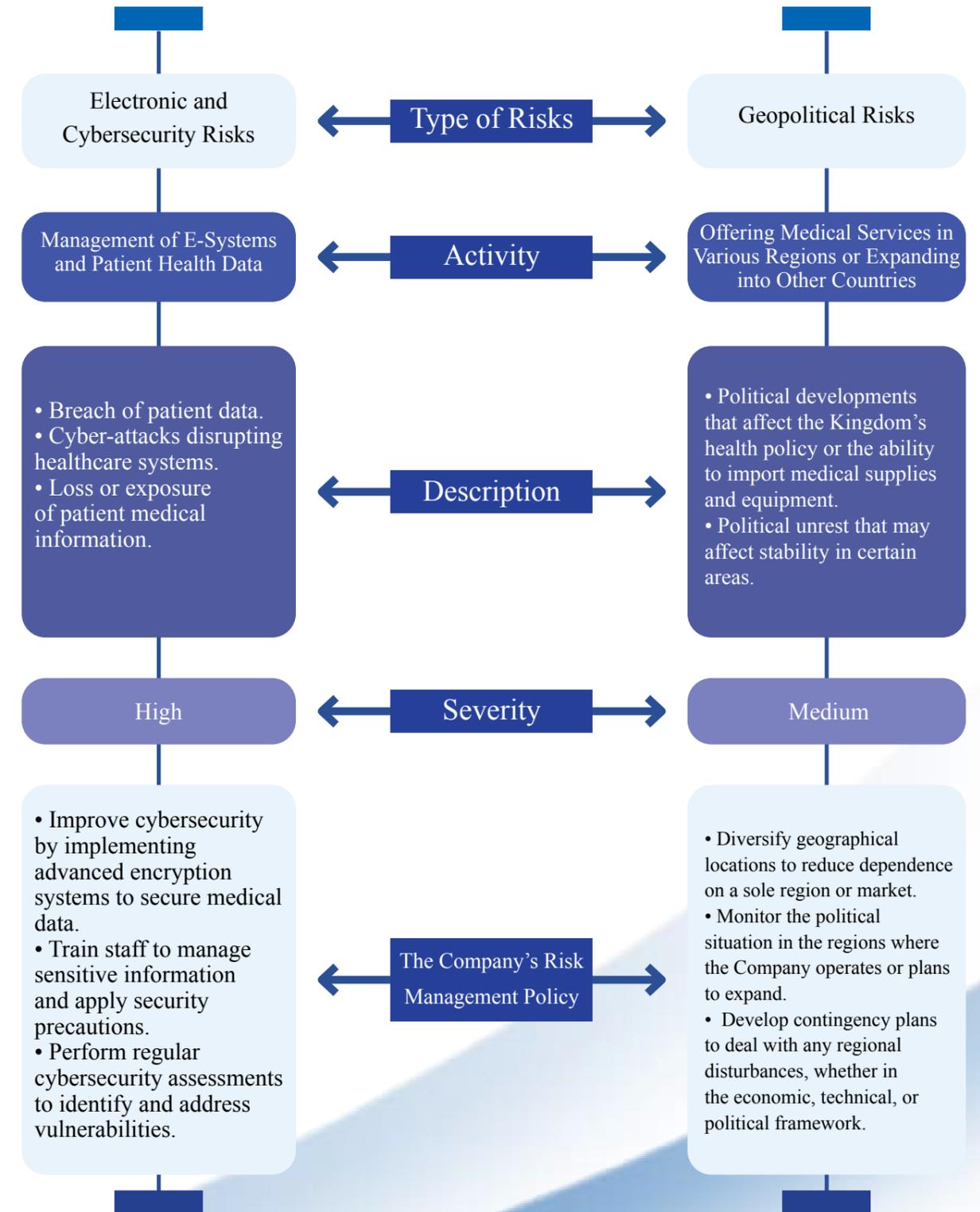
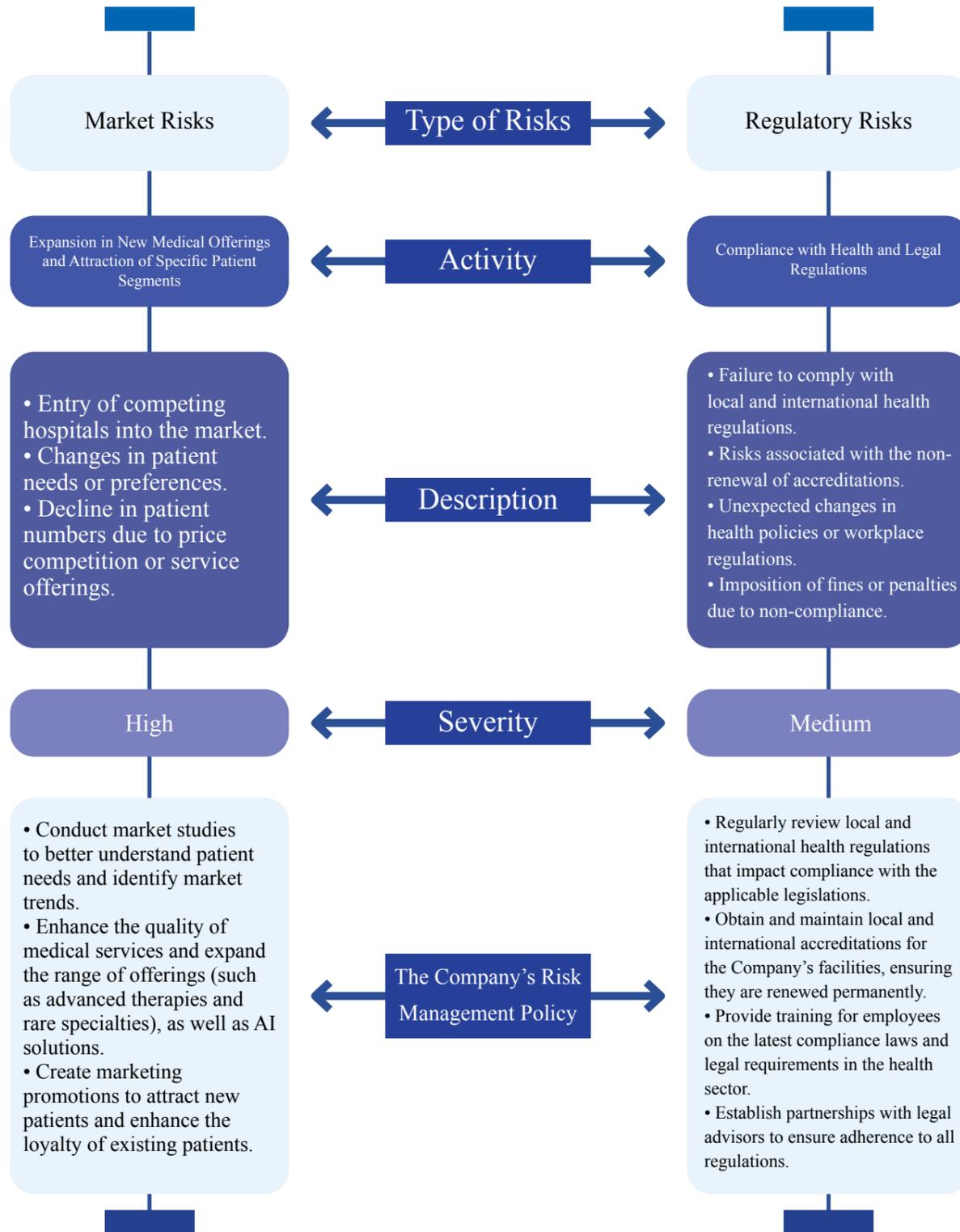
• Risk response

Mouwasat employs proactive strategies to address potential risks by developing operational performance indicators for all resources and activating control and oversight mechanisms for operational expenses to ensure efficiency and sustainability. Furthermore, the Company continues to automate its administrative, medical, and financial systems, thereby enhancing its competitive edge and mitigating future risks associated with competition.

Moreover, Mouwasat focuses on enhancing the operational efficiency of its resources to overcome the challenges posed by the increasing costs of attracting skilled medical personnel and advanced technologies. The Company also implements quality assessment and customer satisfaction measurement programs to ensure the delivery of healthcare services that meet global standards.

## Key Risks





# Section (3)

## Operational Review

<b>Overview of the Medical Sector in the Kingdom</b>	<b>72</b>
<b>Operational Performance</b>	<b>74</b>
<b>Quality Control and Assurance</b>	<b>80</b>
<b>Human Resources and Recruitment</b>	<b>87</b>
<b>Marketing and Customer Outreach</b>	<b>90</b>
<b>Business Digitalization</b>	<b>92</b>
<b>Related Parties and Stakeholders Engagement</b>	<b>94</b>



**Years  
of Dedication**

## 1-Overview of the Medical Sector in the Kingdom

In 2024, the Saudi Arabian economy continued its growth trajectory despite global headwinds, capitalizing on economic diversification policies and reforms that support sustainable development. Government initiatives played a significant role in bolstering non-oil activities, which experienced a growth of 4.3% by year-end. Furthermore, the real Gross Domestic Product (GDP) grew by 1.3%, alongside a 2.6% increase in government activities, according to data from the General Authority for Statistics (GASTAT). The emphasis on investments and infrastructure was evident in its support for economic performance, strengthening the Kingdom's ability to navigate global volatility and reinforcing its position as a key regional economic power.

- **Accelerated Growth of the Healthcare Sector**

The growth rates achieved by non-oil activities in 2024 reflect the Kingdom's commitment to strengthening vital sectors, with the medical sector being a top priority. This commitment is further demonstrated by the allocation of approximately SAR 260 billion to the health and social development sector in 2025, a significant increase from the SAR 214 billion allocated in 2024.

The healthcare sector is projected to maintain its positive growth trajectory, supported by strong returns on shareholders' equity, reaching 22% at Mouwasat Company. This growth is further underpinned by rising income levels, an increasing prevalence of lifestyle-related diseases, and the expanding scope of insurance coverage, which collectively enhances the prospects for sustainable growth according to forecasts from Sukuk Capital Company. Furthermore, research from Aljazira Capital anticipates an approximate 14% increase in the sector's capacity due to expansion initiatives.

The Kingdom's population reached 35.3 million in mid-2024, marking an annual growth rate of 4.7% compared to 2023, according to GASTAT. This figure comprises 19.6 million Saudi nationals and 15.7 million non-Saudi residents. Research from Aljazira Capital suggests that the healthcare sector will benefit

from future support, driven by a compound annual population growth rate of 1.9% projected until 2030, a 5% increase in the population aged over 65, and the prevalence of chronic diseases such as diabetes.

According to GASTAT and the Council of Health Insurance (CHI), 45.1% of adults in the Kingdom (aged 15 and over) are overweight, while the proportion of Saudis at risk of developing diabetes is as high as 30%. In line with healthcare sector development plans, Fitch forecasts that the Saudi healthcare market will reach a size of SAR 360 billion by 2030, driven by population growth and the increasing prevalence of chronic diseases. Furthermore, the framework of the 2025 plans includes the opening of 5 new hospitals with a capacity of 963 beds and the enhancement of emergency services through the addition of 568 vehicles.

- **Insurance Gaps...Promising Growth Opportunities**

The healthcare sector is experiencing notable insurance gaps in the coverage of individuals within private hospitals. Consequently, increased insurance awareness will be a key driver in boosting revenue growth in this sector, as hospitals aim to provide premium services leveraging the latest technological advancements. The number of private health insurance beneficiaries is projected to reach 25 million individuals by 2030, contributing to the coverage of approximately 70% of the population.

- **Mouwasat Growth Forecasts**

Research assessments by Ubhar Capital anticipate that Mouwasat will achieve a compound annual growth rate (CAGR) of 10% during the period from 2023 to 2028. This growth is expected to be partly driven by increased operational capacity and an expansion of Mouwasat's hospital network to 9 hospitals by 2026. Furthermore, Ubhar Capital projects profits to rise to SAR 764 million in 2025 and SAR 907 million in 2026.

- **Healthcare Sector Opportunities Amid Global Events**

At Mouwasat, we are committed to leveraging the significant opportunities and events unfolding in Saudi Arabia. The Kingdom's successful bids to host the 2034 FIFA World Cup and Expo 2030 are pivotal milestones in achieving the objectives of the Saudi Vision 2030. The Company anticipates that these two major global events will have a profound impact on non-oil sectors and will stimulate substantial investments in infrastructure, sports, tourism, and entertainment.

Furthermore, these events also present an invaluable opportunity to showcase the Kingdom's modern and progressive image and to foster cultural exchange with the global community, further solidifying Saudi Arabia's position as an attractive destination for both investment and tourism. Regarding the healthcare sector, which receives significant focus within the Saudi Vision 2030, the Company anticipates to play a prominent role in delivering exceptional healthcare services to visitors to the Kingdom, while simultaneously expanding the scope of its medical offerings and driving innovation within the sector.



## 2- Operational Performance

### 2-1 Hospitals

Throughout 2024, Mouwasat continued its efforts to reinforce its leading position in delivering advanced healthcare services to its patients, leveraging cutting-edge technologies and the expertise of qualified medical professionals. The Company's network of hospitals, strategically located across the Kingdom, experienced robust growth, keeping pace with the rapid advancements in the healthcare sector and achieving numerous successes and distinguished results.

Continuing its ongoing efforts, the Company's focus

in 2024 was on enhancing the patient experience through the expansion of its existing hospital network, the opening of new medical centers, and an increase in the number of patients receiving healthcare services. Mouwasat also established Modawaa and Rieaya Medical Company in partnership with Al Dawaa Medical Services Company, which specializes in medical clinic operations.

Regarding our expansion projects, the Company continued the construction on three new hospitals, with the Yanbu and Jeddah projects reaching a 75% completion rate and representing a total investment of SAR 450 million.

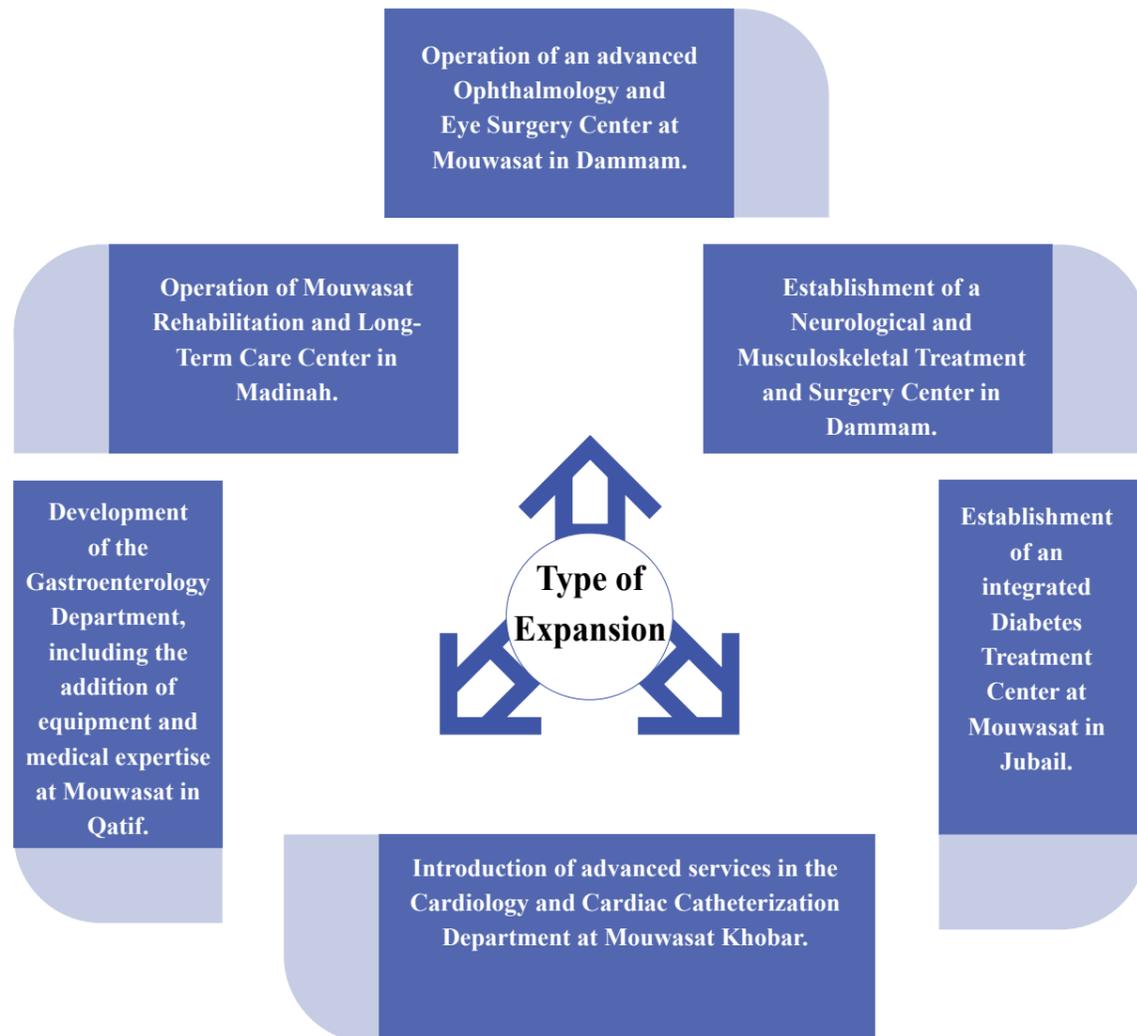
- **Increasing Offerings**

In 2024, the number of patients treated in both inpatient departments and outpatient clinics increased. The number of outpatient clinics rose by 3.4%, increasing from 580 clinics in 2023 to 600 clinics, which served

approximately 2.47 million visitors by the end of 2024. The Company also admitted 87,500 patients to inpatient departments. These services were delivered in accordance with global best practices.

Year/Category	No. of Outpatient Visits	No. of Inpatient Admissions	No. of Outpatient Clinics
2024	2.47 Mln	+87,000	600
2023	2.3 Mln	+80,000	580
Change Rate	7.4%	8.8%	3.4%

### Expansion Achievements 2024



• **Exploring New Horizons**

Mouwasat is committed to advancing the frontiers of medical discovery. To support rigorous ethical standards and guide scientific research initiatives, the Company's Institutional Review Board (IRB), established in 2023, reviewed over 57 research proposals in 2024 to ensure adherence to the highest quality and ethical benchmarks. The Company is also proud to have published over 478 research papers in national and international medical journals, authored by its qualified healthcare professionals. All published researches are showcased in prestigious, high-impact journals indexed in the PubMed Central (PMC)

database, underscoring the quality and significance of Mouwasat's research endeavors.

• **Continued Innovations**

Mouwasat continues to drive innovation in healthcare by developing novel ideas and effective treatment modalities across its various departments. A prime example of this is the Company's adoption of robotic microsurgery, representing a significant leap forward in the medical field. This technology enables highly precise surgical procedures, minimizing potential side effects and contributing to faster patient recovery.

**Innovations Shaping the Future**

<b>Da Vinci System</b>	The Da Vinci system has been extended to include its application in specialized precise surgical procedures for obesity, urology, obstetrics and gynecology, general surgery, and oncological surgery.
<b>Remote Intensive Care Unit (ICU)</b>	Mouwasat has developed a Command and Control Center for remote ICUs, enabling continuous patient monitoring remotely to improve follow-up and reduce mortality rates.
<b>Remote Diagnostic Radiology</b>	Mouwasat has introduced a remote radiology diagnostic mechanism that utilizes communication tools to analyze medical images, expedite diagnosis, and improve access to services.
<b>Robotic Orthopedic Surgery</b>	This technology enables surgeons to plan operations in 3D prior to beginning the procedure. This approach increases precision in cutting and fixation, resulting in better outcomes and faster recovery for patients.
<b>Robotic Gait Rehabilitation Systems</b>	Mouwasat considers these systems a qualitative advancement in rehabilitation. These systems assist in restoring walking abilities by providing targeted therapy for patients with mobility disabilities.
<b>Oxygen Pump</b>	Designed for diabetic patients, this device aims to improve blood sugar levels. It also includes additional features for continuous monitoring and tracking of glucose levels.
<b>Digital Histology</b>	This method involves analyzing tissue samples with advanced technology to enhance the diagnostic accuracy of cellular diseases.
<b>Newborn Protection</b>	This system is designed to provide additional security for infants and their mothers, reducing the risk of abduction.



**2-2 Pharmacies**

Mouwasat is proud of its notable achievements in the pharmacy sector. Its pharmacies provide a wide range of services, including consultations and pharmaceutical education. In 2024, this chain

demonstrated exceptional performance, achieving impressive revenue growth of SAR 451 million, while also recording a patient satisfaction rate of 85%.

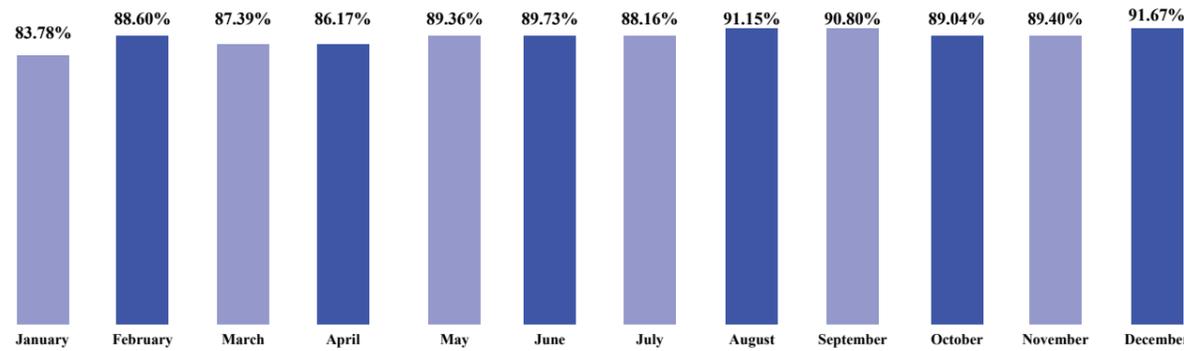
**Pharmacy Revenue Growth Development Over 5 Years**



Throughout 2024, the Company focused on delivering further innovations within healthcare field, which contributed to increasing its customer base by 12%. Patient customer satisfaction rates regarding medication education efforts improved to

91%, up from 83% in 2023. Furthermore, intensive staff training, automated pharmaceutical services, and medication sufficiency programs played a significant role in reducing average waiting times by 30%.

### Development of Patient Medication Awareness Rate During 2024



#### Medication Dispensing Mechanisms

Mouwasat became the first private entity in the Kingdom of Saudi Arabia to implement an automated medication dispensing system using robots. This initiative began at Khobar Hospital in August 2019 and has since expanded to include hospitals in Jubail, Madinah, and Dammam. This has contributed to improved medication safety, reduced errors, minimized waiting time, maximized patient satisfaction as well as enhanced patient education, and increased pharmacist productivity.

The Company launched an update to Mouwasat Mobile application, developed in collaboration with Wolters Kluwer. This app allows patients to request medication refills, home delivery, report side effects, and communicate directly through the “Ask Mouwasat” feature for appointment booking and virtual consultations in addition to the accessibility to medical information rated dispensed medicines. Currently, 24 automated dispensing machines (ADMs) are installed for inpatients across various Mouwasat hospitals, collectively dispensing 100,000 doses per month. Mouwasat continues to invest in smart pharmacy projects benefiting from the successful experience launched in Dammam Hospital as the Company’s largest and edging smart pharmacy project to deliver outstanding performance.

#### Pharmaceutical Learning

Mouwasat is keen on improving pharmaceutical learning and community health education. Throughout 2024, the Company conducted monthly

scientific sessions covering a variety of topics, including treatments, medication safety, and research. Its ongoing efforts aim to raise medical awareness through in-person and remote campaigns addressing key topics, such as diabetes and immunization, with attendance exceeding 1,000 practitioners per each campaign.

As part of its commitment to enhancing education, the Company organized a seminar at Mouwasat Hospital in Khobar titled “Together to Prevent Antibiotic Resistance”. During 2024, over 100 pharmacists from eight universities received training at Mouwasat facilities, gaining advanced experience in alignment with Advanced Pharmacy Practice Experience (APPE) standards within the framework of the Company’s community engagement. In 2025, we plan to continue advancing our training and education initiatives.

#### Improving Medication Approvals

The Company’s electronic system has been designed to manage medical documentation for diagnoses and to link medication prescriptions to those diagnoses. This improvement has positively affected approval times and has reduced the rate of rejections, both at the approval and claims levels. As a result, the rate of clinical medical rejections for medications has dropped to approximately 1%.

### 2-3 Work Stages

Mouwasat believes that the journey to recovery commences from the very first moment a patient

reaches out to us. Therefore, The Company is dedicated to ensuring our services are seamless and comfortable, from initial appointment booking through to full recovery.

### We Work for You



## 3-Quality Control and Assurance

Mouwasat is dedicated to maintaining the highest standards of quality in all aspects of its operations. Throughout its history, the Company has consistently applied international best practices in healthcare, successfully completing over 220 accreditation cycles from 20 different national and international organizations.

To enhance quality processes, Mouwasat has significantly integrated technology by fully automating its event reporting system, and the risk monitoring and analysis system using DATIX software with 100%. The Company has also implemented electronic file linking. Additionally, Mouwasat employs Root Cause Analysis (RCA) tools to identify the underlying causes of issues. It utilizes quality management methodologies such as Six Sigma and Lean Management, which have played a crucial role in reducing waste and improving operational efficiency.

### 3-1 Challenges and Opportunities for Quality Technologies

Quality improvement at Mouwasat faces several challenges, the most significant being the constant changes in laws and regulations, increasing governance requirements, the diversification of data collection sources, and the need to adapt to digital transformation standards, such as the Minimum Data Set (MDS) and coding for various diagnoses and medical services.

However, these challenges also present opportunities to enhance participation in Ministry of Health (MoH)

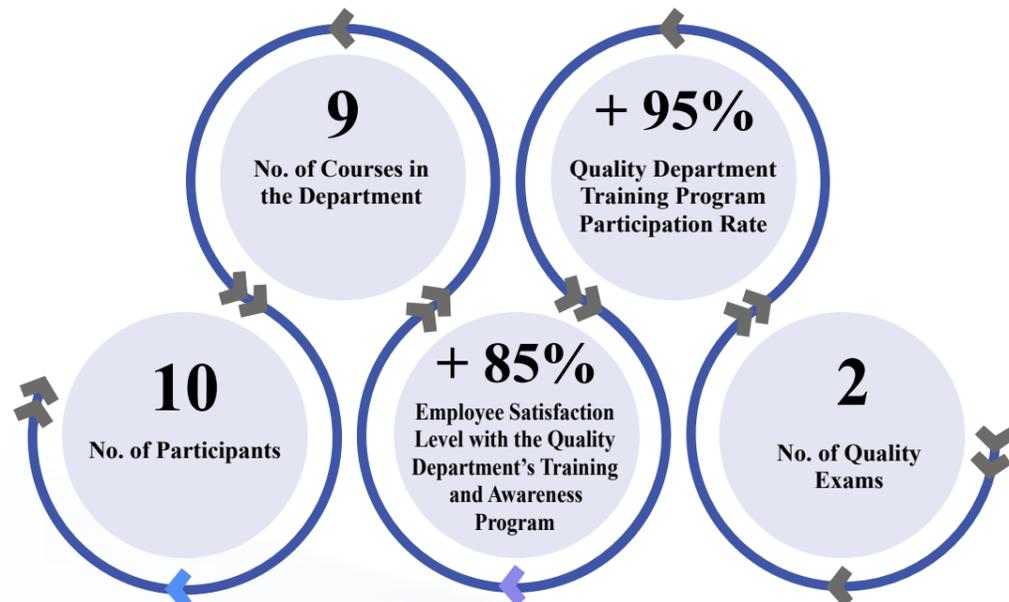
initiatives, support prevention programs, and develop a research system focused on studying and analysing performance indicators. This, in turn, contributes to enhancing quality and improving the efficiency of medical services.

### 3-2 The Future of Quality In Mouwasat

In 2025, Mouwasat aims to level up quality systems by upgrading the DATIX software and obtaining Magnet accreditation for Khobar Hospital, in addition to fulfilling the requirements set forth by the International Consortium for Health Outcomes Measurement (ICHOM) in line with the Council of Health Insurance (CHI)'s plan. The Company also works on strengthening its insurance partnerships, renewing accreditations, improving key performance indicators (KPIs), supporting environmental sustainability, and fostering digital transformation. It will further adhere to government quality platforms, standardize policies and procedures across all hospitals, create comprehensive profiles for all staff, and update both medical and non-medical committees.

### 3-3 Quality Assurance Key Figures

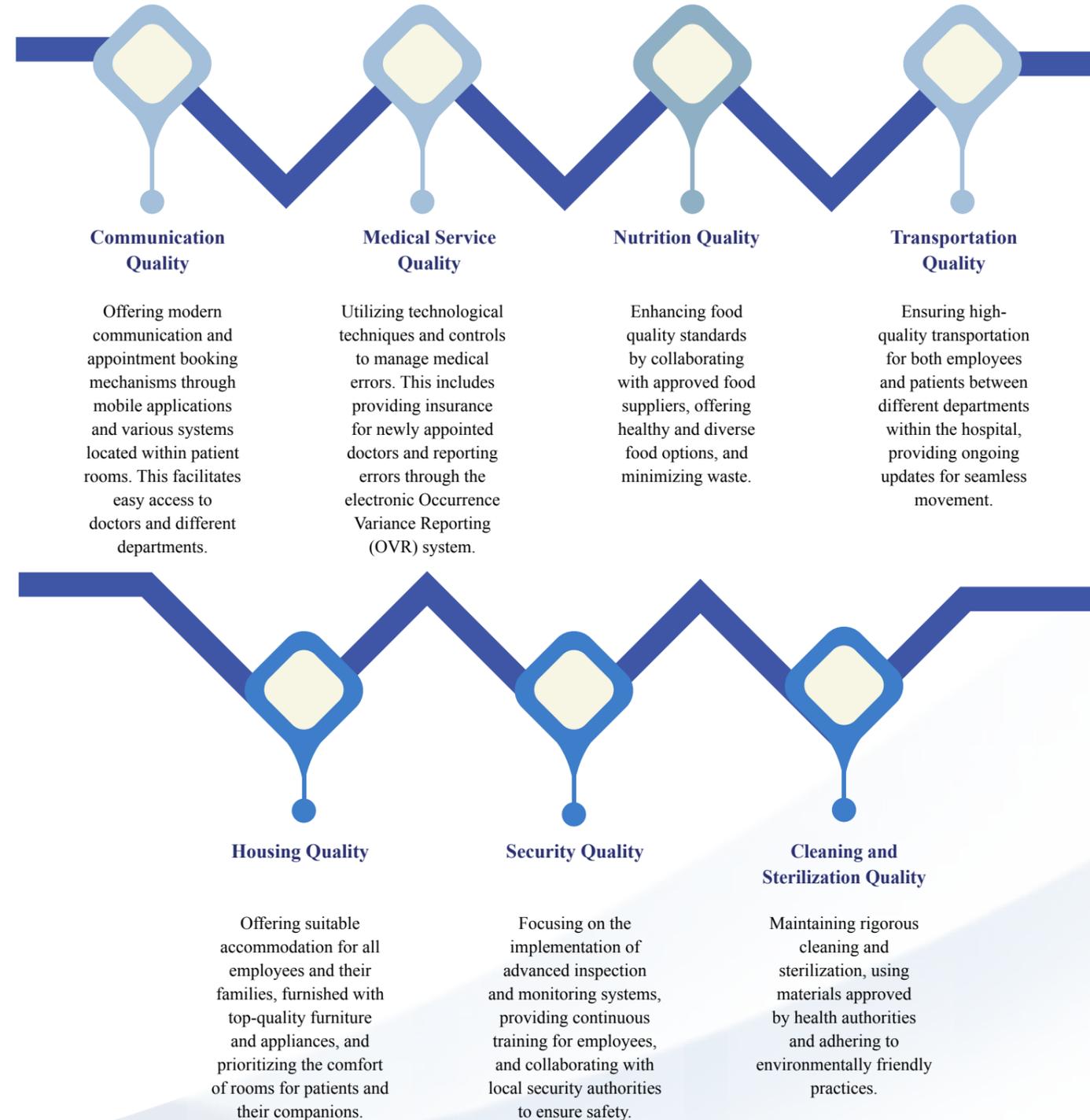
Mouwasat pays great attention to training quality assurance staff through specialized programs designed for performance improvement, patient safety, and risk analysis, in addition to workshops organized in collaboration with CHI and MoH, as well as participation in national conferences and projects.



## 3-4 Details of the Company's ISO Certifications

Mouwasat hospitals achieved ISO 22000 certification for its Food Safety Management System in 2024, underscoring the quality of our nutritional services and the competence of our personnel. This certification reflects the company's commitment to upholding the highest standards from ingredient selection to meal serving, all under the guidance of specialized professionals to ensure alignment with patients' specific health requirements.

### Quality in Every Step



### 3-5 Existing Quality Assurance Projects

Quality improvement projects have played a significant role in enhancing resource utilization efficiency and reducing waste, leading to financial savings that benefit both the Company and patients while also contributing to increased revenues.

#### Value Improvement Project at Mouwasat Hospital in Riyadh

**(62% Decrease in Medication Costs in the Care Unit, and 77% Improvement in Operating Room Efficiency)**

The project, conducted in collaboration with the Center for National Health Insurance (CNHI), achieved remarkable results by utilizing IHI and NHS models along with PDSA (Plan, Do, Study, Act) cycles. Notably, medication costs in ICU decreased by 62%, resulting in annual savings of SAR 3.43 million. Additionally, the project successfully reduced the incidence of multi-drug resistant *Klebsiella pneumoniae* (MDR-KP) infections to zero over a period of nine weeks. Furthermore, medication costs in the medical wing decreased by 60%, saving SAR 936,000, and pressure ulcer healing rates improved by 66%.

In maternity services, compliance with antibiotic prophylaxis rose to 94%, while inpatient satisfaction reached 87%. Additionally, medication costs decreased by 56%, resulting in a savings of SAR 218,000. In the operating room, scheduling compliance improved by 77%, and utilization increased by 70%. This led to a 51% rise in surgical volume, a 25% improvement in net revenue, and a 57% reduction in claims denials, with an increase in patient satisfaction to 89%.

#### Inventory Management Improvement Project at Mouwasat Hospital in Dammam

**(Annual Savings of SAR 8.9 Mln and 25% Reduction in Excess Orders)**

The project is designed to enhance inventory management using Lean Methodology. As a result, the inventory consumption rate increased to 78%, which significantly reduced waste and lowered storage costs by 33%. Additionally, the project achieved a 25% reduction in excess orders, leading to annual savings of SAR 8.93 million.

#### Project to Reduce the Use of New Antibiotics in ICUs

**(Annual savings of SAR 2.8 million and reduction in antibiotic doses)**

In accordance with (Find, Organize, Clarify, Understand, Select) and (Plan, Do, Check, Act) FOCUS-PDCA methodology, Dammam Hospital launched a project in collaboration with the Public Health Authority and various internal partners. As a result of this initiative, the Defined Daily Doses (DDD) decreased from 451 in 2022 to 196 in 2024, leading to annual savings of SAR 2.83 million.

#### Project to Improve Clinical Outcomes in ICUs at Mouwasat Hospital in Khobar

**(9.1% Reduction in ICU Average Length of Stay (ALOS), and 4.9% Improvement in Drug-Resistant Infection Control)**

The project was implemented through collaboration between the Performance Development Department and a multidisciplinary team using the FOCUS-PDCA methodology. It resulted in a 9.1% reduction in average ICU stay, 2.5% reduction in readmission cases, and 1.4% reduction in bedsores incidence. Claims were reduced by 6%. Drug-resistant infection control improved by 4.9%, revenue increased by 6.6% reaching SAR 38 million, which contributed to a 7% increase in profits.

#### Safe Robotic Surgery Revolution Project to Improve Patient Outcomes at Mouwasat Hospital in Khobar

**(60% Decrease in Hospital Length of Stay, 30% Increase in Patient Satisfaction)**

Launched using the FOCUS-PDCA methodology and in collaboration with internal partners, the project resulted in dropping hospital stay duration by 60%, improving recovery period and pain alleviation by 50%, and increasing patient satisfaction by 30%, while raising operating room utilization from 43% to 72%. Surgical volume increased by 17%, which drove additional revenue of SAR 2 million.

#### Project to Improve Patient Experience in Outpatient Services at Mouwasat Hospital in Madinah

**(Extending Working Hours and Adding Five New Clinics)**

The project was implemented in collaboration with internal partners using the PDSA methodology, extending working hours and adding five new clinics. As a result of these efforts, there was an 18% increase in the number of patients, along with a rise in overall patient satisfaction by 3.2%. Specifically, satisfaction regarding "information about delays" improved by 3.35%, and satisfaction concerning "waiting time in the clinic" increased by 3.51%.

Additionally, the number of appointments grew by 23%. Usage of the iOS application jumped by 57%, while the Android application saw a 56% increase in usage. Waiting times in the laboratory and radiology departments were also reduced, leading to a 7% increase in patient satisfaction with these services. Overall, revenues rose by 23% in 2024 compared to 2023.

### Project to Improve Bedsore Healing to Long-Term Care Patients at Mouwasat Hospital in Madinah

**(Healing of 45 Bedsore cases, Total Savings of SAR 420 Thousand)**

The project was carried out using DMAIC (Define, Measure, Analyze, Improve and Control) roadmap for six sigma to improve bedsore healing in long-term care, and resulted in healing 45 cases during 2024, saving SAR 9,500 for each 10-day treatment protocol, reaching a total savings of SAR 420,000.

### Project to Improve Quality and Patient Safety at Mouwasat Hospital in Qatif

**(Increase in Major Surgeries to 617, 16% Decrease in Antibiotic Costs)**

The project aimed to enhance patient outcomes and operational efficiency at Mouwasat Hospital using FOCUS-PDCA methodology in collaboration with internal partners. As a result, the Hospital increased the number of major surgeries to 617 and precision surgeries to 1,304, while reducing antibiotic costs by 16%. Operating room revenue increased by 8.6%, and emergency consultations increased from 8% to 18%.

The admission rate rose to 11%, patient satisfaction improved to 85%. Additionally, the time for laboratory test results decreased to 19 minutes, and the time for radiology reports was reduced to 17 minutes. Emergency revenue grew by 28% to SAR 29.5 million, and inpatient wing revenue increased by 9.2% to SAR 116 million. The number of inpatients rose to 7,730, with a decrease in average length of stay from 3 to 2.8 days.

### Project to Increase Medication Revenue at Mouwasat Hospital in Jubail

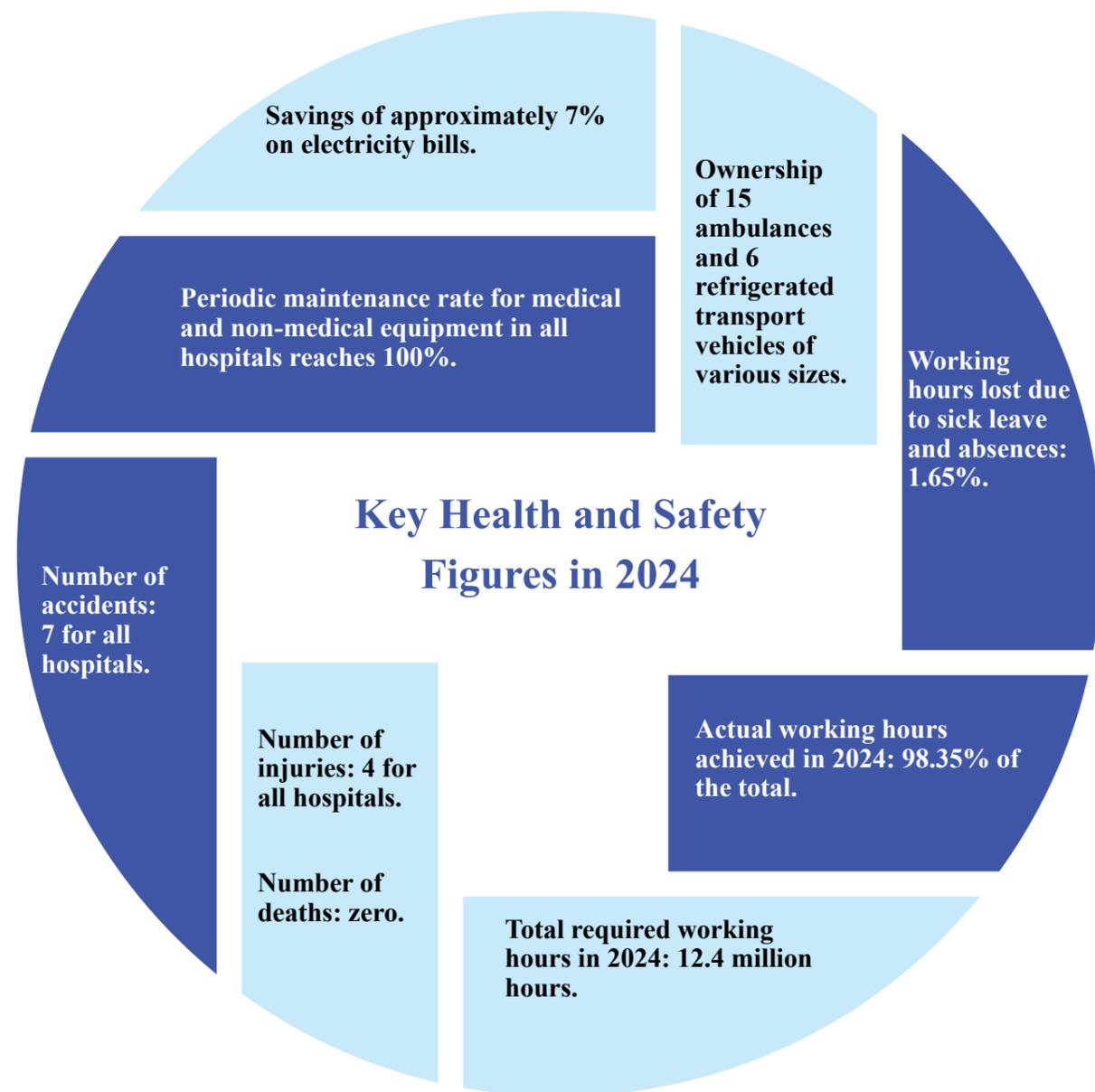
**(10% Increase in Medication Revenues)**

The project was conducted with internal partners using the FOCUS-PDCA methodology after discovering that errors in medication receipt were impacting revenue. Data analysis was performed to identify the root causes of this issue, and it was decided to implement a new technology using the Tasklet program for inventory management and error reduction. This led to a 10% increase in revenue in June 2024, totaling SAR 3.2 million.



### 3-6 Environment, Health and Occupational Safety

Mouwasat is steadfast in its commitment to providing the highest standards of occupational health and safety for both patients and staff. This commitment is underpinned by significant investments in a safe and sustainable working environment, achieved through diligent waste reduction, the rationalization of water and electricity consumption, and continuous infrastructure improvements. The Company also ensures the efficient operation of both medical and non-medical facilities through comprehensive regular and emergency maintenance programs, complemented by ongoing inspection rounds. Demonstrating this commitment, Mouwasat invested SAR 30 million in the development of its engineering systems during 2024, and have allocated SAR 50 million for further development in 2025. Looking ahead, the Company has set a target to reduce its electricity and water consumption by 10% annually over the next three years.



## 4-Human Resources and Recruitment

Mouwasat achieved tangible successes in 2024, thanks to the dedication of its exceptional team, who has been the cornerstone of the Company's operational and financial growth. Believing that its employees are the most important asset, it is keen this year to support them by providing a motivating and innovative work environment that enhances their performance and fosters professional development.

replacing the paper-based system with an integrated electronic system for storing employee data. The Company is fully committed to implementing all regulations issued by the Ministry of Human Resources.

### 4- 1 Human Resources Strategy

Mouwasat is committed to attracting national talent in accordance with targeted Saudization rates and in line with the strategies. It also aims to achieve digital transformation in human resource management by

### 4- 2 Number of Employees

In 2024, the total number of employees at Mouwasat increased moderately, recording a 7% rise compared to the previous year, bringing the total to 4,536 employees.

### Mouwasat Employees

**4,536**

Total Number of Employees



The percentage of Saudi workers at Mouwasat has seen significant growth over the past five years, reaching 39% by the end of 2024. The Company is dedicated to providing equal opportunities for both males and females while adhering to all labor regulations concerning the employment, training, and empowerment of female employees.

**Development of Saudi and Non-Saudi Employee Percentages Over 5 Years**

Year	Saudi Percentage	Non-Saudi Percentage
2020	36%	64%
2021	35%	65%
2022	36%	64%
2023	37%	63%
2024	39%	61%

**Development of Males and Females Percentages Over 5 Years**

Year	Males Percentage	Females Percentage
2020	40%	60%
2021	38%	62%
2022	37%	63%
2023	36%	64%
2024	37%	63%

**4-3 Saudization**

At Mouwasat, Saudization is a cornerstone of its vision for a promising future. The Company is dedicated to qualifying and employing Saudi talent as an integral part of its social responsibility initiatives. By the end of the year, the Company’s Saudization rate reached 36.5%, complemented by a robust employee retention rate of 73%. In addition to the Saudi workforce, Mouwasat proudly embraces a diverse team comprising 31 nationalities. This inclusive approach ensures the development of a well-rounded and integrated team that actively contributes to achieving its strategic objectives and advancing the medical sector within the Kingdom.

**4-4 Training and Development**

Mouwasat is dedicated to training its employees to deliver high-quality services. The Company offers educational programs for new employees and provides intensive training during their probationary period. Additionally, the Company conducts induction programs that cover essential topics such as safety, infection control, and performance development. Consultants receive paid leave to attend medical courses, and outstanding employees are recognized monthly for their contributions. Mouwasat aims to retain its staff and minimize turnover to enhance its competitiveness in the industry.



## 5 - Marketing and Customer Outreach

Mouwasat places significant emphasis on marketing to enhance its brand and strengthen its market position through strategies aimed at increasing awareness, improving customer satisfaction, and achieving growth. The Company has adopted an integrated model that includes digital marketing, advertising campaigns, website management, as well as therapeutic agreements with insurance companies and other entities. Digital marketing efforts focus on press releases, educational content, customer data analysis, reputation management, and effective crisis management via social media.

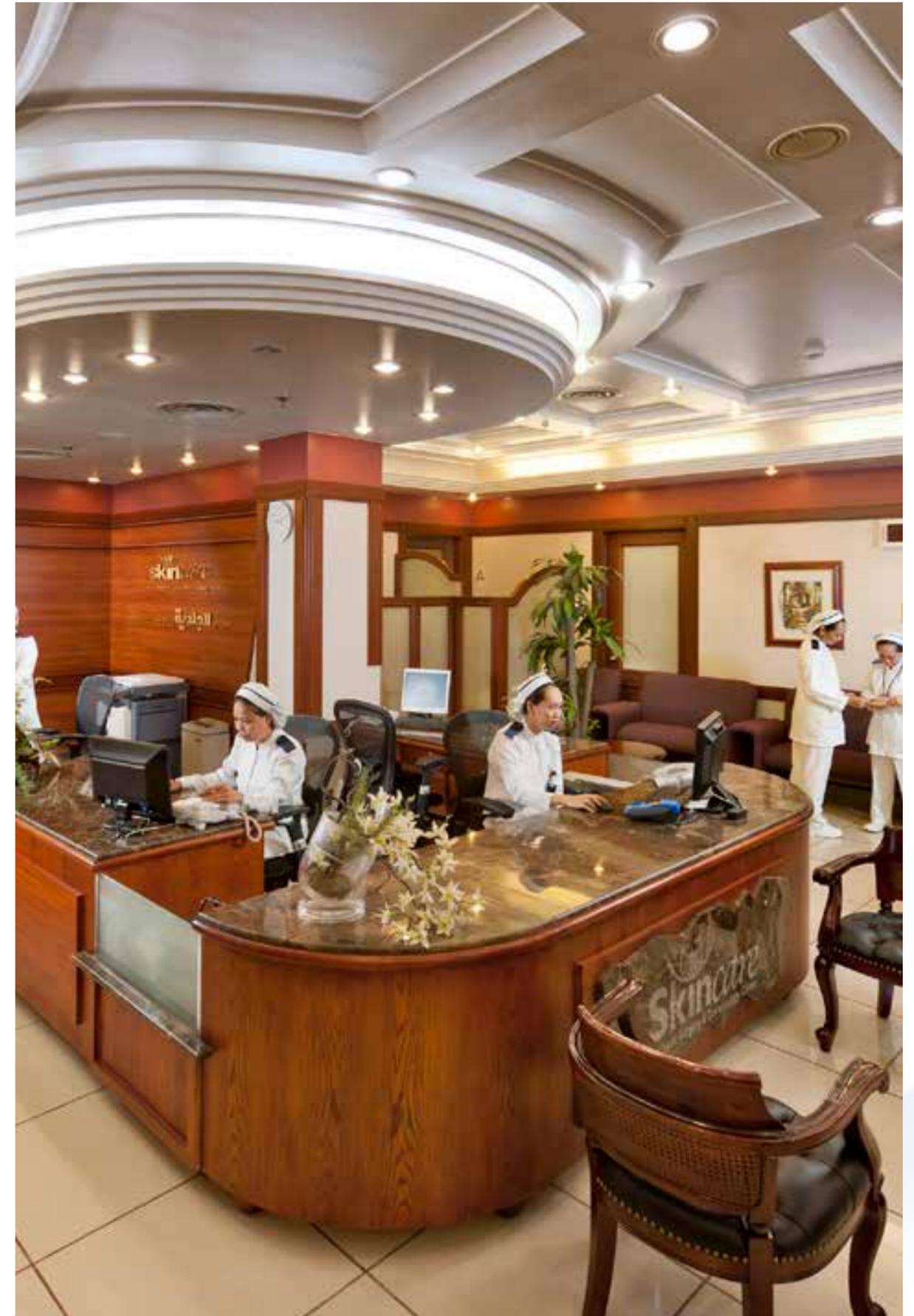
### Employing Artificial Intelligence

The Company has launched an artificial intelligence (AI)-based program to interact with customers through text or voice via a chatbot, capable of handling 30 patients simultaneously. Mouwasat aims to introduce further improvements in 2025 by creating a unified call center that encompasses all patient communication channels related to Mouwasat Hospitals.

### Participation in Conferences and Events

In 2024, Mouwasat solidified its position and active presence by participating in various events and conferences, which helped strengthen its relationships with existing partners and forge new strategic partnerships. Key participations included:

- Sponsoring the 23<sup>rd</sup> Arab Conference titled “Artificial Intelligence in the Health Sector: Dimensions and Challenges”.
- Participating in the Global Health Forum in Riyadh last October, showcasing the latest medical services and technologies.
- Organizing the National Symposium during Global Vaccine Week 2024 with a group of elite speakers.



## 6- Business Digitalization

Mouwasat relies on cutting-edge digital technologies to enhance various aspects of its operations by adopting integrated information systems and AI solutions throughout all stages of the medical process, from patient arrival at the hospital to full recovery. Smart applications allow patients to book appointments and follow-ups, including telemedicine services, which have gained significant interest in the Kingdom and have the support of the Ministry of Health. The Company estimates its investment in supporting applications and digital infrastructure for hospitals at SAR 45 million, along with an additional SAR 10 million allocated for cybersecurity initiatives in 2025.



### E-pharmacy

This service aims to facilitate the lives of patients by making medicines available in a seamless and efficient manner, freeing up the time of the pharmaceutical staff to perform tasks related to direct customer interactions.



### Smart Facilities Management

This involves housing management applications and systems related to lighting and ventilation to provide a comfortable environment and enhance energy efficiency, along with maintenance and asset management.



### Smart Transportation Scheduling

Mouwasat has implemented smart systems for internal transportation scheduling, which helps reduce waiting times and improve mobility within the facility.



### Modern Communication Technologies

The Company has upgraded its phone systems with modern communication technologies, enhancing the quality of both internal and external communications.



### Food Quality Measurement

Technological programs monitor various processes in food preparation and distribution, such as tracking temperatures during transportation and applying digital systems to oversee hygiene and safety standards.



### E-Record

The Company has launched an electronic patient record to enter health data into E-Systems, expediting access to patients' medical histories.



### E-Purchasing Applications

Mouwasat utilizes E-Purchasing applications for medicines and medical devices, employing modern systems to monitor inventory conditions in warehouses, refrigerators, and transportation vehicles for distribution.



## 7- Related Parties and Stakeholders Engagement

Throughout 2024, Mouwasat has strengthened its relationship with related parties and stakeholders based on mutual trust and cooperation. The Company's commitment to transparency and disclosure fosters the establishment of strong and sustainable relationships that meet the expectations of all parties involved.

### Shareholders and Investors

- The Company has launched several quality projects that have bolstered revenues and net profits.
- The Board of Directors has recommended cash dividend distribution to shareholders at a rate of 20% of the share capital for the year 2024.
- Mouwasat continued to enhance its performance and introduced various innovations to support sustainable growth.
- The Company is committed to publishing all disclosures impacting share performance with full transparency.
- Mouwasat held two Ordinary and Extraordinary General Assembly meetings with shareholders, underscoring its dedication to transparency and good governance.
- Activation of the role of Investor Relations through dedicated online platforms to ensure continuous communication with shareholders and various relevant parties.

### Customers and Suppliers

- Measure patient satisfaction with all services offered and continuously work to enhance them based on patient needs.
- Invest in operational efficiency and strives to improve the work environment by implementing best practices that ensure quality and efficiency.
- Hold an 11% market share in the local market and aim to leverage this share in the coming years.
- Utilize applications that enable medical and support teams to exchange real-time information regarding patient conditions.
- Establish strategic partnerships with various suppliers to reduce reliance on a sole supplier and regularly review contracts and agreements.
- Partnering with global entities to improve the operations and performance of hospitals, with an objective to expand the customer base of insurance companies and individual customers.

### Community

- Develop infrastructure for storing medical supplies to ensure their quality is preserved.
- Form partnerships with leading charitable organizations and institutions to support all community segments.
- Implement environmental sustainability initiatives to manage medical waste and minimize water and electricity consumption.
- Launch several awareness campaigns throughout 2024, including World Diabetes Day and Breast Cancer Awareness Day.
- Undertake productive social contributions such as Ramadan charitable initiatives and orphan care programs.
- Address the local demand for medicines, medical supplies, and healthcare services.
- Promote health awareness by launching initiatives in collaboration with Kanaf Charity Association.

### Employees

- Implement incentive programs for selected employees to encourage outstanding performance.
- Adopt a comprehensive strategy to attract healthcare talent from around the globe.
- Provide convenient internal transportation services for employees, enhance housing quality for residents, and offer world-class facilities.
- Conduct periodic surveys to assess employee satisfaction regarding cleanliness, food, security, and facilities.
- Encourage all employees, including doctors, to engage in innovation by fostering a work environment that stimulates research and development.
- Conduct regular training sessions for employees on how to handle emergencies, including fires, evacuations, and health crises.

### Government and Regulatory Agencies

- Comply with established quality standards approved by governmental and institutional authorities.
- Meet the requirements of the CHI regarding the protection of patient data.
- Adhere to governmental and regulatory requirements to achieve the objectives of Vision 2030.
- Participate in various conferences and events throughout 2024 in collaboration with both local and international organizations.
- Maintain continuous and fruitful cooperation with MOH to launch numerous initiatives that benefit the healthcare sector.
- Comply with the standards of the National Cybersecurity Authority (NCA) and adhere to the regulations set by the Saudi Center for Accreditation of Health Facilities.

# Section (4)

## Governance and Sustainability

<b>Governance at Mouwasat</b>	<b>100</b>
<b>The Company's Bylaws</b>	<b>104</b>
<b>The Company's Organizational Structure</b>	<b>104</b>
<b>The Company's Board of Directors</b>	<b>105</b>
<b>The Company's Transactions with Related Parties</b>	<b>126</b>
<b>The Company's Board Performance Appraisal</b>	<b>128</b>
<b>Shareholders' General Assemblies</b>	<b>128</b>
<b>The Company's Loans</b>	<b>131</b>
<b>The Company's Statutory Payments</b>	<b>132</b>
<b>The Company's Shareholders</b>	<b>133</b>
<b>Accounting Standards</b>	<b>141</b>
<b>The Company's Internal Audit and Control</b>	<b>141</b>
<b>The Company's Sustainability and Social Responsibility</b>	<b>143</b>
<b>Board Declarations</b>	<b>147</b>
<b>Board's Recommendations</b>	<b>148</b>

**50**  
Excellence that Exceeds with Confidence

**Years**  
of Dedication

Mouwasat Medical Services Company (“Mouwasat”) remains committed to establishing a robust governance framework that regulates its administrative and financial operations. Throughout 2024, the Company has upheld the highest standards of compliance with governance principles, reinforcing credibility and transparency in disclosures in alignment with the regulations set by the Capital Market Authority (CMA). This commitment ensures a precise and equitable representation of the Company’s financial, operational, and organizational performance, fostering the sustainability of its success. The Annual Report serves as a vital communication tool, enhancing engagement with shareholders and stakeholders and further strengthening mutual trust.



# 1- Governance at Mouwasat

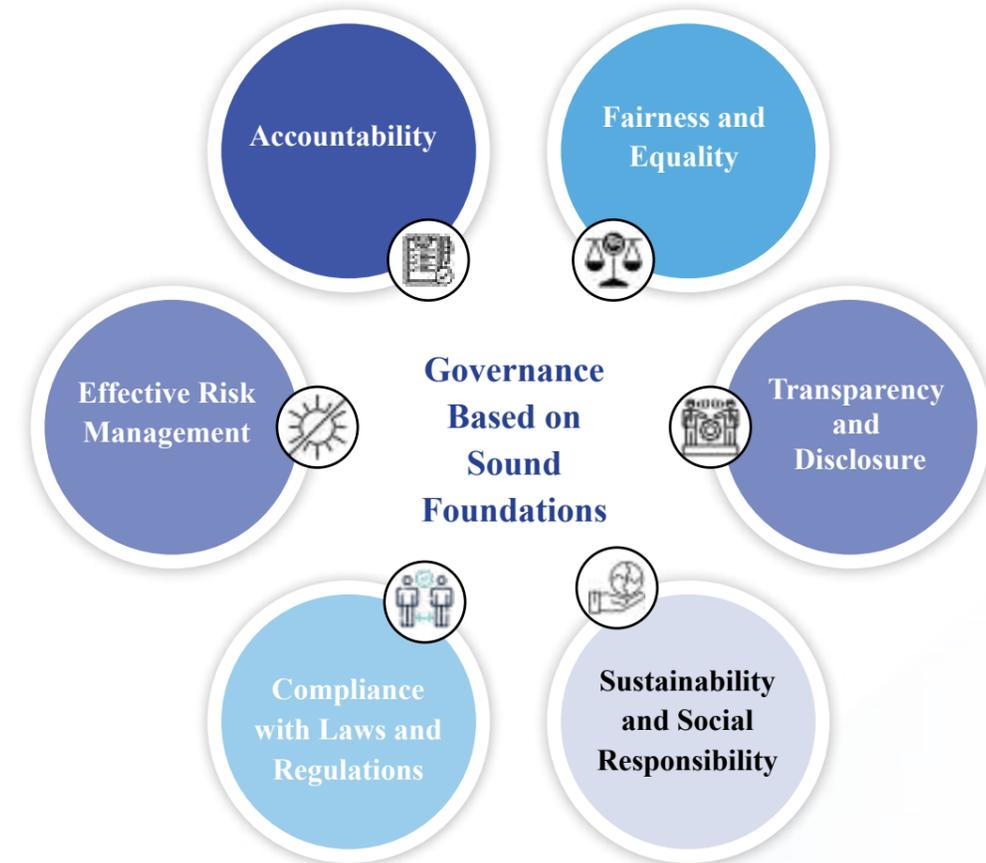
Mouwasat is dedicated to maintaining the highest governance standards, recognizing them as the foundation of its strategy. This commitment strengthens the decision-making process, mitigates potential risks, and supports the achievement of the Company’s long-term sustainability goals while ensuring the delivery of high-quality medical services to its customers.

The Company upholds compliance with governance standards in accordance with approved regulatory frameworks, considering it a fundamental step toward continuous development, enhancing investor confidence, and safeguarding their rights. Moreover, it reinforces the principles of disclosure and transparency, further cementing Mouwasat’s leadership in the Kingdom’s healthcare sector.



## • Key Governance Pillars

Mouwasat’s governance framework is founded on a set of core principles and fundamental pillars designed to enhance transparency and foster trust among shareholders and stakeholders. These principles include:



• Provisions and Compliance

Mouwasat is dedicated to implementing the provisions of the Corporate Governance Regulations (CGR) issued by the Capital Market Authority (CMA), fostering a sustainable work environment that delivers value to all relevant parties. In line with its commitment to transparency and disclosure, the Company openly reports on its level of compliance with these provisions, while clearly outlining any aspects that have yet to be implemented.

The Board of Directors (Board) is responsible for ensuring that all departments adhere to governance standards and statutory regulations. The Board also conducts periodic reviews of the Company’s governance framework to ensure continuous updates and improvements. This oversight is carried out through specialized committees established by the Board, which verify compliance with applicable provisions, policies, and standards, except for the following:

No. of Article/ Paragraph	Text of Article/Paragraph	N/A/ Under Consideration	Causes of Non-Application
<b>Article (7): Paragraph (d) (Guiding Article)</b>	The Company shall appoint a person responsible for the tasks related to Investor Relations (IR) in the Company in order to achieve effective and fair communication between the Company and the shareholders.	N/A	The Company’s Managing Director, assisted by the Board Secretary, is responsible for communication with existing shareholders, potential investors, and external stakeholders.
<b>Article (39): Assessment Paragraphs (b) &amp; (e) (Guiding Article)</b>	<p>b) The procedures of performance assessment shall be in writing and clearly stated and disclosed to the Board Members and parties concerned with the assessment.</p> <p>e) The Board shall carry out the necessary arrangements to obtain an assessment of its performance from a competent third party every three years.</p>	N/A	According to the provisions of the Company’s governance regulations regarding the tasks entrusted to the Nomination and Remuneration Committee, including but not limited to conducting periodic reviews of the Board’s structure, and establishing policies for salaries, remunerations, and incentive programs for Board Members and Executive Directors of the Company. To ensure effectiveness, the Committee shall conduct an internal assessment of the Board and Executive Management performance. Currently, efforts are underway to select a specialized external entity to assist in this process.

No. of Article/ Paragraph	Text of Article/Paragraph	N/A/ Under Consideration	Causes of Non-Application
<b>Article (67) Article (68) Article (69) (Guiding Article)</b>	<p>Composition of the Risk Management Committee</p> <p>Competencies of the Risk Management Committee</p> <p>Meetings of the Risk Management Committee</p>	N/A	The Internal Audit Department covers the scope of work of this Committee and prepares reports with its insights regarding risks that the Company may encounter and methods to manage them. In addition, the Department provides recommendations and discusses them with the Audit Committee during its regular meetings.
<b>Article (82): Employee Incentives Paragraphs (2) &amp; (3) (Guiding Article)</b>	<p>2) Establishing a scheme for granting Company shares or a percentage of the Company profits and pension programs for employees, and setting up an independent fund for such programs; and</p> <p>3) Establishing social organizations for the benefit of the Company’s employees.</p>	Under Consideration	
<b>Article (84): Social Responsibility (Guiding Article)</b>	The Ordinary General Assembly, based on the Board’s recommendation, shall establish a policy that guarantees a balance between its objectives and those of the community for the purposes of developing the social and economic conditions of the community.	Under Consideration	
<b>Article (85): Social Initiatives (Guiding Article)</b>	<p>The Board shall establish programs and determine the necessary methods for proposing social initiatives by the Company, which include:</p> <p>1) Establishing indicators that link the Company’s performance with its social initiatives and comparing it with other companies that engage in similar activities;</p> <p>2) Disclosing the objectives of the Company’s social responsibility to its employees and raising their awareness and knowledge of social responsibility;</p> <p>3) Disclosing plans for achieving social responsibility in the periodical reports on the activities of the Company; and</p> <p>4) Creating awareness programs in the community to familiarize them with the Company’s social responsibility.</p>	Under Consideration	
<b>Article: (92) (Guiding Article)</b>	Formation of the Corporate Governance Committee	N/A	The Audit Committee is responsible for monitoring the implementation of the provisions of the Corporate Governance Regulations and following up on their updates.

## 2-The Company’s Bylaws

Mouwasat’s Bylaws serve as the foundation of the Company’s structure, governing its operations and defining its relationship with shareholders. The Bylaws embody the Company’s vision and objectives within a comprehensive legal and administrative framework, ensuring a balanced approach that considers the interests of all stakeholders. The Bylaws establish clear guidelines for disclosure and transparency, delineate the powers and responsibilities of the Board, and outline dividend

distribution mechanisms. Additionally, the Bylaws ensure the implementation of effective control and accountability systems.

Mouwasat remains committed to enforcing the provisions of its Bylaws while continuously refining them in alignment with its strategic objectives. This approach upholds the long-term interests of shareholders and reflects adherence to the highest global standards and best practices.

## 3-The Company’s Organizational Structure

Mouwasat’s organizational structure is composed of integrated administrative levels designed to enhance efficiency and effectiveness in delivering high-quality healthcare services.

This structure includes the Board of Directors, Executive Management, and three key committees: the Executive Committee, the Audit Committee, and the Nomination and Remuneration Committee, all operating within an institutional framework that upholds governance and transparency.

Mouwasat ensures that its organizational structure remains agile and adaptable to ongoing developments, aligning with its strategic aspirations. The Board of Directors, consisting of eight distinguished members with extensive experience and exceptional administrative expertise, plays a pivotal role in steering the Company toward its long-term sustainability goals.



## 4-The Company’s Board of Directors

### • Statement of the Board of Directors

In its meeting held on 22<sup>nd</sup> December 2022, the Company’s General Assembly elected the Board Members for a new tenure, which began on 4th January 2023 and will conclude on 3<sup>rd</sup> January 2026.

On 25<sup>th</sup> November 2024, the Extraordinary General Assembly approved an amendment to Article (15) of the Bylaws concerning the Company’s Management, increasing the number of Board Members from seven to eight. This decision was based on a recommendation from the Board, aimed at enhancing diversity in experience, qualifications, and different abilities and expanding the range of skills to better match the current and growing size of the Company. Dr. Abdullah Saghaier Al-Husseini was elected following the nomination process, which was initiated on 12<sup>th</sup> September 2024.

On 27<sup>th</sup> November 2024, the Company announced the passing of Mr. Mohammed Suleiman Al-Saleem,

Board Member and Managing Director. Subsequently, on 23<sup>rd</sup> December 2024, Mr. Khaled Suleiman Al-Saleem, an Executive Board Member, was appointed as the Managing Director of the Company. He was also designated as the Company’s representative for all matters relating to the application of laws and regulations of CMA, Saudi Tadawul, and the Securities Depository Center (Edaa). This resolution of appointment shall take effect from the date of issuance and remain valid until the end of the current Board tenure on 3<sup>rd</sup> January 2026. It was also agreed not to appoint a replacement following the passing of Mr. Mohammed Suleiman Al-Saleem, and to keep the membership vacant until the end of the Board’s tenure, as this vacancy does not jeopardize the conditions necessary for the validity of Board meetings.

### • Board of Directors Formation

On 5<sup>th</sup> January 2023, the Board of Directors elected the following Members for its new tenure:

#### 1- Appointed Positions

Mr. Mohammed Sultan Al-Subaie	Chairman of the Board
Mr. Nasser Sultan Al-Subaie	Vice Chairman of the Board
Mr. Mohammed Suleiman Al-Saleem*	Managing Director
Mr. Khaled Suleiman Al-Saleem	Deputy Managing Director

\*Mr. Mohammed Suleiman Al-Saleem passed away on 27<sup>th</sup> November 2024.

**2- Main Committees Established by the Board as follows:**

- Executive Committee
- Nomination and Remuneration Committee
- Audit Committee: Its formation, duties, operational controls, and Members' remuneration were approved during the Ordinary General Assembly meeting on 22nd December 2022.

**Mouwasat Board is comprised of seven Members as follows:**

م	Name	Position	Type of Membership
1	Mr. Mohammed Sultan Al-Subaie	Chairman of the Board	Non-Executive
2	Mr. Nasser Sultan Al-Subaie	Vice Chairman	Executive
3	Mr. Khaled Suleiman Al-Saleem	Managing Director	Executive
4	Dr. Sami Abdulkarim Al-Abdulkarim*	Member	Non-Executive
5	Mr. Fahad Ayed Al-Aslami	Member	Independent
6	Dr. Mohammad Hamad Al-Kathiri	Member	Independent
7	Dr. Abdullah Saghaier Al-Husseini	Member	Independent

\* As of 25th October 2024, the membership classification of Dr. Sami Abdulkarim Al-Abdulkarim has changed to a Non-Executive Member due to a factor affecting his independence, as he has served as a Board Member for nine consecutive years.



**Biographies of the Board Members**

**Mr. Mohammed Sultan Al-Subaie**

**Qualification**

- Certificate Holder, Specialized Courses, Business Management.
- Certificate Holder, Secondary School.



**Experience**

- 1974, Self-Employed, Founder, Mouwasat Dispensary, Dammam.
- Chairman, Mouwasat Medical Services Company.
- Chairman, Al Mouwasat International Company.

**Previous Positions**

- Chairman, Mouwasat Medical Services.
- Chairman, Al Mouwasat International Company.

**Current Positions**

- Chairman, Mouwasat Medical Services Company.
- Chairman, Al Mouwasat International Company.

**Mr. Nasser Sultan Al-Subaie**

**Qualification**

- Diploma, Medical Services Management.
- Certificates, various intensive training courses, management of health services inside and outside the Kingdom in addition to scientific conferences in the health field.
- Participant, various scientific conferences, health field.



**Experience**

- Management and Operation, Medical Services Sector.
- Membership and Chairmanship, Medical Services Sector.
- Membership and Chairmanship, Health Committees, Chambers of Commerce and Industry.
- Membership, Investment Committee, Council of Health Insurance (CHI).
- Membership, Medical Services Council.

**Previous Positions**

- General Manager, Health Services for the project of the management and operation of residential district clinics in Jubail Industrial City.
- General Manager, Mouwasat Medical Services Company.
- Chairman, Health Committee, Chamber of Commerce and Industry, Eastern Region.
- Vice Chairman, Health Committee, Chamber of Commerce and Industry, Riyadh
- Member, Council of Health Insurance (CHI), Representative for the Private Health Sector, by virtue of the esteemed Council of Ministries resolution.
- Member, Investment Committee, Council of Health Insurance (CHI).
- Member, Medical Services Council, Representative for the Private Health Sector, by virtue of the esteemed Council of Ministries resolution.
- Member, Saudi Health Council (SHC) by virtue of the decision of His Excellency, the Minister of the Health.
- Chairman, Advanced Medical Complexes Co. Ltd.

**Current Positions**

- Vice Chairman, Mouwasat Medical Services Company.
- CEO, Mouwasat Medical Services Company.
- Chairman, Executive Committee, Mouwasat Medical Services Company.
- Executive Director, Eastern Medical Services Company.
- Board Member, Al Mouwasat International Company.
- Vice President, Kanaf Charitable Association.
- Chairman, Jeddah Doctors Company.
- Chairman, Modawaa and Rieaya Medical Company.

**Mr. Khaled Suleiman Al-Saleem**

**Qualification**

- Diploma, English Language, Rice University, Houston, USA.
- 1985-1987: Public Administration, King Saud University (KSU).
- Comprehensive Secondary, Business Administration.



**Experience**

- Management and Operation, Medical Services Sector.
- Memberships, Boards of Directors, Medical Services Sector.
- Memberships and Chairmanships, Health Committees, Saudi Chambers of Commerce.
- Member, Council of Cooperative Health Insurance (CCHI).
- Member, Saudi Health Council (SHC).

**Previous Positions**

- Deputy Administrative Manager, United Medical Services Company.
- Deputy Administrative Manager, Mouwasat Medical Services Company.
- Deputy Executive Manager, Mouwasat Medical Services Company.
- Member, Hospitals Committee, Chamber of Commerce and Industry, Riyadh
- Founding Member, Arab Hospital Management Association, Sharjah, UAE.
- Deputy Managing Director, Mouwasat Medical Services Company.

**Current Positions**

- Board Member, Mouwasat Medical Services Company.
- Managing Director, Mouwasat Medical Services Company.
- Member, Executive Committee, Mouwasat Medical Services Company.
- Member, Health Committee, Chamber of Commerce and Industry, Eastern Region.
- Chairman, Private Hospital Committee, Saudi Commercial Chambers' Council.
- Member, Strategic Committee for Insurance (CCHI).
- Member, Council of Cooperative Health Insurance (CCHI).
- Member, Saudi Health Council (SHC).
- Board Member, Jeddah Doctors Company.

**Dr. Sami Abdulkarim Al-Abdulkarim**

**Qualification**

- Master's Degree, Dental Implant Prosthetics, International Board of Oral Implantology (IBOI), USA.
- Fellowship, Dental Implant Prosthetics, IBOI, USA.
- Fellowship, Oral and Maxillofacial Surgery (OMS) specialty, American College of Oral and Maxillofacial Surgeons (ACOMS).
- Bachelor's Degree, Dental Medicine and Surgery, University of Sindh, Pakistan.



**Experience**

- Dental Medicine and Surgery.
- Business Administration.
- Membership, Boards of Directors, Medical Services Sector.
- Membership, Board of Directors, Chairmanship, Medical Committees, Saudi Chambers of Commerce.
- Memberships, Saudi Health Council (SHC), Council of Cooperative Health Insurance (CCHI), and the Board of Trustees, Saudi Commission for Health Specialties (SCFHS).

**Previous Positions**

- Vice Chairman, Chamber of Commerce, Riyadh.
- Chairman, National Health Committee, Council of Saudi Chambers.
- Chairman, Medical Committee, Chamber of Commerce, Riyadh.
- Member, Saudi Health Council (SHC).
- Member, Council of Health Insurance (CHI).
- Member, Board of Trustees, the Saudi Commission for Health Specialties (SCFHS).
- Manager, Dental Department, Al Yamamah Hospital.
- Part-time, responsible for medical licensing private dental centers, Ministry of Health (MOH).
- Manager, Dental Department, Outpatient Clinics, Riyadh Medical Complex.
- Deputy Manager, Dental Center, Riyadh Medical Complex.
- Board Member, Mulkia Investment Company.
- Chairman, Nomination and Remuneration Committee, Mulkia Investment Company.

**Current Positions**

- CEO and Managing Director, Care and Science Medical Company.
- Chairman, Board of Trustees, Inaya Medical Collages.
- Chairman, Nomination and Remuneration Committee, Mulkia Investment Company.
- Board Member, Mouwasat Medical Services.
- Member, Audit Committee, Mouwasat Medical Services Company
- Member, Executive Committee, Mouwasat Medical Services Company.
- Member, Nomination and Remuneration Committee, Mouwasat Medical Services Company.
- Board Member, Alertiqa Medical Services Company.
- Chairman, Smart Information Solutions (SIS) Company.
- Board Member, Jeddah Doctors Company.

### Mr. Fahad Ayed Al-Aslami

#### Qualification

- Fellowship, Saudi Organization for Chartered and Professional Accountants (SOCPA).
- Fellowship, Certified Management Accountant (CMA).
- Executive Diploma, Islamic Finance.
- Certificate Holder, Chartered Financial Analyst (CFA).
- Certificate Holder, Executive Chief Financial Officer (ECFO) Program.
- Certificate Holder, Oxford Real Estate Program.
- Certificate Holder, International Directors Program (IDP).
- Certificate Holder, COSO Enterprise Risk Management Certificate.
- Certificate Holder, Stanford Business Leadership Series Program (SBLIS).
- Bachelor's Degree, Administrative Sciences, Accounting, Imam Mohammad Ibn Saud Islamic University (IMSIU).

#### Experience

- Accounting and Finance.
- Project Management.
- Investment.
- Memberships, Boards of Trustees.



#### Previous Positions

- Financial Manager, Saudi Pharmaceutical Industries and Medical Appliances Company (SPIMACO).
- Manager, Accounting Department, Ma'aden Aluminum Company.
- Manager, Accounting Services, Satorp Company.
- Project Manager, Financial Specialist, Accountant, Saudi Telecom Company (STC).
- CFO, National Housing Company (NHC).
- Chairman, Audit Committee, Solidarity Saudi Takaful Company (SSTC).
- Board Member, National Developmental Housing Foundation (Sakan), representing NHC.

#### Current Positions

- CFO, Al Akaria Company.
- Board Member, Mouwasat Medical Services Company.
- Member, Nomination and Remuneration Committee, Mouwasat Medical Services Company.
- Board Member, SICO Saudi REIT Fund.
- Board Member, Al Wedyan Real Estate Company.
- Board Member, Saudi Real Estate Construction Company (Tamear).
- Member, Audit Committee, Saudi Real Estate Construction Company (Tamear).
- Member, Audit Committee, Mouwasat Medical Services Company.

### Dr. Abdullah Saghaier Al-Husseini

#### Qualification

- Doctorate's Degree, Financial Accounting and Auditing, University of Kent.
- Master's Degree, Accounting, King Saud University (KSU).
- Bachelor's Degree, Accounting, King Abdulaziz University (KAU).

#### Experience

- Professor, Financial Accounting and Auditing.
- Financial Management and Human Resource Management.
- Financial and Management Consultations, Zakat and Taxation.
- Accounting and Auditing.



#### Previous Positions

- Financial Management and Human Resource Management.
- Consultant, Financial and Management, Zakat and Taxation.
- Accounting and Auditing.

#### Current Positions

- Professor, Financial Accounting and Auditing, General Supervisor, Prince Sultan University (PSU).
- Board Member, Al-Khaleej Training and Education Company.
- Member, Audit Committee, Al-Khaleej Training and Education Company.
- Member, Nomination and Remuneration Committee, Al-Khaleej Training and Education Company.
- Board Member, Allianz Saudi Fransi Cooperative Insurance Company.
- Member, Risk Committee, Allianz Saudi Fransi.
- Member, Nomination and Remuneration Committee, Allianz Saudi Fransi.
- Board Member, Saudi Networkers Services (SNS) Company.
- Member, Nomination and Remuneration Committee, SNS.
- Board Member, Masar Alnumou Finance Company.
- Member, Audit Committee, Masar Alnumou Finance Company.
- Member, Risk Committee, Masar Alnumou Finance Company.

### Dr. Mohammad Hamad Al-Kathiri

#### Qualification

- Doctorate's Degree, Strategic Management, University of Manchester, UK.
- Master's Degree, Business Administration, University of Ottawa, Canada.
- Bachelor's Degree, Business Administration, King Saud University (KSU).
- Certificate Holder, INSEAD, IoD, BDI, IMD.

#### Experience

- Secretary General, Chamber of Commerce and Industry, Riyadh.
- Undersecretary, Ministry of Commerce and Industry for Foreign Trade (currently Ministry of Commerce).



#### Previous Positions

- Secretary General, Chamber of Commerce and Industry in Riyadh.
- Undersecretary, Ministry of Commerce and Industry for Foreign Trade (currently Ministry of Commerce).
- Member, Nomination and Remuneration Committee, Mouwasat Medical Services Company.

#### Current Positions

- CEO, Dr. Muhammad Al Kathiri Consulting Center.
- Board Member, National Gas and Industrialization Company (GASCO).
- Member, Executive Committee, National Gas and Industrialization Company (GASCO).
- Board Member, Makana Commercial and Industrial Investment Company.
- Board Member, Mouwasat Medical Services Company.
- Member, Audit Committee, Mouwasat Medical Services Company.
- Chairman, Nomination and Remuneration Committee, Mouwasat Medical Services Company.

### Dr. Mohammed Ibrahim Ahmed Al Tuwaijiri

(Chairman of the Audit Committee - Non-Board Member)

#### Qualification

- Doctorate's Degree, Business Administration, Arizona State University (ASU), USA.
- Master's Degree, Business Administration, Finance, University of Denver, Colorado, USA.
- Bachelor's Degree, Business Administration, University of Denver, Colorado, USA.

#### Experience

- Procurement and Logistics.
- Saudi Aramco.
- Teaching, Education, University Research and Consultancy.
- Administrative Development, Arab Administrative Development Organization (ARADO).
- Arab Economy, League of Arab States.
- Memberships, Boards of Directors.



#### Previous Positions

- Assistant Secretary-General, Economic Affairs, League of Arab States.
- Board Member, Mouwasat Medical Services Company.
- Member, Nomination and Remuneration Committee, Mouwasat Medical Services Company.
- Manager, Al Madari office for Administrative and Financial Consulting.
- Manager, Al-Medra Training Centre.

#### Current Positions

- Chairman, Audit Committee, Mouwasat Medical Services Company.

•The Names of Companies Where Board Members Hold Membership or Managerial Positions

The table below lists the names of companies, both inside and outside the Kingdom, where Company Board Members hold membership or managerial positions. It also includes the legal entity of each company,

**Mr. Mohammed Sultan Al-Subaie**

Company Name	Legal Entity	Company Location		Member Position	
		Inside the Kingdom	Outside the Kingdom	Current	Previous
Mouwasat Medical Services Company	Public Joint Stock Company	√		√	
Al Mouwasat International Company	Limited Liability Company	√		√	

**Mr. Nasser Sultan Al-Subaie**

Company Name	Legal Entity	Company Location		Member Position	
		Inside the Kingdom	Outside the Kingdom	Current	Previous
Mouwasat Medical Services Company	Public Joint Stock Company	√		√	
Al Mouwasat International Company	Limited Liability Company	√		√	
Eastern Medical Services Company	Limited Liability Company	√		√	
Jeddah Doctors Company	Closed Joint Stock Company	√		√	
Modawaa and Rieaya Medical Company	Limited Liability Company	√		√	
Advanced Medical Complexes Co. Ltd.	Limited Liability Company	√			√

**Mr. Khaled Suleiman Al-Saleem**

Company Name	Legal Entity	Company Location		Member Position	
		Inside the Kingdom	Outside the Kingdom	Current	Previous
Mouwasat Medical Services Company	Public Joint Stock Company	√		√	
Jeddah Doctors Company	Closed Joint Stock Company	√		√	

**Dr. Sami Abdulkarim Al-Abdulkarim**

Company Name	Legal Entity	Company Location		Member Position	
		Inside the Kingdom	Outside the Kingdom	Current	Previous
Mouwasat Medical Services Company	Public Joint Stock Company	√		√	
Care and Science Medical Company	Closed Joint Stock Company	√		√	
Smart Information Solutions (SIS) Company	Limited Liability Company	√		√	
Jeddah Doctors Company	Closed Joint Stock Company	√		√	
Alertiqa Medical Services Company	Limited Liability Company	√			√

**Mr. Fahad Ayed Al-Aslami**

Company Name	Legal Entity	Company Location		Member Position	
		Inside the Kingdom	Outside the Kingdom	Current	Previous
Mouwasat Medical Services Company	Public Joint Stock Company	√		√	
SICO Saudi REIT Fund	Public Joint Stock Company	√		√	
Saudi Real Estate Construction Company (Tamear)	Closed Joint Stock Company	√		√	
Al Wedyan Real Estate Company	Limited Liability Company	√		√	

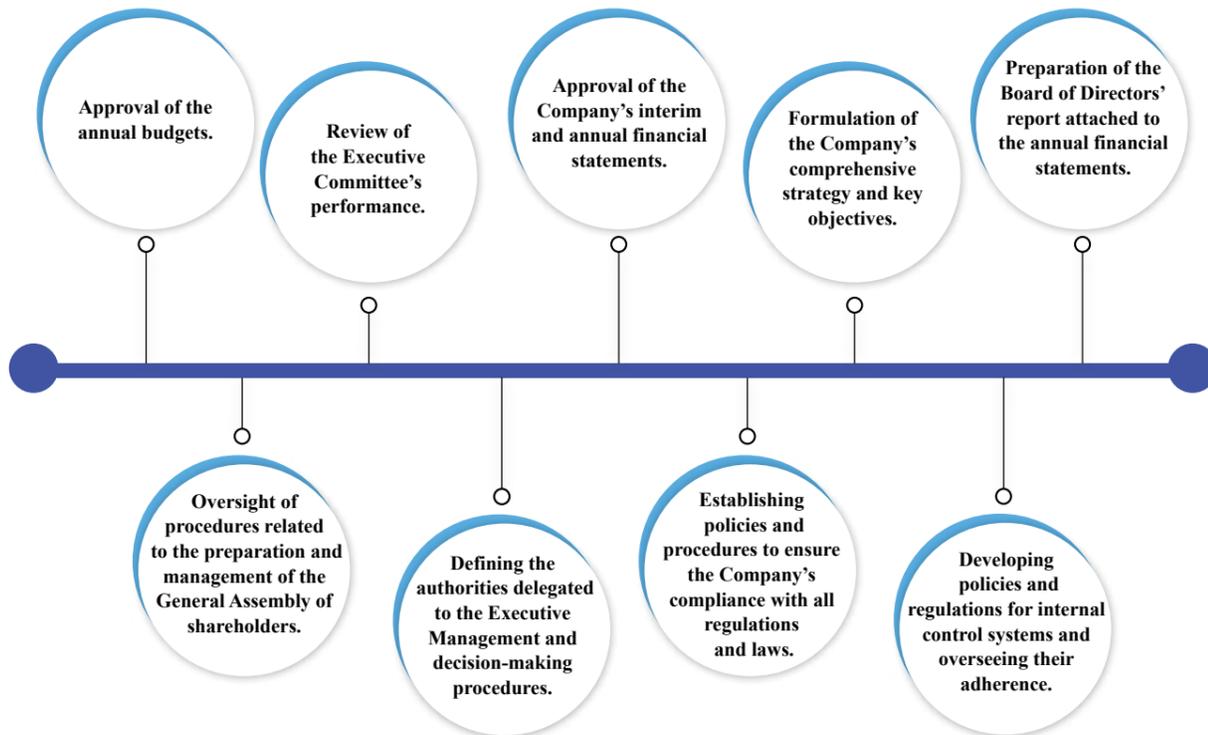
**Dr. Mohammad Hamad Al-Kathiri**

Company Name	Legal Entity	Company Location		Member Position	
		Inside the Kingdom	Outside the Kingdom	Current	Previous
National Gas and Industrialization Company (GASCO)	Public Joint Stock Company	√		√	
Makana Commercial and Industrial Investment Company	Limited Liability Company	√		√	
Mouwasat Medical Services Company	Public Joint Stock Company	√		√	

**Dr. Abdullah Saghaier Al-Husseini**

Company Name	Legal Entity	Company Location		Member Position	
		Inside the Kingdom	Outside the Kingdom	Current	Previous
Al-Khaleej Training and Education Company	Public Joint Stock Company	√		√	
Allianz Saudi Fransi Cooperative Insurance Company	Public Joint Stock Company	√		√	
Saudi Networkers Services (SNS) Company	Public Joint Stock Company	√		√	
Masar Alnumou Finance Company	Closed Joint Stock Company	√		√	
Mouwasat Medical Services Company	Public Joint Stock Company	√		√	

•Key Activities of the Board of Directors in 2024:



•Number of the Scheduled Board Meetings Held During FY 2024, and the Members' Attendance Record

Name	Meetings Attendance Record				Total
	1 <sup>st</sup> Meeting 25/03/2024	2 <sup>nd</sup> Meeting 27/05/2024	3 <sup>rd</sup> Meeting 16/09/2024	4 <sup>th</sup> Meeting 23/12/2024	
Mr. Mohammed Sultan Al-Subaie	√	√	√	×	3
Mr. Nasser Sultan Al-Subaie	√	√	√	√	4
Mr. Mohammed Sultan Al-Subaie	×	√	√	×	2
Mr. Khaled Suleiman Al-Saleem	√	√	√	√	4
Dr. Sami Abdulkarim Al-Abdulkarim	√	√	√	√	4
Mr. Fahad Ayed Al-Aslami	√	√	√	√	4
Dr. Mohammad Hamad Al-Kathiri	√	√	√	√	4
Dr. Abdullah Saghaier Al-Husseini	×	×	×	√	1

Dr. Abdullah Saghaier Al-Husseini was elected as an Independent Member to the eighth seat on the Board of Directors on 25th November 2024, for the current term ending on 3<sup>rd</sup> January 2026.

•Number of the Unscheduled Board Meetings Held During FY 2024, and the Members' Attendance Record

Name	Meetings Attendance Record				Total
	1 <sup>st</sup> Meeting 04/01/2024	2 <sup>nd</sup> Meeting 24/03/2024	3 <sup>rd</sup> Meeting 02/09/2024	4 <sup>th</sup> Meeting 20/10/2024	
Mr. Mohammed Sultan Al-Subaie	√	√	√	√	4
Mr. Nasser Sultan Al-Subaie	√	√	√	√	4
Mr. Mohammed Sultan Al-Subaie*	√	√	√	×	3
Mr. Khaled Suleiman Al-Saleem	√	√	√	√	4
Dr. Sami Abdulkarim Al-Abdulkarim	√	√	√	√	4
Mr. Fahad Ayed Al-Aslami	√	√	√	√	4
Dr. Mohammad Hamad Al-Kathiri	√	√	√	√	4
Dr. Abdullah Saghaier Al-Husseini	×	×	×	×	0

\* Mr. Mohammed Suleiman Al-Saleem passed away on 27<sup>th</sup> November 2024.

• Interests of Board Members and their Relatives in the Company's Shares

The following table shows the interests of Board Members and their relatives in the Company's shares, for the fiscal year ended 31st December 2024.

Name of Beneficiary	Beginning of Year		End of Year		Net Change	Change Percentage
	No. of Shares	Debt Instruments	No. of Shares	Debt Instruments		
Mr. Mohammed Sultan Al-Subaie	35,000,000	-	35,000,000	-	0	0%
Mr. Nasser Sultan Al-Subaie	35,000,000	-	35,000,000	-	0	0%
Mr. Mohammed Suleiman Al-Saleem	9,520	-	1,000	-	-8,520	-89.5%
Mr. Khaled Suleiman Al-Saleem	9,520	-	9,520	-	0	0%
Dr. Sami Abdulkarim Al-Abdulkarim	50,444	-	50,444	-	0	0%
Mr. Fahad Ayed Al-Aslami	0,0	-	0,0	-	0	0%
Dr. Mohammad Hamad Al-Kathiri	540	-	540	-	0	0%
Dr. Abdullah Saghaier Al-Husseini	0,0	-	0,0	-	0	0%



• Board of Directors Committees

[A] Executive Committee

The Executive Committee was formed in accordance with its internal regulations and best practices followed in the healthcare sector both locally and globally. It undertakes the responsibilities of the Board of Directors between its meetings, in coordination with the Vice Chairman and the Managing Director, to ensure the allocation of resources aligns with the Company's long-term strategic and operational objectives.

recommendations to the Board regarding strategic decisions related to operational priorities, financial planning, credit rating, cash flows, as well as borrowing and investment deposit activities, in collaboration with the Audit Committee.

The Executive Committee consists of four Members from the Board of Directors, which began its new tenure on 4th January 2023, as detailed in the table below.

Additionally, the Committee reviews and provides

Name	Position	Type of Membership
Mr. Nasser Sultan Al-Subaie	Board Member (Executive)	Chairman
Mr. Mohammed Suleiman Al-Saleem *	Board Member (Executive)	Member
Mr. Khaled Suleiman Al-Saleem	Board Member (Executive)	Member
Dr. Sami Abdulkarim Al-Abdulkarim	Board Member (Non-Executive)	Member

\* Mr. Mohammed Suleiman Al-Saleem passed away on 27th November 2024.

Number of Executive Committee Meetings During 2024, and the Members' Attendance Record

Name	Position	One Meeting
		07/10/2024
Mr. Nasser Sultan Al-Subaie	Committee Chairman	√
Mr. Mohammed Suleiman Al-Saleem *	Member	×
Mr. Khaled Suleiman Al-Saleem	Member	√
Dr. Sami Abdulkarim Al-Abdulkarim	Member	√

\* Mr. Mohammed Suleiman Al-Saleem passed away on 27th November 2024.

**Key Topics on the Agenda of the Executive Committee Meetings:**

01

Periodic review of actual capital expenditures and their comparison with approved budgets.

02

Examination of the risk report and key events that may impact the Company's expected operational performance.

03

Preparation of recommendations for the Board regarding annual and long-term financial goals and strategies, along with the development of related performance indicators.

04

Study and discussion of the best approaches and opportunities for future expansion projects to create added value for the Company, considering the intense competition in the healthcare services market in general and in cities where Mouwasat hospitals are located in particular.

05

Review and discussion of any updates related to the Joint Commission International (JCI) reaccreditation programs and accreditation by the Central Board for Accreditation of Healthcare Institutions (CBAHI) across all affiliated hospitals.

**[B] Audit Committee**

On 22<sup>nd</sup> December 2022, the Ordinary General Assembly approved the formation of the Audit Committee, defining its duties, operational controls, and Members' remunerations in accordance with internal governance regulations and the Company's Bylaws, along with the requirements established by the Corporate Governance Regulations issued by CMA.

**The Audit Committee undertakes a set of key responsibilities, including:**

- Reviewing the Company's reports as well as interim and annual financial statements before presenting them to the Board and making appropriate recommendations.
- Examining the Company's accounting policies and providing opinions and recommendations to the Board.
- Monitoring and supervising the performance and activities of the Internal Auditor.
- Auditing and reviewing the internal control systems and internal audit reports.
- Making recommendations to the Board regarding the appointment, dismissal, or remuneration of the Auditors as well as performance appraisal, and following up on their work while reviewing their findings.
- Reviewing the results of the regulatory authority reports and verifying that the Company takes the necessary actions accordingly.
- Ensuring the Company's compliance with relevant laws, regulations, policies, and instructions.

The Audit Committee consisted of two Board Members and one Non-Board Member. On 23<sup>rd</sup> October 2023, the Board decided to increase the number of Audit Committee Members from three to four by appointing Mr. Fahad Ayed Al-Aslami, an Independent Board Member, in the Committee. Currently, the Committee includes the following Members:

Name	Position	Type of Membership
<b>Dr. Mohammed Ibrahim Ahmed Al Tuwaijiri</b>	<b>Non-Board Member</b>	<b>Chairman</b>
<b>Dr. Sami Abdulkarim Al-Abdulkarim</b>	<b>Board Member (Non-Executive)</b>	<b>Member</b>
<b>Dr. Mohammad Hamad Al-Kathiri</b>	<b>Board Member (Independent)</b>	<b>Member</b>
<b>Mr. Fahad Ayed Al-Aslami</b>	<b>(tnednepdnI) rebmeM draoB</b>	<b>Member</b>

**Number of Audit Committee Meetings During 2024,  
and the Members' Attendance Record**

Name	Position	Meetings Attendance Record							
		1 <sup>st</sup> Meeting	2 <sup>nd</sup> Meeting	3 <sup>rd</sup> Meeting	4 <sup>th</sup> Meeting	5 <sup>th</sup> Meeting	6 <sup>th</sup> Meeting	7 <sup>th</sup> Meeting	8 <sup>th</sup> Meeting
		06/03/2024	24/03/2024	24/04/2024	13/05/2024	01/08/2024	05/08/2024	04/11/2024	05/12/2024
<b>Dr. Mohammed Ibrahim Ahmed Al Tuwaijiri</b>	Committee Chairman	√	√	√	√	√	√	√	√
<b>Dr. Sami Abdulkarim Al-Abdulkarim</b>	Member	√	√	√	√	√	√	√	√
<b>Dr. Mohammad Hamad Al-Kathiri</b>	Member	√	√	√	√	√	√	√	√
<b>Mr. Fahad Ayed Al-Aslami</b>	Member	√	√	√	√	√	√	√	√

### Key Activities Undertaken by the Audit Committee in 2024:

- Ensuring the independence of External Auditors, monitoring their work, and reviewing and assessing audit plans with them.
- Examining internal audit reports and following up on the implementation of corrective actions for the observations included in these reports.
- Reviewing the interim and annual financial statements, assessing the adopted accounting policies, providing opinions, and making recommendations to the Board accordingly.
- Overseeing the internal control management, reviewing its systems to verify their effectiveness in executing the tasks and operations defined by the Board, and preparing reports and recommendations in this regard.
- Analyzing and studying the key risks faced by the Company, including financial, technical, and operational risks, as well as reviewing management policies related to identifying, assessing, and mitigating such risks.

### [C] Nomination and Remuneration Committee

The Nominations and Remuneration Committee supports the Board in effectively carrying out its supervisory duties. It is responsible for nominating Board Members and Executive Managers, reviewing their qualifications, and ensuring that their competencies align with the Company's requirements. The Committee also conducts periodic reviews of the Board structure, verifying the independence of its Members, and ensures the avoidance of conflicts of interest. Further, the Committee establishes remuneration and incentive policies to enhance the Company's value and achieve its strategic objectives. The Committee consists of three Members as outlined below:

Name	Position	Type of Membership
Dr. Mohammad Hamad Al-Kathiri (1)	Board Member (Independent)	Committee Chairman
Mr. Fahad Ayed Al-Aslami	Board Member (Independent)	Member
Dr. Sami Abdulkarim Al-Abdulkarim	Board Member (Non-Executive)	Member

(1) On 2nd September 2024, the Board decided to appoint Dr. Mohammad Hamad Al-Kathiri as Chairman of the Committee, effective as of 25<sup>th</sup> October 2024, until the end of the remaining period of Board's tenure on 3<sup>rd</sup> January 2026, replacing Dr. Sami Abdulkarim Al-Abdulkarim

### Number of Nomination and Remuneration Committee Meetings During 2024, and the Members' Attendance Record

Name	Position	Meetings Attendance Record		
		1 <sup>st</sup> Meeting 24/03/2024	2 <sup>nd</sup> Meeting 29/08/2024	3 <sup>rd</sup> Meeting 17/10/2024
Dr. Mohammad Hamad Al-Kathiri	Committee Chairman	√	√	√
Mr. Fahad Ayed Al-Aslami	Member	√	√	√
Dr. Sami Abdulkarim Al-Abdulkarim	Member	√	√	√

### Key Discussions in Committee Meetings During 2024:

- Discussing the Company's need for executive positions.
- Reviewing the Board's structure and its alignment with the Corporate Governance Regulations.
- Verifying the independence of Independent Members and assessing whether any circumstances have arisen that may affect their independence. The Committee also confirmed that none of the Board Members engage in business activities that compete with the Company's operations, except as permitted by the Ordinary General Assembly in its meeting on 27<sup>th</sup> May 2024.

### • Remuneration of Board Members, Committee Members, and Senior Executives:

#### Remuneration Policy for Members of the Board, Committees, and Executive Management

- Remuneration must be aligned with the Company's strategy and objectives.
- Remuneration should correspond to the Company's size, nature, and risk level.
- Remuneration is determined based on job levels, assigned duties and responsibilities, academic qualifications, professional experience, skills, and performance level.
- Payment or recovery of remuneration may be suspended if it is found to have been determined based on inaccurate information provided by a Board Member or an Executive, to prevent the misuse of positions for undue financial benefits.

#### Remuneration of Board Members

The remuneration of Board Members is determined based on recommendations from the Nomination and Remuneration Committee, ensuring compliance with relevant laws and regulations while aligning with the Company's strategy and objectives. The Committee considers the necessity of attracting top talent and motivating members to perform their duties efficiently, taking into account the industry's nature and performance indicators.

As for Senior Executives, their remuneration is determined by the Board based on the Committee recommendations, which rely on an annual assessment. This assessment ensures that remuneration aligns with the Company's objectives, nature of operations, and business scale while attracting highly qualified professionals to support the Company's growth.

**a) Remunerations of Board Members**

Name	Fixed Remunerations						Variable Remunerations						Aggregate	Expense Allowance	
	Specific Amount	Board Meeting Attendance Allowance	Total Committee Meeting Attendance Allowance	Fringe Benefits	Amounts Received by Members in Their Capacity as Employees or Executives	Remuneration of the Chairman, Managing Director, or Secretary (if a Board Member)	Total	Percentage of Profits	Remuneration	Short-Term Incentive Plans	Long-Term Incentive Plans	Granted Shares			Total
<b>First: Independent Members</b>															
Mr. Fahad Ayed Al-Aslami	1,000,000	12,000	33,000	-	-	-	1,045,000	-	-	-	-	-	-	1,045,000	-
Dr. Mohammad Hamad Al-Kathiri	1,000,000	12,000	33,000	-	-	-	1,045,000	-	-	-	-	-	-	1,045,000	-
Dr. Abdullah Saghaier Al-Husseini(1)	0,0	3,000	0,0	-	-	-	3,000	-	-	-	-	-	-	3,000	-
<b>Total</b>	<b>2,000,000</b>	<b>27,000</b>	<b>66,000</b>				<b>2,093,000</b>							<b>2,093,000</b>	
<b>Second: Non-Executive Members</b>															
Mr. Mohammed Sultan Al-Subaie	750,000	9,000	-	-	-	-	759,000	-	-	-	-	-	-	759,000	-
Dr. Sami Abdulkarim Al-Abdulkarim	1,000,000	12,000	36,000	-	-	-	1,048,000	-	-	-	-	-	-	1,048,000	-
<b>Total</b>	<b>1,750,000</b>	<b>21,000</b>	<b>36,000</b>				<b>1,807,000</b>							<b>1,807,000</b>	
<b>Third: Executive Members</b>															
Mr. Nasser Sultan Al-Subaie	750,000	6,000	-	-	-	-	756,000	-	-	-	-	-	-	756,000	-
Mr. Mohammed Suleiman Al-Saleem	750,000	3,000	-	-	-	-	753,000	-	-	-	-	-	-	753,000	-
Mr. Khaled Suleiman Al-Saleem	750,000	6,000	-	-	-	-	756,000	-	-	-	-	-	-	756,000	-
<b>Total</b>	<b>2,250,000</b>	<b>15,000</b>					<b>2,265,000</b>							<b>2,265,000</b>	

(1) Dr. Abdullah Saghaier Al-Husseini was elected as an Independent Member to the eighth seat on the Board of Directors on 25<sup>th</sup> November 2024, for the current term ending on 3<sup>rd</sup> January 2026.

\*Mr. Mohammed Suleiman Al-Saleem passed away on 27<sup>th</sup> November 2024.

**b) Remunerations of Committee Members**

Name	Fixed Remunerations (Except for Meeting Attendance Allowance)	Meeting Attendance Allowance	Total
<b>Audit Committee Members</b>			
Dr. Mohammed Ibrahim Ahmed Al Tuwajiri	500,000	24,000	524,000
Dr. Sami Abdulkarim Al-Abdulkarim	200,000	24,000	224,000
Dr. Mohammad Hamad Al-Kathiri	200,000	24,000	224,000
Mr. Fahad Ayed Al-Aslami	200,000	24,000	224,000
<b>Total</b>	<b>1,100,000</b>	<b>96,000</b>	<b>1,196,000</b>
<b>Nomination and Remuneration Members</b>			
Dr. Sami Abdulkarim Al-Abdulkarim	-	9,000	9,000
Dr. Mohammad Hamad Al-Kathiri	-	9,000	9,000
Mr. Fahad Ayed Al-Aslami	-	9,000	9,000
<b>Total</b>	<b>-</b>	<b>27,000</b>	<b>27,000</b>
<b>Executive Committee Members</b>			
Mr. Nasser Sultan Al-Subaie	-	-	-
Mr. Mohammed Suleiman Al-Saleem *	-	-	-
Mr. Khaled Suleiman Al-Saleem	-	-	-
Dr. Sami Abdulkarim Al-Abdulkarim	-	3,000	3,000
<b>Total</b>	<b>-</b>	<b>3,000</b>	<b>3,000</b>

\*Mr. Mohammed Suleiman Al-Saleem passed away on 27<sup>th</sup> November 2024.

**c) Remunerations of Senior Executives**

Remuneration and Compensation Paid to Top 5 Senior Executives Including the CEO and the CFO	Fixed Remunerations				Variable Remunerations						Total Executive Remunerations for the Board	Aggregate	
	Salaries	Allowances	Fringe Benefits	Total	Periodic Remunerations	Profit Share	Short-Term Incentive Plans	Long-Term Incentive Plans	Granted Shares	Total			End-of-service Gratuity
<b>For 2024</b>	<b>14,975,000</b>	<b>4,270,000</b>	<b>297,833</b>	<b>19,542,833</b>	<b>18,649,849</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>18,649,849</b>	<b>-</b>	<b>7,500</b>	<b>38,200,182</b>

The Company is committed to disclosing the total compensation of Senior Executives in accordance with the regulatory requirements stipulated in Subparagraph (4/b) of Paragraph (a) of Article (90) of the Corporate Governance Regulations. However, the Company refrains from providing detailed disclosure as outlined in Annex (1) to safeguard its interests, as well as those of its shareholders and employees, and to prevent any potential harm that may result from detailed disclosure.

• Interests of Senior Executives and their Relatives in the Company’s Shares

The following table shows the interests of Senior Executives and their relatives in the Company’s shares for FY ended 31<sup>st</sup> December 2024.

Name of Beneficiary	Beginning of Year		End of Year		Net Change	Change Percentage
	No. of Shares	Debt Instruments	No. of Shares	Debt Instruments		
Dr. Ameen Mahmood Al Nemr	0.0	0.0	0.0	0.0	0.0	% 0,0
Mr. Yusuf Ahmed Sulaiman	0.0	0.0	0.0	0.0	0.0	% 0,0



## 5- The Company's Transactions with Related Parties

As part of Mouwasat commitment to disclosing contracts and transactions executed with related parties during 2024, as well as the interests of its Board members, and in accordance with Article (4) of its Transparency and Disclosure Policy and Article (87) of the Corporate Governance Regulations, the Company's Management affirms the following:

1. During 2024, there were no transactions or contracts in which the Company was a party and that involved a direct or indirect interest for any of the Chairman, Board members, Executive Directors, or the Chief Financial Officer, except for what was approved by the General Assembly in its meeting on 27<sup>th</sup> May 2024, which includes:

- Supply, leasing, and annual travel ticket contracts between Mouwasat Medical Services Company and International Mouwasat Company Limited, owned by and associated with a number of Board Members, namely, Mr. Mohammed Sultan Al-Subaie, Mr. Nasser Sultan Al-Subaie and Mr. Khaled Suleiman

Al-Saleem. The executed value of these contracts in 2024 amounted to approximately SAR 41 million, and the Company estimates that the value of the supply, leasing, and travel ticket contracts expected to be executed in 2025 will be SAR 45 million. These contracts will be concluded in accordance with the Company's procurement system without preferential terms for a period of one year.

- Contracts for the execution and supply of advertising, marketing, and promotional services between Mouwasat Medical Services Company and Advertising Vision Trading Est., which is owned by a Board member (Mr. Khaled Suleiman Al-Saleem). The executed value of these contracts during the year amounted to SAR 22 million, and the Company estimates that the value of advertising, marketing, and promotional service contracts expected to be executed in 2025 will be SAR 30 million. These contracts will be concluded in accordance with the Company's procurement system without preferential terms for a period of one year.

**The following table summarizes the transactions with related parties during FY 2024:**

Related Party	Nature of Relationship	Type of Contract	Contract Term	Transaction Value
Al Mouwasat International Company	Mr. Mohammed Sultan Al-Subaie, ownership	Supply, leasing, and annual air tickets	1 year	SAR 41 Mln
	Mr. Nasser Sultan Al-Subaie, ownership			
	Mr. Khaled Suleiman Al-Saleem, associated with an interest			
Advison for trading Est	Mr. Khaled Suleiman Al-Saleem, owner	Implementation and supply of advertising and marketing services	1 year	SAR 22 Mln

2. None of the Board Members have any business activities that compete with Mouwasat or any of its operational sectors.

3. The Company has not provided any cash loans of any kind to any Board Member, nor has it offered

any guarantees for loans they have taken out with third parties.

4. During FY 2024, the chartered auditor received no fees other than the amounts specified below:

Type of Service	Fees
Annual Zakat Declaration	75,000
Report on the Write-Off of Trade Receivables for the Year Ended 31 <sup>st</sup> December 2023	30,000
Independent Limited Assurance Report on the Requirements of Article 71 of the Companies Law	35,000
Agreed-Upon Procedures – Local Content Report	100,000
<b>Total Fees for Non-Audit Services</b>	<b>240,000</b>
<b>Audit of the Company's Accounts</b>	<b>880,000</b>
<b>Aggregate</b>	<b>1,120,000</b>



## 6-The Company's Board Performance Appraisal

Mouwasat is committed to enhancing the performance of the Board of Directors, Executive Committees, and Senior Executives by adopting a comprehensive performance appraisal policy. This policy not only ensures compliance with legal requirements but also implements best practices in governance. Its purpose

is to assess the extent to which the Members align with the defined standards and conditions, ensuring their adherence to regulations and instructions set by regulatory authorities. This contributes to achieving efficiency and transparency of the Company's performance.

## 7-Shareholders' General Assemblies

Article (27) of the Company's Bylaws states that the General Assembly shall be held at least once a year within the six months following the end of the Company's fiscal year. Additional Ordinary Assemblies may be convened when necessary.



### • Ordinary General Assembly

The Ordinary General Assembly of the Company convened on 27<sup>th</sup> May 2024, with an attendance rate of 67.59%. The following Board Members were present at the meeting:

Name	Position	Attendance Record
Mr. Mohammed Sultan Al-Subaie	Chairman of the Board	√
Mr. Nasser Sultan Al-Subaie	Vice Chairman	√
Mr. Mohammed Suleiman Al-Saleem*	Managing Director	√
Mr. Khaled Suleiman Al-Saleem	Member	√
Dr. Sami Abdulkarim Al-Abdulkarim	Member	√
Mr. Fahad Ayed Al-Aslami	Member	√
Dr. Mohammad Hamad Al-Kathiri	Member	√

\*Mr. Mohammed Suleiman Al-Saleem passed away on 27th November 2024.

The results of the Ordinary General Assembly meeting led to the shareholders' approval, by vote, of several items as follows:

1. Review and discussion of the Board of Directors' report for the fiscal year ended 31st December 2023.
2. Approval of the External Auditor's report for the fiscal year ended 31st December 2023, after discussion.
3. Review and discussion of the financial statements for the fiscal year ended 31st December 2023.
4. Approval of the appointment of KPMG Professional Consulting as the Company's auditor from among the nominated candidates, based on the recommendation of the Audit Committee, to examine, review, and audit the financial statements for the second and third quarters and the annual financial statements of the fiscal year 2024 as well as the first quarter of the fiscal year 2025, for a total fee of SAR 880,000, excluding VAT.
5. Approval of the Board of Directors' recommendation to distribute cash dividends of SAR 350 million to shareholders for the fiscal period ended 31st December 2023, at SAR 1.75 per share.
6. Approval of the transactions and contracts to be executed between Mouwasat Medical Services Company and Al Mouwasat International Company Limited, in which Board members Mr. Mohammed Sultan Al-Subaie and Mr. Nasser Sultan Al-Subaie have a direct interest, and Board member Mohammed Suleiman Al-Saleem has an indirect interest. These contracts pertain to employee housing lease agreements in Dammam and Jubail, in accordance with the Company's procurement system and without preferential terms. The transaction value in 2023 amounted to SAR 2,676,000.
7. Approval of the transactions and contracts to be executed between Mouwasat Medical Services Company

and Al Mouwasat International Company Limited, related to the supply of medical and pharmaceutical supplies, in accordance with the Company's procurement system and without preferential terms. The transaction value in 2023 amounted to SAR 18,704,097.

8. Approval of the transactions and contracts to be executed between Mouwasat and Al Mouwasat International Company Limited, related to travel tickets and tourism services, in accordance with the Company's procurement system and without preferential terms. The transaction value in 2023 amounted to SAR 12,497,752.

9. Approval of the transactions and contracts to be executed between Mouwasat and Al Mouwasat International Company Limited, related to logistics and other services, in accordance with the Company's procurement system and without preferential terms. The transaction value in 2023 amounted to SAR 655,327.

10. Approval of the transactions and contracts to be executed between Mouwasat and Al Mouwasat International Company Limited, related to the supply and installation of stainless-steel works, in accordance with the Company's procurement system and without preferential terms. The transaction value in 2023 amounted to SAR 1,666,565.

11. Approval of the transactions and contracts to be executed between Mouwasat and Advision for trading Est, in which Board member Mr. Khaled Suleiman Al-Saleem has an indirect interest. These contracts pertain to advertising, marketing, and promotional services, in accordance with the Company's procurement system and without preferential terms. The transaction value in 2023 amounted to SAR 29,996,015.

12. Approval of discharging the Board Members from liability for the period ended on 31<sup>st</sup> December 2023.

• Extraordinary General Assembly

The Extraordinary General Assembly of the Company convened on 25<sup>th</sup> November 2024, with an attendance rate of 54.29%. The following Board Members were present at the meeting:

Name	Member Position	Attendance Record
Mr. Mohammed Sultan Al-Subaie	Chairman of the Board	√
Mr. Nasser Sultan Al-Subaie	Vice Chairman	√
Mr. Mohammed Suleiman Al-Saleem*	Managing Director	×
Mr. Khaled Suleiman Al-Saleem	Member	√
Dr. Sami Abdulkarim Al-Abdulkarim	Member	√
Mr. Fahad Ayed Al-Aslami	Member	√
Dr. Mohammad Hamad Al-Kathiri	Member	√

\* Mr. Mohammed Suleiman Al-Saleem passed away on 27th November 2024.

The Extraordinary General Assembly Meeting resulted in shareholders' approval by voting on some items as follows:

- 1- Approval of the amendment to Article (15) of the Company's Bylaws related to the Company's Management.
- 2- Approval of the election of Dr. Abdullah Saghaier Al

Hussaini to fill the vacant Board Member seat for the current tenure, which began on 4<sup>th</sup> January 2023, and will last for three years, concluding on 3<sup>rd</sup> January 2026. This approval follows the consent given for the First agenda item.

## 8 - The Company's Loans

The following table provides a statement of the total value of loans obtained by Mouwasat during 2024, along with a detailed breakdown of these loans:

### Detailed Statement of Company's Total Loan Value for 2024

(All Amounts in SAR Mln)

Lender Name	Loan Principal Amount	Loan Term		Repaid in 2024	As of 31 <sup>st</sup> December 2024
		From	To		
<b>1. Ministry of Finance (MOF)</b>					
MOF Loan – Dammam Medical Tower	10,3	2011	2025	1,3	0,6
MOF Loan – Mouwasat Hospital, Riyadh	106,0	2018	2036	5,3	68,9
<b>Total MOF Loans</b>	<b>116,3</b>			<b>6,6</b>	<b>69,5</b>
<b>2. Arab National Bank (ANB)</b>					
ANB Loan No. 12	103,4	2020	2025	20,7	6,9
<b>Total ANB Loans</b>	<b>103,4</b>			<b>20,7</b>	<b>6,9</b>
<b>3. Saudi Awwal Bank (SAB)</b>					
SAB Loan No.11	150,0	2021	2024	23,7	0,0
SAB Loan No.12	70,0	2022	2028	11,7	38,9
SAB Loan No.13	185,0	2022	2027	43,9	85,4
SAB Loan No.14	40,0	2022	2025	22,7	0,0
SAB Loan No.15	105,0	2023	2029	16,1	75,4
SAB Loan No.16	100,0	2023	2024	58,3	0,0
SAB Loan No.17	125,0	2026	2031	0,0	125,0
<b>Total SAB Loans</b>	<b>775,0</b>			<b>176,4</b>	<b>324,7</b>
<b>4. Saudi National Bank (SNB)</b>					
SNB Loan No.3	205,0	2021	2026	41,0	51,3
SNB Loan No.4	200,0	2025	2030	0,0	200,0
<b>Total SNB Loans</b>	<b>405,0</b>			<b>41,0</b>	<b>251,3</b>
<b>5. Al Bilad Bank (Al Bilad)</b>					
Al Bilad Loan No. 1	40,0	2021	2026	8,0	12,7
Al Bilad Loan No. 2	30,0	2023	2028	6,0	22,0
Al Bilad Loan No. 3	70,0	2023	2028	14,0	51,3
<b>Total Al Bilad loans</b>	<b>140,0</b>			<b>28,0</b>	<b>86,0</b>
<b>Aggregate</b>	<b>1539,7</b>			<b>272,7</b>	<b>738,4</b>

The current portion of long-term loans as of 31<sup>st</sup> December 2024, amounted to SAR 173.6 million, while the non-current portion totaled SAR 564.8 million.

## 9- The Company's Statutory Payments

Mouwasat has submitted its Zakat declarations up to the year ended 31<sup>st</sup> December 2023. The Company has settled Zakat in accordance with the declaration and obtained the required certificates and official receipts. The assessments for the years up to 2016 were finalized and settled in 2018.

The Company received inquiries from the Zakat, Tax, and Customs Authority (ZATCA) regarding the years 2017 and 2018 and provided the requested information. According to ZATCA portal, the inquiry file for these years was closed with no additional Zakat liabilities. Additionally, ZATCA issued assessments for the years 2019 and 2020, with a total obligation of SAR 7.3 million. The Company

submitted an objection, which led to a revision of the assessment to SAR 5.2 million. Consequently, the Company filed an appeal before the Tax Violations and Disputes Resolution Committee (TVDRC), which rejected the appeal. The Company then submitted a further appeal before the Appellate Committees, and the case remains under review.

The Executive Management believes that the final decision will not have a material impact. During the period, the Company received an assessment for the years 2021 and 2022 amounting to SAR 2.4 million, which was finalized and settled. Meanwhile, the 2023 assessment is still under review by ZATCA.

### Statement of the Value of any Paid and Outstanding Statutory Payments

(All Amounts in SAR Mln)

Legal Authority	2004		Brief Description	Reasons
	Payments	Due Amount until the End of Year		
Zakat	36	43	Estimation for Zakat Base up to 2024	Payment is made with the submission of the Zakat declaration during the following year
Value Added Tax (VAT)	259	17	VAT calculated on services provided is remitted to the General Authority of Zakat and Income on a monthly basis	Payment is made in the month following the month in which the calculation is performed
Withholding Tax	2.8	0.09	For services provided by foreign and non-resident entities, as well as for dividend distributions to non-resident shareholders	Payment is made during the month following the withholding month
General Organization for Social Insurance (GOSI)	35	3	Monthly social insurance installments due for employees	Payment is made during the month following the entitlement month

## 10- The Company's Shareholders

Mouwasat is dedicated to providing all necessary information to its shareholders in accordance with the highest standards of disclosure and transparency. This commitment enables shareholders to make well-crafted investment decisions and strengthens trust in

the Company. Furthermore, Mouwasat believes in offering multiple communication channels as a key part of its strategy and continually works to enhance its practices in this area.

### Shareholders Information

Establishment Date	1974
City	Dammam
Type of Ownership	Saudi Joint Stock Company
ISIN Code	SA12C051UH11
Sector	Healthcare
Share Nominal Value	SAR 10
Foreign Ownership as of 31 <sup>st</sup> December 2024	%12.6
Listing Date	2 <sup>nd</sup> September 2009
Company's Short Name on Tadawul	Mouwasat
Currency	SAR
No. of Issued Shares	200 Mln Shares
Share Closing Price as of 31st December 2024	SAR 85.10
Company's Code on Tadawul	4002
Listing Authority	Saudi Exchange (Tadawul)
Paid-up Capital	SAR 2 Bln

### Substantial Shareholders

Shareholder	No. of Shares (Mln)	Percentage (%)
Mr. Mohammed Sultan Al-Subaie	35,00	17.50
Mr. Nasser Sultan Al-Subaie	35,00	17.50
Mr. Suleiman Mohammed Suleiman Al-Saleem*	35,00	17.50

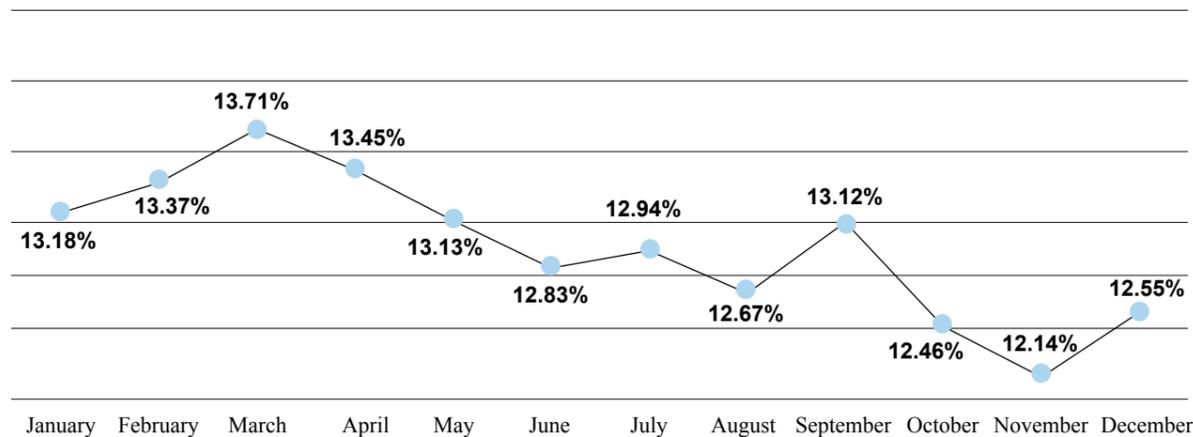
\*Mr. Suleiman Mohammed Suleiman Al-Saleem passed away 14 Feb 2025

### Foreign Ownership

The ownership structure of Mouwasat includes both local and foreign capital. The table below displays foreign investors' ownership as of 31<sup>st</sup> December 2024, compared to the previous year.

Company	Ownership Maximum Limit	Ownership of Foreign Investors	
		As of 31 <sup>st</sup> December 2024	As of 31 <sup>st</sup> December 2023
Mouwasat Medical Services Company	49%	12.6%	13.2%

Development of the Company's Foreign Ownership Percentage in 2024



### Stock Performance and Trade Movement

Monthly Development of the Company's Stock Performance During 2024



### Monthly Development of the Company's Stock Trading During 2024

Month	Trading Volume (Share)	Trading Values (SAR)	No. of Transactions
January	8,694,899	1,028,838,100	50,421
February	9,031,427	1,126,236,963	49,269
March	8,854,421	1,127,815,426	48,993
April	4,443,840	609,562,048	40,587
May	7,658,740	920,458,770	72,499
June	6,130,525	726,063,830	62,682
July	3,609,081	437,101,620	26,873
August	6,385,795	687,892,340	52,709
September	9,513,346	972,588,106	60,897
October	6,199,876	601,234,091	56,137
November	6,200,431	575,431,299	56,711
December	7,950,985	711,490,846	59,625
<b>Total</b>	<b>84,673,366</b>	<b>9,524,713,441</b>	<b>637,403</b>

### Disclosure Policies and Procedures

Mouwasat implements an approved Disclosure and Transparency Policy regarding Company-related information in accordance with the requirements of the Corporate Governance Regulations issued by CMA, the Companies Law, the Rules on the Offer of Securities and Continuing Obligations, and their Bylaws. The Company follows an established framework for classifying information based on its nature, disclosure requirements, and frequency.

The Company is committed to providing regularly updated and accurate information to all relevant stakeholders without discrimination through the Saudi Stock Exchange (Tadawul) website and the Company's official website (www.mouwasat.com). The Company also ensures reasonable responses to periodic inquiries from all interested parties and media outlets, without violating applicable regulations or compromising legal professionalism, its market position, or competitive standing.

### Mouwasat Disclosures on «Tadawul» for 2024

S	Announcement Date	Announcement Title
1	30/01/2024	Decision on Divestment from Investment in Advanced Medical Projects Co. (Associate Company)
2	24/03/2024	Annual Financial Results for the Year Ended 31/12/2023
3	02/05/2024	Invitation to Shareholders for the Ordinary General Assembly Meeting (First Meeting) via Modern Technology
4	13/05/2024	Interim Financial Results for the Period Ended 31st March 2024 (3 Months)
5	21/05/2024	Conference Call on Q1 2024 - Financial Results with Investors and Financial Analysts
6	28/05/2024	Results of the Ordinary General Assembly Meeting (First Meeting)
7	28/05/2024	Supplementary Announcement on the Ordinary General Assembly Meeting (First Meeting) Results
8	06/06/2024	Establishment of Modawaa and Rieaya Medical Company Ltd. in Partnership with Al Dawaa Medical Services Company
9	05/08/2024	Interim Financial Results for the Period Ended 30th June 2024 (6 Months)
10	02/09/2024	Board Recommendation to Increase the Number of Board Members
11	12/09/2024	Opening of Nomination for Board Seat No. 8
12	04/11/2024	Invitation to Shareholders for the Extraordinary General Assembly Meeting (First Meeting) via Modern Technology
13	04/11/2024	Interim Financial Results for the Period Ended 30 <sup>th</sup> September 2024 (9 Months)
14	05/11/2024	Corrective Announcement on the Interim Financial Results for the Period Ended 30 <sup>th</sup> September 2024 (9 Months)
15	26/11/2024	Results of the Extraordinary General Assembly Meeting (First Meeting)
16	27/11/2024	Passing of Board Member and Managing Director, Mr. Mohammed Suleiman Al-Saleem
17	23/12/2024	The Appointment of Mr. Khaled Suleiman Al-Saleem, Board Member, Executive, as the Company's Managing Director
18	23/12/2024	Board Recommendation for Cash Dividend Distribution for FY 2024

## Shareholder Relations and Board Actions to Address Proposals and Comments on the Company and its Performance

Mouwasat Governance Regulations mandate the attendance of General Assembly meetings by the Heads of Board Committees or their designated representatives to respond to shareholder inquiries and directly review proposals and comments regarding the Company and its performance.

Any proposals or comments raised during discussions and deliberations are recorded in the minutes of the General Assembly meetings, which are subsequently reviewed by all Board Members.

As a liaison between the Company and shareholders, as well as external stakeholders outside of the General Assembly meetings, the Managing Director, assisted by the Board Secretary, facilitates two-way communication. This ensures engagement with

current shareholders, potential investors, and external stakeholders on the one hand, and with the Executive Management and Board Members on the other. Through various communication channels, feedback, inquiries, complaints, proposals, and comments from these parties are received, shared with the Executive Management and Board Members, and addressed promptly.

To stay informed of the latest developments surrounding the Company, the Investor Relations (IR) team actively participates in conferences and events relevant to current shareholders and potential investors. The team also hosts special visits for analysts and keeps the Board regularly updated on IR matters during periodic meetings.

## Company's Shareholder Register Applications

During 2024, the Company applied for the shareholder register four times. The following is a statement detailing the number, dates, and respective reasons for the applications:

No. of Applications	Date	Date of Ownership File	Reasons for Application
1	24/01/2024	31/12/2023	The Company's Procedures at the End of the Fiscal Year and Preparation of the Board's Report
2	02/05/2024	27/05/2024	Preparation of the Ordinary General Assembly Meeting on 27/05/2024
3	05/11/2024	25/11/2024	Preparation of the Extraordinary General Assembly Meeting on 25/11/2024
4	18/11/2024	17/11/2024	Others

## Dividend Distribution Policy

In accordance with Article (40) of the Company's Bylaws, the annual net profit distribution policy is summarized as follows:

- 10% of net profits shall be allocated to form a statutory reserve. The Ordinary General Assembly may decide to discontinue this allocation once the reserve reaches 30% of the paid-up capital.
- The Ordinary General Assembly may decide to establish additional reserves as deemed necessary for the Company's interests or to ensure the most stable possible dividend distribution to shareholders. The Assembly may also deduct amounts from net profits to establish or support existing social institutions for the Company's employees.
- 5% of the paid-up capital shall be distributed to shareholders from the remaining profits.
- In accordance with Article (20) of the Company's Bylaws and Article (76) of the Companies Law, if Board Members are entitled to a share of the Company's profits as remuneration, such remuneration shall not exceed 10% of net profits after deducting reserves approved by the General Assembly and after distributing a dividend of at least 5% of the paid-up capital to shareholders. This remuneration is contingent on the number of meetings attended by each Board Member.
- The remaining profits shall be distributed to shareholders as an additional dividend share.

The Company may distribute semi-annual and quarterly dividends in accordance with regulations set by relevant authorities.

### Dividend Distribution Recommendation for 2024

During its meeting on Monday, 23<sup>rd</sup> December 2024, Mouwasat Board recommended a cash dividend distribution to shareholders as follows:

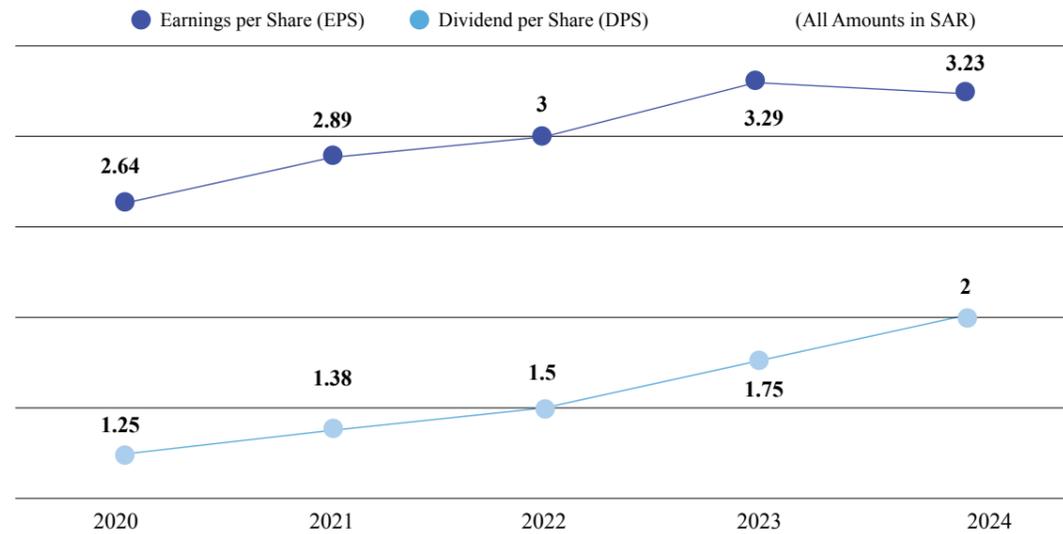
- Total Distributed Amount: SAR 400 Million
- Number of Eligible Shares: 200 Million Shares
- Dividend per Share: SAR 2 per Share
- Percentage of Paid-up Capital: 20%
- Dividend Entitlement Date: For shareholders owning shares on the General Assembly meeting date and registered in the Company's shareholder register at the Securities Depository Center (Edaa) by the end of the second trading day following the General Assembly meeting. The meeting date will be announced later after obtaining regulatory approvals.
- Dividend Payment Date: To be announced after the General Assembly meeting.

It is worth noting that for the fiscal year ended 31st December 2023, the Company distributed cash dividends of SAR 350 million, at SAR 1.75 per share, representing 17.5% of the paid-up capital of SAR 2,000 million.

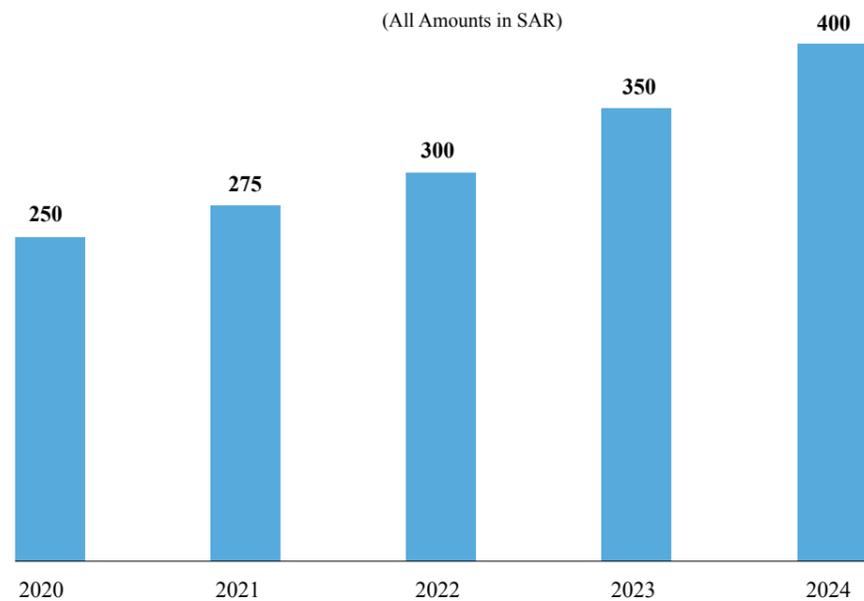
### Earnings Per Share over the Last 5 Fiscal Years

Mouwasat Company’s earnings per share (EPS) have consistently increased over the past five years. EPS rose from SAR 2.64 at the end of 2020 to SAR 3.23 per share by the end of 2024.

#### Development of the Company’s Earnings per Share and Dividend per Share over 5 Years



#### Development of Cash Dividend Value for the Company’s to Shareholders over the Last 5 Years



## 11- Accounting Standards

Mouwasat has prepared its consolidated financial statements for the fiscal year 2024 in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and approved in Saudi Arabia, as well as other standards and publications

issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA), collectively referred to as the “International Financial Reporting Standards (IFRS) adopted in the Kingdom of Saudi Arabia”.

## 12- The Company’s Internal Audit and Control

### Internal Control

The Audit Committee oversees the Company’s activities, ensuring the integrity and transparency of financial reports and internal control systems, in addition to risk management.

### Internal Audit Responsibilities

The Internal Audit Department at Mouwasat assesses the effectiveness of the internal control system, oversees its implementation, and ensures compliance of the Company and its employees with applicable laws, regulations, instructions, policies, and procedures to address financial, operational, and legal risks across all activities.

The Committee supervises and evaluates the Internal Audit Department’s activities, and reviews its annual plan and the methods of its implementation. The Committee also ensures that the Executive Management takes the corrective actions to rectify the findings contained in the Department’s report in order to avoid reoccurrence, reinforcing the conviction of the Audit Committee. Subsequently, the Audit Committee discusses the feedback and essential matters (of relative importance, if any) in the Board meeting.

The Department submits its report to the Audit Committee, emanating from the Board and approved by the General Assembly, on a quarterly basis. The

### 1- Responsibilities Related to the Company’s External Auditor Activities

The Audit Committee is tasked with ensuring the independence and objectivity of the auditor, as well as the effectiveness of the audit process. It reviews the auditor’s work plan and examines the Company’s interim and annual financial statements

before these are submitted to the Board of Directors. The Committee provides its consultation and makes recommendations to ensure annual financial statements thereof.

**2- Responsibilities Related to Ensuring Compliance**

The Audit Committee reviews legislation from regulatory authorities and ensures that the Company takes the necessary actions to comply with these laws regulations and policies. It identifies issues that require attention and presents them to the Board, along with recommendations for appropriate procedures to address them.

It is important to note that the Audit Committee, through its responsibilities and ongoing collaboration with the Internal Audit Department, the External Auditor, and the Executive Management, confirms the following:

- A comparative benchmark report was prepared based on medical companies listed on the Saudi Stock Exchange as of 31<sup>st</sup> December 2024, and the financial indicators are reassuring.

**Internal Audit Department Scope of Work**

- 1-Preparing the annual audit plan and approving it by the Audit Committee.
- 2-Providing recommendations on developing the internal control system, raising awareness of its importance, and enhancing its effectiveness.
- 3-Preparing audit reports and their findings along with related recommendations, monitoring their implementation, and submitting them to the Board and the Audit Committee.
- 4-Assessing the development of risk factors in the Company and the existing systems to address fundamental or unexpected market changes.
- 5-Evaluating workflow procedures and providing recommendations to verify and ensure their adequacy in maintaining the effectiveness of internal control systems.
- 6-Engaging continuously with all departments

**Internal Auditor’s Report**

The Internal Audit Department believes that there are no recommendations that conflict with the decisions of the Board or that the Board has refused to adopt regarding the appointment, dismissal, fee determination, or performance evaluation of the Company’s External Auditor, as well as the

- The internal control systems are effectively implemented, following an assessment of workflow procedures and a general evaluation of the risks threatening the Company.
- There are no significant matters requiring disclosure regarding the application of financial systems and related reports, nor concerning the level of compliance with the Company’s governance regulations, for the period ended 31<sup>st</sup> December 2024.
- The financial statements and the report of the Board as of 31<sup>st</sup> December 2024 contain sufficient information for shareholders and investors to evaluate the Company’s financial position, performance, business model, and strategy.

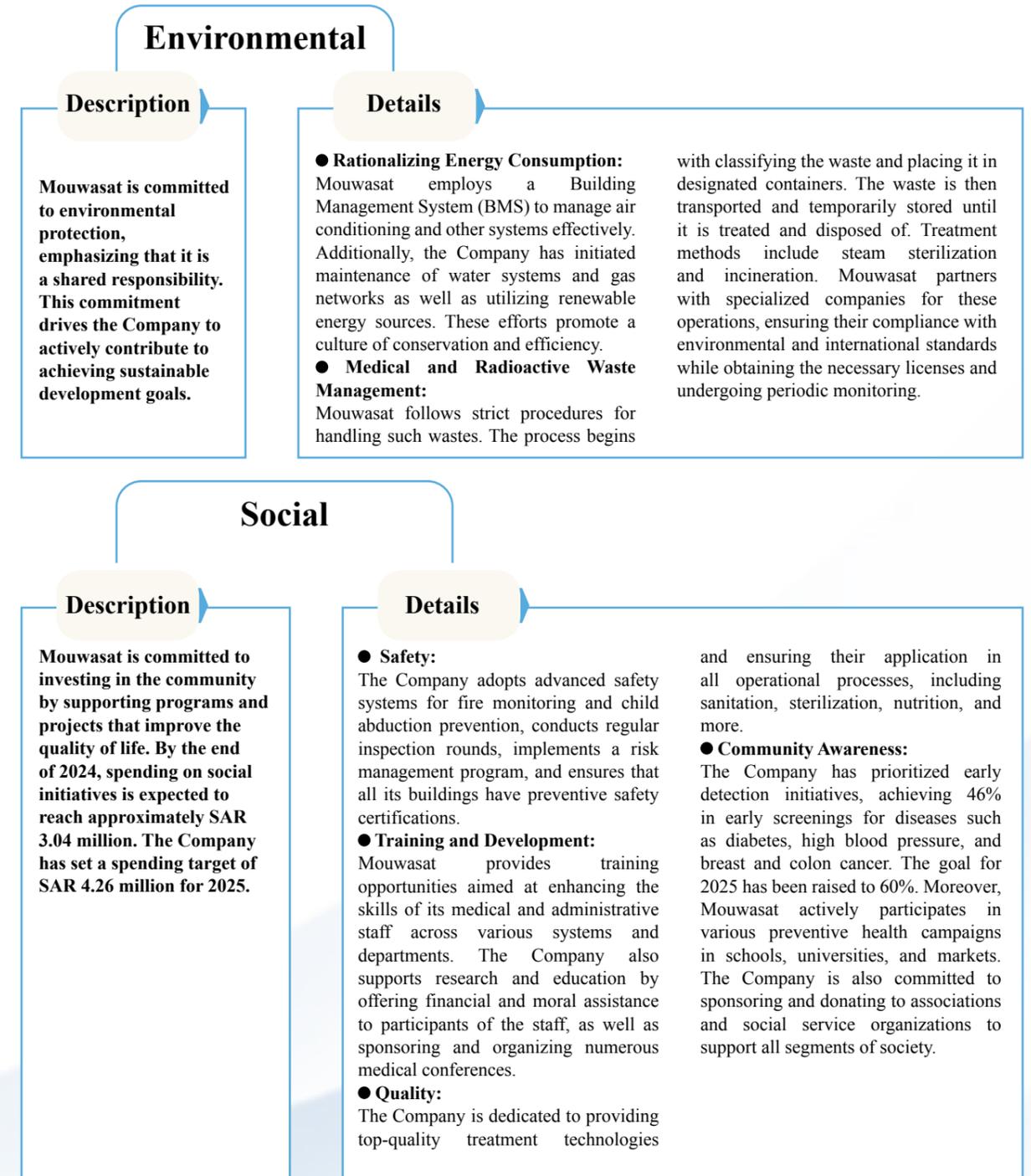
- 7-Verifying that the internal control system aligns with the Company’s governance regulations and internal control frameworks to protect its assets and properties.
- 8-Preparing a comprehensive written report and submitting it to the Board and the Audit Committee regarding audit operations conducted during the fiscal year, comparing them with the approved plan, clarifying any deviations if present, and evaluating the Executive Management’s response, to be completed in the quarter following the fiscal year-end.

appointment of the Internal Auditor. Furthermore, there are no significant observations regarding the Company’s performance and operations, and no recommendation has been made to appoint an internal auditor.

**13- The Company’s Sustainability and Social Responsibility**

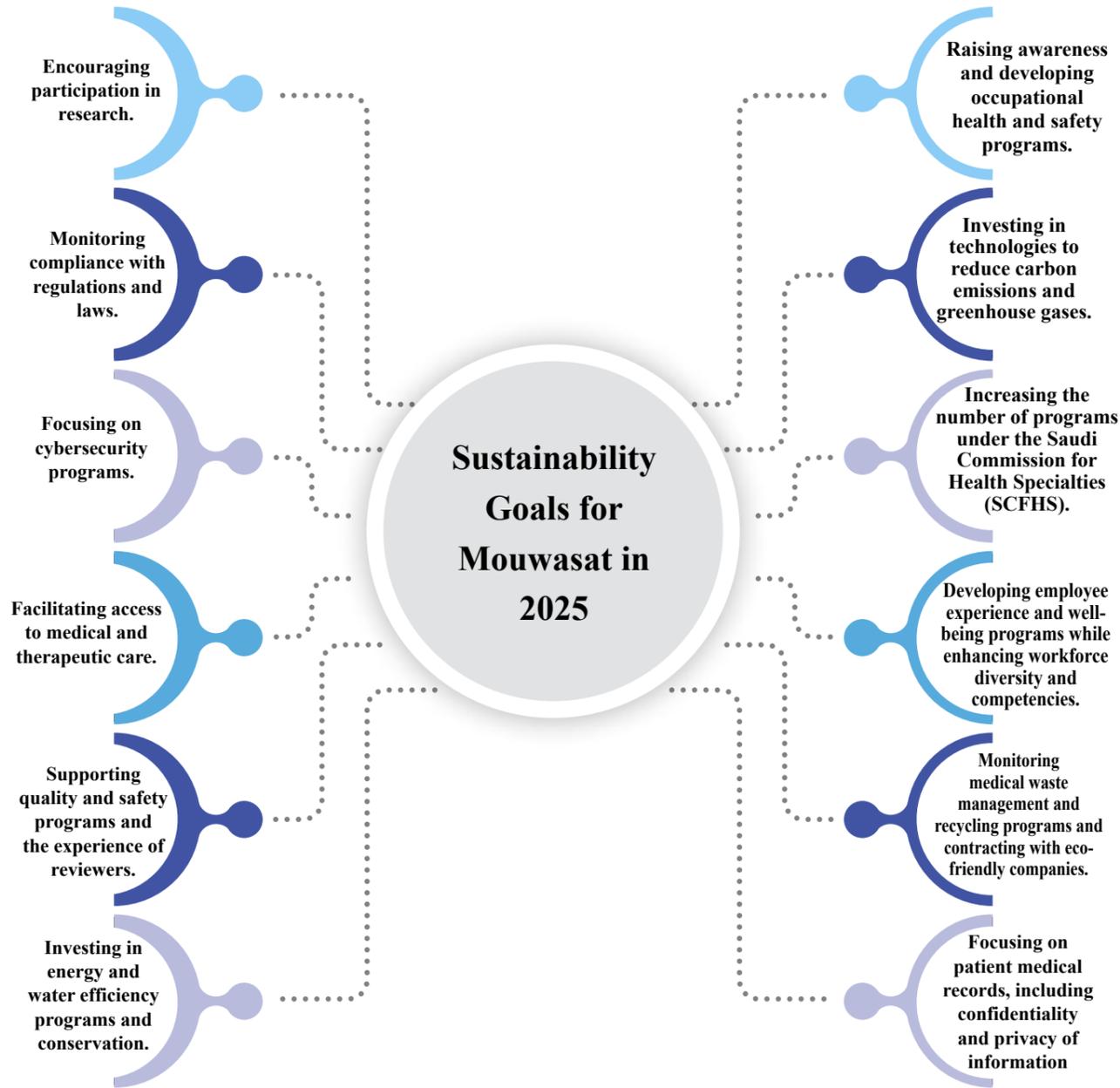
Mouwasat is committed to ensuring that all its sustainability initiatives and social responsibility objectives align with the Company’s vision, mission, and values, believing in its vital role in serving the community.

**The Company’s Sustainability Initiatives**



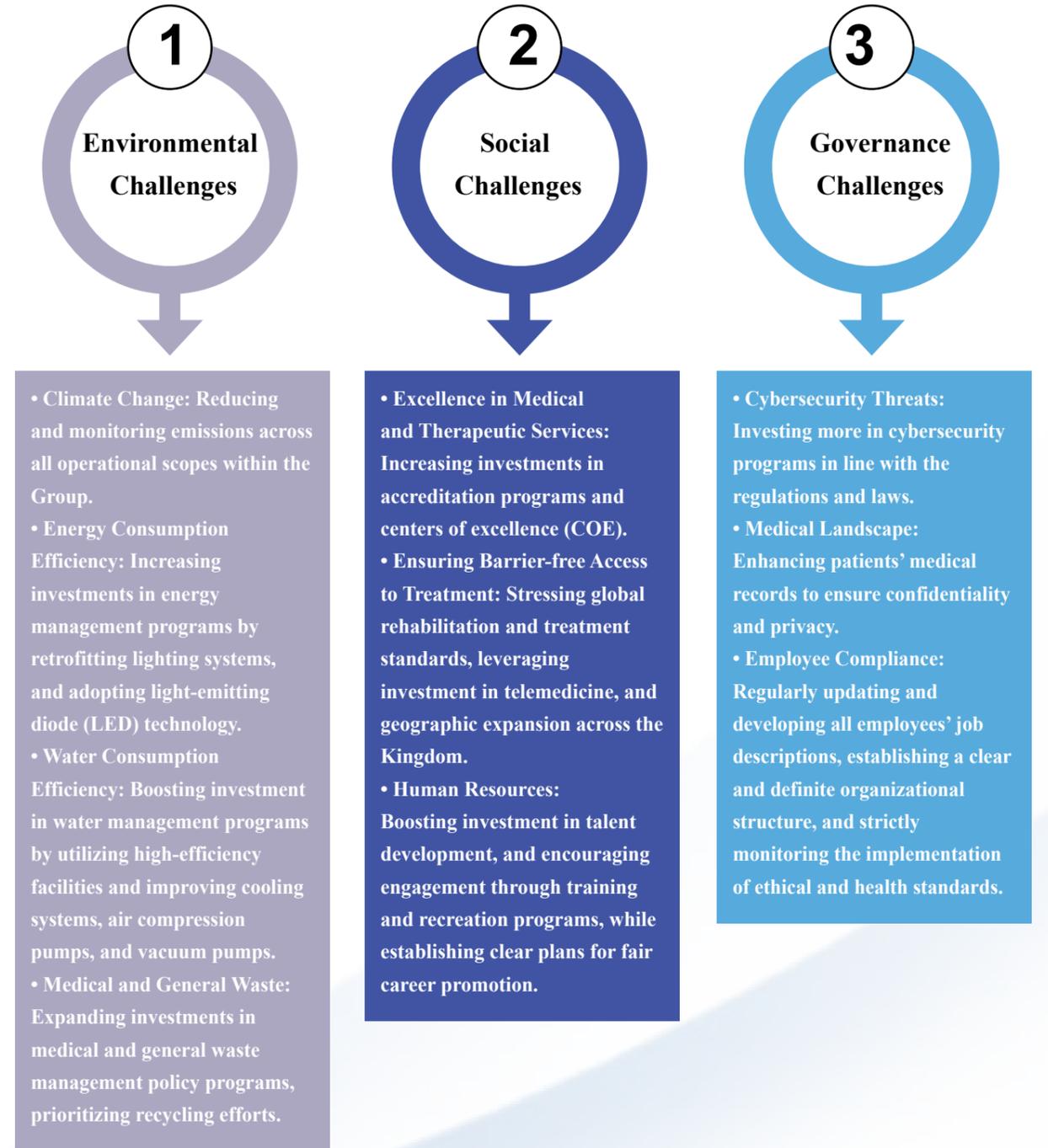
### Sustainability in 2025

Mouwasat aims to achieve several sustainability goals in the upcoming year by integrating its programs in alignment with The Kingdom’s Vision 2030, guided by a sustainability strategy.



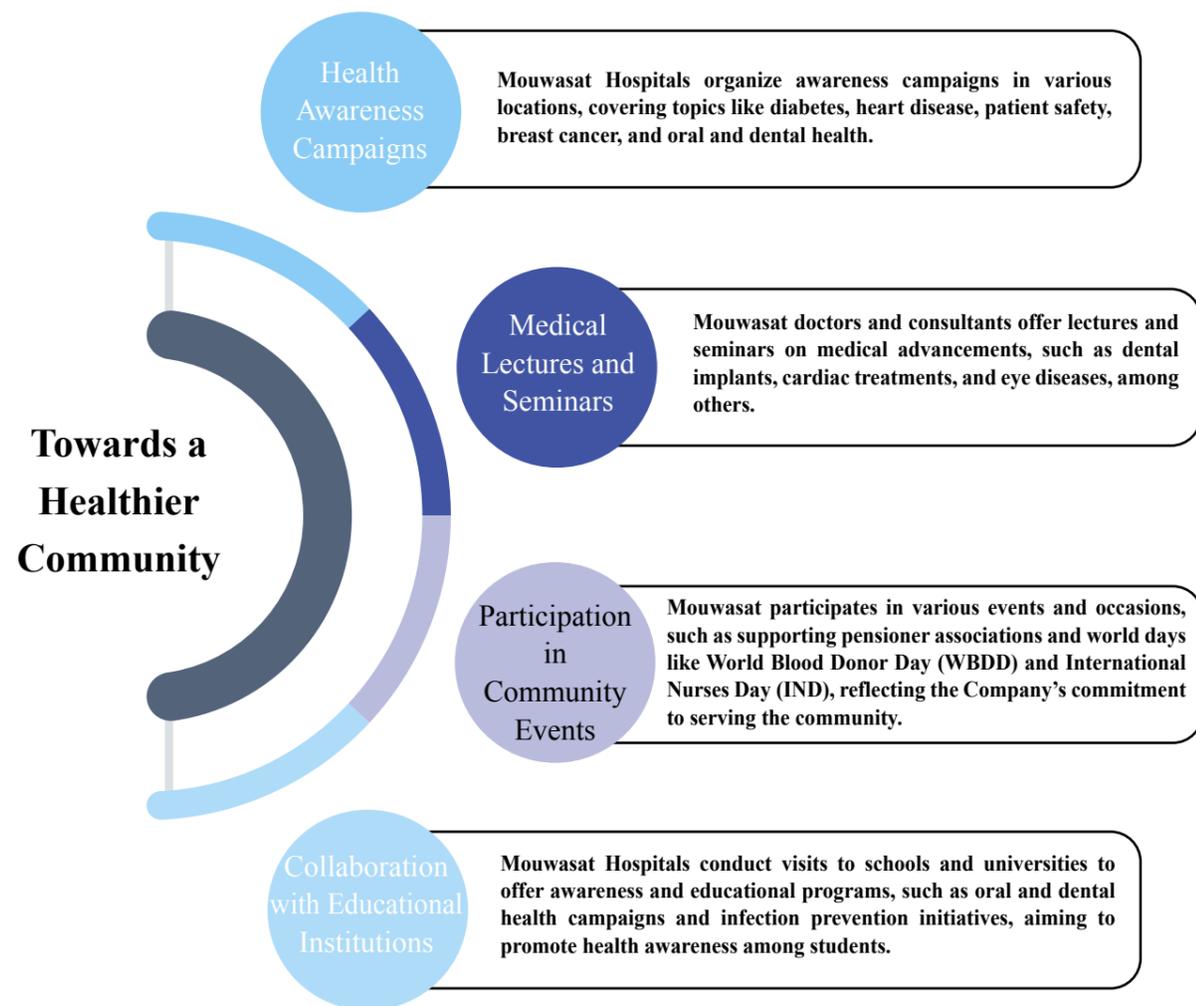
### Sustainability Challenges

The sustainability operations at Mouwasat face a range of environmental, social, and governance (ESG) challenges, which are addressed through a well-planned and carefully studied approach.



## Social Contributions

Mouwasat’s social responsibility strategy is based on three main pillars: Excellence in Patient Care, Healthcare and Ethical Management, as well as sustainable community care and environmental awareness. In 2024, the Company donated SAR 250,000 to Bena Association for Orphan Care and carried out 45 awareness and education campaigns.



## 14- Board Declarations

Mouwasat Board hereby declares that:

- The accounting records have been duly updated and prepared.
- The internal control system has been duly made and adequately implemented.
- The Board has no doubts about Mouwasat ability to continue its activity.
- The consolidated financial statements for the fiscal year ended as at 31st December 2024 have been prepared in accordance with IFRS-KSA, and with other standards and pronouncements that are endorsed by SOCPA.
- No substantial events have occurred that affect the safety of the Company’s financial position following the end of the fiscal year 2024, that need to be disclosed, other than the already available information declared earlier.
- External Auditor’s report does not include any reservations on the annual financial statements during the fiscal year 2024.
- The Company Board did not receive any request from the Auditors calling upon the General Assembly to convene in 2024.
- The Company Board did not receive a request from shareholders holding 5% or more of the Company capital claiming upon the General Assembly to convene in 2024.
- No measures have been taken obstructing the rights of shareholders to vote.
- No treasury shares are retained by the Company.
- No shares or debt instruments issued by the subsidiaries.
- No investments or reserves are established for the benefit of the Company’s employees.

- No person has informed the Company of any class of shares with voting rights.
- There is no redemption, purchase, or cancellation by the Company of any redeemable debt instruments.
- The Board did not recommend changing the Auditor before the end of the specific term of appointment.
- No arrangements or waiver agreements have been concluded, according to which any of the Company’s shareholders have assigned any of their rights in dividends.
- There is no substantial penalty, sanction, or precautionary restriction imposed on the Company during 2024.
- No arrangements or waiver agreement have been concluded, according to which any of the Company’s Board Members or Senior Executives have assigned any remunerations.
- There are no convertible debt instruments, contractual securities, subscription rights memoranda, or similar rights issued by the Company during the fiscal year 2024.
- There is no conversion or subscription rights under convertible debt instruments, contractual securities, subscription rights memoranda, or similar rights issued or granted by the Company.
- No option rights or subscription rights are held by the Board Members, Senior Executives, their spouses, or minor children.
- None of the Board Members is/was exercising any business activities that are competitive to the Company business or any of the branches thereof.
- Mouwasat did not offer any cash loans whatsoever to any of its Board Members and did not serve as a guarantor for any loan to any third party.

## 15- Board's Recommendations

-Review and discuss the Board's report for the fiscal year ended 31st December 2024.

-Vote on the Company's Auditor's report for the fiscal year ended 31<sup>st</sup> December 2024.

-Review and discuss the financial statements for the fiscal year ended 31<sup>st</sup> December 2024.

-Vote on the appointment of the Company's Auditor from among the nominated candidates recommended by the Audit Committee to examine, review, and audit the financial statements for the second and third quarters and the annual financial statements of the fiscal year 2025 as well as the first quarter of the fiscal year 2026, and to determine its fees.

-Vote on the Board of Directors' recommendation to distribute cash dividends to shareholders for the fiscal year ended 31st December 2024, totaling SAR 400 million, at a rate of SAR 2 per share, equivalent to 20% of the capital. Dividend eligibility applies to shareholders who own shares on the day of the Company's General Assembly meeting and are registered in the Company's shareholders register at the Securities Depository Center (Edaa) by the end of the second trading day following the General Assembly meeting.

-Vote on transactions and contracts to be executed between the Company and Al Mouwasat International Company Limited, in which Board Members, Mr. Mohammed Sultan Al-Subaie and Mr. Nasser Sultan Al-Subaie have a direct interest, and Board Member, Mr. Khaled Suleiman Al-Saleem has an indirect interest. These contracts include supply, rental, and travel tickets, which will be conducted according to the Company's procurement system without preferential terms. Given that the total value of contracts related to supply, rental, and travel tickets executed during 2024 amounted to SAR 41 million.

-Vote on transactions and contracts to be executed between the Company and Advision for trading Est. owned by Board Member, Mr. Khaled Suleiman Al-Saleem. These contracts involve the implementation and supply of advertising, promotional, and marketing services, according to the Company's procurement system without preferential terms. The total value of contracts for advertising, promotion, and marketing services executed during 2024 amounted to SAR 22 million.

-Vote on discharging the Board Members from liability for the period ended 31<sup>st</sup> December 2024.



# Section (5)

## Financial Performance

<b>Development of the Financial Statements in 5 Years</b>	<b>152</b>
<b>Key Financial Ratios and Indicators</b>	<b>153</b>
<b>Annual Results in Brief</b>	<b>154</b>
<b>Financial Statements and Supplementary Notes</b>	<b>156</b>

**50**  
*Everthe that Begins with Confidence*

**Years  
of Dedication**

## 1-Development of the Financial Statements in 5 Years

Mouwasat has achieved consistent revenue growth over the past five years simultaneously with an increase in the cost of revenues during this period. This resulted in the cost-to-revenue ratio reaching 55.2% by the end of the current year, compared to 51.5% in the previous year. This performance reflects

the Company's capability to expedite its operational processes and enhance efficiency in expanding its production activities, aligning with its strategy focused on achieving sustainable and increasing growth.

### Summary of the Company's Financial Statements in the Last 5 Years

(All Amounts in SAR Mln)

Statement/Fiscal Year	2024	2023	2022	2021	2020
<b>Income Statement</b>					
Revenues	2,879	2,705	2,334	2,144	2,045
Cost of Revenue	-1,590	-1,392	-1,233	-1,148	-1,085
Gross Profit	1,289	1,313	1,102	996	960
Operating Profit	724	757	673	622	578
Profit Attributable to Shareholders for the Year	646	658	599	578	528
Earnings per Share (SAR)	3.23	3.29	3.00	5.78	5.28
<b>Statement of Financial Position</b>					
Current Assets	1,757	1,618	1,573	1,315	1,196
Current Liabilities	881	831	767	640	551
Non-current Assets	3,646	3,347	3,088	2,744	2,453
Non-current Liabilities	808	707	818	717	718
Total Assets	5,403	4,965	4,661	4,059	3,649
Total Liabilities	1,689	1,538	1,585	1,357	1,269
Equity	3,714	3,427	3,076	2,702	2,380
Total Liabilities and Equity	5,403	4,965	4,661	4,059	3,649
Cash and Cash Equivalents (CCE)	427	49	144	157	160
Total Loans	738	766	862	796	746
<b>Cash Flow Statement</b>					
Net Cash from Operating Activities	1,256	814	707	683	481
Net Cash from Investing Activities	-468	-475	-473	-446	-317
Net Cash Flow from Financing Activities	-411	-434	-247	-240	-208

## 2-Key Financial Ratios and Indicators

The following table highlights the key changes in financial ratios related to the performance and financial position of Mouwasat over the past five years, reflecting the main trends in its business growth and the efficiency of its financial and operational performance:

Statement/Fiscal Year	2024	2023	2022	2021	2020
<b>Liquidity Ratios</b>					
Working Capital (SAR Mln)	876	787	806	675	645
Current Ratio (%)	199.4	194.7	205.1	205.5	217.1
Cash Ratio (%)	48.5	5.9	18.8	24.5	29
Equity Ratio (%)	68.7	69	66	66.6	65.2
<b>Debt Ratios</b>					
Total Debt Ratio (%)	31.3	31	34	33.4	34.8
Total Asset to Equity Ratio (Times)	1.5	1.4	1.5	1.5	1.5
Total Liabilities to Equity Ratio (%)	45.5	44.9	51.5	50.2	53.3
Loans to Total Assets Ratio (%)	13.7	15.4	18.5	19.6	20.4
<b>Profitability Ratios</b>					
Gross Profit Margin (%)	44.8	48.5	47.2	46.4	47
Net Profit Margin (%)	22.4	24.3	25.7	27	25.8
Return on Assets (%)	12	13.2	12.9	14.2	14.5
Return on Equity (%)	17.4	19.2	19.5	21.4	22.2

## 3-Annual Results in Brief

### Income Statement

- The Company recorded revenue growth of 6.4% by the end of the current year, reaching SAR 2,879 million, compared to SAR 2,705 million in the previous year. This growth was driven by an increase in patient volume, the opening of new centers that contributed to the expansion of operations, a 5% rise in medical service revenues, and a 15% year-on-year (Y-o-Y) increase in pharmaceutical sales.
- Conversely, the net profit attributable to shareholders experienced a slight decrease of 1.8%, reaching SAR 464 million, compared to SAR 658 million in the previous year. This decrease is attributed to a 14% increase in the cost of revenues, coupled with the absence of profits made from the Advanced Medical Projects Company Limited (associate company) due to its exit during the year, as well as increased expenses and a 4.3% decrease in operating profit.

### Annual Change in Main Items of the Income Statement

(All Amounts in SAR Mln)

Prominent Items	2024	2023	Change (%)
Revenues	2,879	2,705	6.4
Cost of Revenue	-1,590	-1,392	14.2
Gross Profit	1,289	1,313	-1.8
Operating Profit	724	757	-4.3
Profit Attributable to Shareholders for the Year	464	658	-1.8
Earnings per Share (SAR)	3.23	3.29	-1.8

### Statement of Financial Position

- The Company's total assets increased by 8.8% to reach SAR 5,403 million by the end of the current year, up from SAR 4,965 million in the preceding year. This growth is primarily attributable to an increase in property and equipment, which amounted to SAR 3,510 million, compared to SAR 3,046 million in 2023, as well as an increase in inventory value from SAR 197 million to SAR 232 million during the period under review.
- Total liabilities also grew by 9.8% to reach SAR 1,689 million by the end of the current year, up from SAR 1,538 million in 2023. This increase is attributable to higher accrued expenses and other current liabilities, which include employee costs, raw materials, Management incentives, and value-added tax (VAT).
- On the other hand, shareholders' equity increased to SAR 3,714 million by the end of the current year, achieving a Y-o-Y growth of 8.4%, driven by a 25% increase in retained earnings and an 18% rise in the statutory reserve.

### Annual Change in Key Items of the Statement of Financial Position

(All Amounts in SAR Mln)

Prominent Items	2024	2023	Change (%)
Current Assets	1,757	1,618	8.6
Non-current Assets	3,646	3,347	9.0
Total Assets	5,403	4,965	8.8
Current Liabilities	881	831	6.1
Non-current Liabilities	808	707	14.3
Total Liabilities	1,689	1,538	9.8
Equity	3,714	3,427	8.4
Total Liabilities and Equity	5,403	4,965	8.8

## 4-Financial Statements and Supplementary Notes

**MOUWASAT MEDICAL SERVICES COMPANY**  
(A Saudi Joint Stock Company)

**CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended 31 December 2024  
together with the Independent Auditor's Report

**MOUWASAT MEDICAL SERVICES COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2024**

<b>INDEX</b>	<b>Page</b>
Independent auditor's report	-
Consolidated statement of financial position	1
Consolidated statement of profit or loss and other comprehensive income	2
Consolidated statement of changes in equity	3
Consolidated statement of cash flows	4 - 5
Notes to the consolidated financial statements	6 - 52



**KPMG Professional Services Company**

16<sup>th</sup> Floor, Al Barchash Tower  
8189 Prince Turki Road, Al Corniche  
P.O. Box 4803  
Al Khobar, 34412 - 3146  
Kingdom of Saudi Arabia  
Commercial Registration No 2051062308

Headquarters in Riyadh

**شركة ك بي إم جي للاستشارات المهنية مساهمة مهنية**

الطابق 16، برج البارش  
طريق الأمير تركي، الكورنيش  
ص.ب 4803  
الجبيل - 34412 - 3146  
المملكة العربية السعودية  
سجل التجاري رقم 2051062308

المقر الرئيسي في الرياض



Independent Auditor's Report

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

**Key Audit Matters (continued)**

**Revenue recognition**

Refer Note 3(e) and 4(a)(iii) for the accounting policy and estimate relating to revenue recognition and Note 28 for revenue disclosure.

The key audit matter	How the matter was addressed in our audit
<p>During the year ended 31 December 2024, the Group recognized revenue of SR 2.879 billion (2023: SR 2.706 billion).</p> <p>The Group recognizes revenue upon satisfaction of performance obligation related to medical and related services at the consideration to which the Group expects to be entitled in exchange for those goods or services.</p> <p>Certain contracts with customers include variable consideration such as volume discounts, prompt payment discounts and adjustment of invoice amount. These adjustments constitute variable consideration and are considered in the recognition of revenue on an estimated basis in the period in which the related services are rendered.</p> <p>Revenue recognition is considered as a key audit matter because the estimation of the variable consideration involves significant judgement and estimates in determining the amount.</p>	<p>We performed the following among other procedures:</p> <ul style="list-style-type: none"> <li>- Assessed the appropriateness of the Group's revenue recognition accounting policies by considering the requirements of relevant accounting standards;</li> <li>- Assessed the design and implementation and tested (on a sample basis) the operating effectiveness of the Group's key internal control in relation to the estimates of variable consideration;</li> <li>- Assessed the appropriateness of significant accounting judgments, estimates and assumptions made by management to determine the variable consideration;</li> <li>- Performed a retrospective review (on a sample basis) of actual claims settled to the original gross claims;</li> <li>- Performed tests (on a sample basis) of settlements and claims with major customers of the Group; and</li> <li>- Assessed the adequacy of relevant disclosures and presentation in the consolidated financial statements.</li> </ul>

Independent Auditor's Report

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

**Opinion**

We have audited the consolidated financial statements of **Mouwasat Medical Services Company ("the Company") and its subsidiaries ("the Group")**, which comprise the consolidated statement of financial position as at 31 December 2024, 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 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

**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, that are relevant to our audit of the consolidated financial statements, and we have 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.

KPMG Professional Services Company, a professional limited liability company registered in the Kingdom of Saudi Arabia with a paid-up capital of SAR100,000,000 and a non-partner member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. Commercial Registration of the Headquarters in Riyadh is: 303423484.

الشركة ك بي إم جي للاستشارات المهنية مساهمة مهنية، شركة مساهمة مهنية مسجلة في المملكة العربية السعودية، رأس مالها (100,000,000 ريال سعودي) عضو غير شريك في الشبكة العالمية للشركات ك بي إم جي العالمية، والشركة ك بي إم جي للاستشارات المهنية مساهمة مهنية مسجلة في المملكة العربية السعودية، رقم التسجيل التجاري في الرياض هو: 303423484.



## Independent Auditor's Report

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

Key Audit Matters (continued)	
Valuation of accounts receivables	
Refer Note 3(l)(i) and 4(a)(i) for the accounting policy and estimate related to impairment loss based on expected credit losses (ECLs) and Note 14 for accounts receivable disclosure.	
The key audit matter	How the matter was addressed in our audit
<p>During the year ended 31 December 2024, the gross carrying amount of accounts receivables amounted to SR 1.017 billion (2023: SR 1.316 billion). The impairment loss based on ECLs on these receivables amount to SR 92.4 million (2023: SR 163.5 million).</p> <p>The Group's management has applied a simplified expected credit loss ("ECL") model to determine the impairment loss of accounts receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e. payor groups). The provision matrix is initially based on the Group's historical observed default rates. The Group calibrate the matrix to adjust the historical credit loss experience with forward-looking information.</p> <p>We considered this a key audit matter due to the judgements and estimation involved in assessing the recoverability of outstanding trade receivable and determining the impairment thereon as per the requirement of IFRS 9 Financial Instruments.</p>	<p>We performed the following among other procedures:</p> <ul style="list-style-type: none"> <li>- Obtained an understanding of management's processes, systems and controls over trade receivables;</li> <li>- Evaluated the appropriateness of the accounting policies of the Group and evaluating these against the requirements of FRS 9 Financial Instruments;</li> <li>- Evaluated the reasonableness of management's key judgements and estimates made, including selection and application of methods, models, significant assumptions, data sources and selection of the point estimate and retrospective testing;</li> <li>- Evaluated the competence of management expert and checked the completeness, accuracy and relevance of data shared with management expert.</li> <li>- Involved our own specialist to assess the working and evaluate the assumptions made by the management expert in the model and working used.</li> <li>- Tested the basis of specific provisions based on historic data, ageing and collection trends; and</li> <li>- Assessed the reasonableness and adequacy of disclosures and presentation in the consolidated financial statements.</li> </ul>



## Independent Auditor's Report

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

### 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.

### 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 Accounting Standards 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 Audit Committee 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.



## Independent Auditor's Report

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

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

- 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.
- 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 **Mouwasat Medical Services Company ("the Company") and its subsidiaries ("the Group")**.

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

Mohammed Najeeb Alkhelaiwi  
License no. 481



Al Khobar, 10 Ramadan 1446H  
Corresponding to: 10 March 2025G

### MOUWASAT MEDICAL SERVICES COMPANY (A SAUDI JOINT STOCK COMPANY)

### CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2024

(All amounts in Saudi Riyals unless otherwise stated)

	Note	2024	2023
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	7	3,509,651,696	3,046,129,447
Goodwill	8	16,371,000	16,371,000
Intangible assets	9	20,184,315	20,186,569
Right-of-use asset	10	20,090,410	19,683,031
Investment in an associate	11	-	-
Advances to contractors and suppliers	12	80,074,990	244,460,781
<b>Total non-current assets</b>		<b>3,646,372,411</b>	<b>3,346,830,828</b>
<b>Current assets</b>			
Inventories	13	232,064,997	197,164,786
Accounts receivables	14	925,047,643	1,152,656,746
Due from a related party	35	-	916,431
Advances, prepayments and other current assets	15	87,739,936	98,957,277
Term deposits	16	85,000,000	100,000,000
Cash and cash equivalents	17	426,574,756	49,049,506
Investment in associate - held for sale	11	-	18,971,023
<b>Total current assets</b>		<b>1,756,427,332</b>	<b>1,617,715,769</b>
<b>Total assets</b>		<b>5,402,799,743</b>	<b>4,964,546,597</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	18	2,000,000,000	2,000,000,000
Statutory reserve	20	430,344,695	365,768,791
Retained earnings		1,137,993,239	911,287,213
<b>Equity attributable to shareholders of the Company</b>		<b>3,568,337,934</b>	<b>3,277,056,004</b>
Non-controlling interest	21	145,232,079	149,790,712
<b>Total equity</b>		<b>3,713,570,013</b>	<b>3,426,846,716</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Long-term borrowings	22	564,793,854	500,049,694
Employees' benefits	23	173,427,385	153,800,438
Lease liabilities	24	19,453,753	18,783,185
Retention payable	25.1	50,476,948	34,434,661
<b>Total non-current liabilities</b>		<b>808,151,940</b>	<b>707,067,978</b>
<b>Current liabilities</b>			
Accounts payable	25	276,850,508	231,706,734
Due to related parties	35	8,228,796	5,136,187
Accruals and other current liabilities	26	228,455,456	184,304,042
Refund liability	28.2	155,993,839	106,084,803
Current maturity of lease liabilities	24	3,842,154	3,612,000
Current portion of long-term borrowings	22	173,589,172	266,034,059
Provision for zakat	27	34,117,865	33,754,078
<b>Total current liabilities</b>		<b>881,077,790</b>	<b>830,631,903</b>
<b>Total liabilities</b>		<b>1,689,229,730</b>	<b>1,537,699,881</b>
<b>Total equity and liabilities</b>		<b>5,402,799,743</b>	<b>4,964,546,597</b>

Nassir Alhubeer  
Chief Executive Officer

Khalid Al-Saleem  
(Authorized Board Representative)

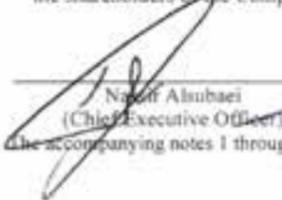
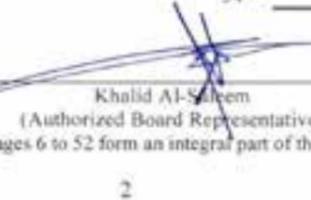
Yusuf Sulaiman  
(Chief Financial Officer)

The accompanying notes 1 through 40 on pages 6 to 52 form an integral part of these consolidated financial statements.

**MOUWASAT MEDICAL SERVICES COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2024**  
(All amounts in Saudi Riyals unless otherwise stated)

	Notes	2024	2023
<b>Revenue</b>			
Medical services revenue	28	2,428,198,536	2,312,553,391
Pharmaceutical sales	28	451,173,805	392,954,730
		<u>2,879,372,341</u>	<u>2,705,508,121</u>
<b>Cost of revenue</b>			
Cost of operations	29	(1,281,055,232)	(1,109,986,629)
Cost of sales		(309,352,574)	(282,442,254)
		<u>(1,590,407,806)</u>	<u>(1,392,428,883)</u>
<b>Gross profit</b>		<u>1,288,964,535</u>	<u>1,313,079,238</u>
Selling and marketing expenses	30	(118,108,560)	(110,215,067)
General and administrative expenses	31	(376,392,004)	(337,427,376)
Impairment loss on accounts receivables	14.1	(78,406,331)	(117,256,160)
Other income	32	18,900,210	8,675,713
Other expenses	11	(10,686,634)	-
<b>Operating profit</b>		<u>724,271,216</u>	<u>756,856,348</u>
Finance income		11,979,959	6,482,135
Finance cost	33	(30,455,304)	(46,456,505)
Share of result of an associate	11	-	10,205,829
<b>Profit before zakat</b>		<u>705,795,871</u>	<u>727,087,807</u>
Zakat expense	27	(36,185,714)	(38,699,067)
<b>Profit for the year</b>		<u>669,610,157</u>	<u>688,388,740</u>
<b>Other comprehensive income</b>			
<i>Items that will not be reclassified to profit or loss:</i>			
Re-measurement loss on employees' end-of-service benefits obligations	23	(3,976,860)	(3,404,169)
Re-measurement loss on employee's retirement benefit obligations of the associate	11	-	(171,060)
<b>Other comprehensive loss for the year</b>		<u>(3,976,860)</u>	<u>(3,575,229)</u>
<b>Total comprehensive income for the year</b>		<u>665,633,297</u>	<u>684,813,511</u>
<b>Profit for the year attributable to:</b>			
Shareholders of the Company		645,759,043	657,687,906
Non-controlling interest	21	23,851,114	30,700,834
<b>Profit for the year</b>		<u>669,610,157</u>	<u>688,388,740</u>
<b>Total comprehensive income for the year attributable to:</b>			
Shareholders of the Company		641,281,930	654,209,580
Non-controlling interest	21	24,351,367	30,603,931
<b>Total comprehensive income for the year</b>		<u>665,633,297</u>	<u>684,813,511</u>
<b>Earnings per share:</b>			
Basic and diluted earnings per share for profit attributable to the shareholders of the Company	34	<u>3.23</u>	<u>3.29</u>

 Naif Alsubaie  
(Chief Executive Officer)
  Khalid Al-Saleem  
(Authorized Board Representative)
  Yusuf Sulaiman  
(Chief Financial Officer)

The accompanying notes 1 through 40 on pages 6 to 52 form an integral part of these consolidated financial statements.

**MOUWASAT MEDICAL SERVICES COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2024**  
(All amounts in Saudi Riyals unless otherwise stated)

	Attributable to the shareholders of the Company				
	Share capital	Statutory reserve	Retained earnings	Total shareholders' equity	Non-controlling interest
Balance at 1 January 2023	1,000,000,000	300,000,000	1,622,846,424	2,922,846,424	153,486,781
Total comprehensive income for the year	-	-	657,687,906	657,687,906	30,700,834
Profit for the year	-	-	(3,478,326)	(3,478,326)	(96,903)
Other comprehensive loss for the year	-	-	654,209,580	654,209,580	30,603,931
Total comprehensive income for the year	-	-	654,209,580	654,209,580	30,603,931
Transfer to statutory reserve	-	65,768,791	(65,768,791)	-	-
Transactions with owners in their capacity as owners	-	-	(300,000,000)	(300,000,000)	-
Dividend	-	-	-	-	(34,300,000)
Dividend to non-controlling interest	-	-	-	-	-
Increase in share capital	1,000,000,000	-	(1,000,000,000)	-	-
Balance at 31 December 2023	2,000,000,000	365,768,791	911,287,213	3,277,056,004	149,790,712
<b>Balance at 1 January 2024</b>	<b>2,000,000,000</b>	<b>365,768,791</b>	<b>911,287,213</b>	<b>3,277,056,004</b>	<b>149,790,712</b>
Acquisition of subsidiary	-	-	-	-	490,000
Total comprehensive income for the year	-	-	645,759,043	645,759,043	23,851,114
Profit for the year	-	-	(4,477,113)	(4,477,113)	500,253
Other comprehensive (loss) / gain for the year	-	-	641,281,930	641,281,930	24,351,367
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>641,281,930</b>	<b>641,281,930</b>	<b>24,351,367</b>
Transfer to statutory reserve	-	64,575,904	(64,575,904)	-	-
Transactions with owners in their capacity as owners	-	-	(350,000,000)	(350,000,000)	-
Dividend	-	-	-	-	(29,400,000)
Dividend to non-controlling interests	-	-	-	-	-
<b>Balance at 31 December 2024</b>	<b>2,000,000,000</b>	<b>430,344,695</b>	<b>1,137,993,239</b>	<b>3,568,337,934</b>	<b>145,232,079</b>

 Naif Alsubaie  
(Chief Executive Officer)

 Khalid Al-Saleem  
(Authorized Board Representative)

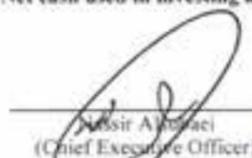
 Yusuf Sulaiman  
(Chief Financial Officer)

The accompanying notes 1 through 40 on pages 6 to 52 form an integral part of these consolidated financial statements.

MOUWASAT MEDICAL SERVICES COMPANY  
(A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2024  
(All amounts in Saudi Riyals unless otherwise stated)

	Notes	2024	2023
<b>Cash flows from operating activities</b>			
Profit for the year		669,610,157	688,388,740
<i>Adjustments for:</i>			
Depreciation on property and equipment	7	228,445,620	214,957,726
Depreciation on right-of-use asset	10	3,005,346	2,811,862
Amortization of intangible assets	9	6,542,922	5,703,196
Impairment loss on accounts receivables	14	78,406,331	117,256,160
Share of results of an associate	11	-	(10,205,829)
Loss on sale of investment held for sale	11	480,805	-
Finance cost	33	30,455,304	46,456,505
Interest income on term deposits		(11,979,959)	(6,482,135)
Property and equipment written off		100	65,642
Gain on modification of leases	24.2	-	(393,525)
Dividend income from investment held for sale	11	(10,205,829)	-
Impairment loss on remeasurement of investment held for sale	11	10,205,829	-
Provision for employees' benefits	23	33,584,083	31,414,774
Gain on disposal of property and equipment	32	(1,183,251)	(292,893)
Zakat expense	27	36,185,714	38,699,067
		1,073,553,172	1,128,379,290
<i>Changes in:</i>			
Inventories		(34,900,211)	6,222,441
Accounts receivables		149,202,772	(233,483,979)
Due from a related party		916,431	1,406,777
Advances, prepayments and other current assets		12,104,313	(21,781,817)
Retention payable		16,042,287	6,371,035
Accounts payable		45,143,774	16,399,823
Due to related parties		3,092,609	(1,536,475)
Accruals and other current liabilities		44,032,917	10,744,766
Refund liabilities		49,909,036	976,028
<b>Cash generated from operating activities</b>		<b>1,359,097,100</b>	<b>913,697,889</b>
Employees' benefits paid	23	(17,933,996)	(18,098,353)
Finance cost paid	37.1	(48,912,598)	(50,894,189)
Zakat paid	27	(35,821,927)	(30,922,279)
<b>Net cash from operating activities</b>		<b>1,256,428,579</b>	<b>813,783,068</b>
<b>Cash flows from investing activities</b>			
Purchase of property and equipment		(429,017,800)	(277,038,015)
Purchase of intangible assets	9	(6,540,668)	(9,500,465)
Proceeds from disposal of property and equipment		1,842,756	791,300
Dividend received from an investment held for sale	11	10,205,829	9,852,121
Advances to contractors		(78,857,632)	(215,617,973)
Term deposits		15,000,000	11,000,000
Interest received on term deposits		11,092,987	5,810,643
Proceeds from sale of investment held for sale	11	8,284,389	-
Acquisition of subsidiary	1	490,000	-
<b>Net cash used in investing activities</b>		<b>(467,500,139)</b>	<b>(474,702,389)</b>

 Nassir Alsubaie  
(Chief Executive Officer)
  Khalid Al-Saleem  
(Authorized Board Representative)
  Yusuf Sulaiman  
(Chief Financial Officer)

The accompanying notes 1 through 40 on pages 6 to 52 form an integral part of these consolidated financial statements.

MOUWASAT MEDICAL SERVICES COMPANY  
(A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2024  
(All amounts in Saudi Riyals unless otherwise stated)

	Notes	2024	2023
<b>Cash flows from financing activities</b>			
Dividends paid	19	(350,000,000)	(300,000,000)
Proceeds from term loans	22	245,000,000	180,000,000
Repayment of term loans	22	(272,700,727)	(276,382,666)
Payment of lease liabilities including finance cost	24	(4,302,463)	(3,225,000)
Dividends paid to non-controlling interests in subsidiary	21	(29,400,000)	(34,300,000)
<b>Net cash outflow from financing activities</b>		<b>(411,403,190)</b>	<b>(433,907,666)</b>
Net increase / (decrease) in cash and cash equivalents		377,525,250	(94,826,987)
Cash and cash equivalents at beginning of the year		49,049,506	143,876,493
<b>Cash and cash equivalents at end of the year</b>	17	<b>426,574,756</b>	<b>49,049,506</b>
<b>Non-cash transactions:</b>			
Finance cost capitalized	7.4	20,366,251	4,539,066
Transfer from advances to contractors and suppliers to property and equipment	12	243,243,423	171,679,937
Addition of right of use asset	10	3,412,725	-
Addition of lease liability	24	3,412,725	-
Modification of right-of-use asset	10	-	(5,101,263)
Modification in lease liability	24	-	(5,494,788)

 Nassir Alsubaie  
(Chief Executive Officer)
  Khalid Al-Saleem  
(Authorized Board Representative)
  Yusuf Sulaiman  
(Chief Financial Officer)

The accompanying notes 1 through 40 on pages 6 to 52 form an integral part of these consolidated financial statements.

**MOUWASAT MEDICAL SERVICES COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2024**  
(All amounts in Saudi Riyals unless otherwise stated)

**1. GENERAL**

Mouwasat Medical Services Company ("the Company") is registered in Saudi Arabia under Commercial Registration number 2050032029 dated Ramadan 12, 1417H (corresponding to January 21, 1997). The Company was converted into a Saudi Joint Stock Company in accordance with Ministerial Resolution No. 1880 dated Dhu-al-Hijja 4, 1426H (corresponding to 4 January 2006).

Details regarding the Company's subsidiary are as follows:

Name	Country of incorporation	Activities	Percentage %
Eastern Medical Services Company Limited	Saudi Arabia	Medical services	51%
Jeddah Doctor Company	Saudi Arabia	Medical services	51%
Modawaa and Rieaya Medical Company Limited	Saudi Arabia	Medical services	51%

Eastern Medical Services Company Limited is a limited liability company registered in the Kingdom of Saudi Arabia under commercial registration number 2051023824 dated Ramadan 10, 1420H (corresponding to 18 December 1999). This subsidiary is engaged in construction and operation of hospitals, dispensaries and special clinics.

Jeddah Doctors Company Limited ("JDC") (Saudi Closed Joint Stock Company) is registered in Kingdom of Saudi Arabia under commercial registration number 4030278617 dated Muharram 13, 1436H (corresponding to 6 November 2014). The subsidiary is engaged in general construction of non-residential buildings including (schools, hospitals, hotels etc.), demolition of buildings; purchase, sale and division of land and real estate, and off-plan sales activities; colleges and university institutes, hospitals, medical operation of hospitals.

Mouwasat Medical Services Company in partnership with Al Dawaa Medical Services Company, has established Modawaa and Rieaya Medical Company Limited ("Modawaa") a limited liability company within Kingdom of Saudi Arabia under commercial registration number 2051256627 dates Dhu'al Qadah 29, 1445H (corresponding to 6 June 2024) for the purpose of medical clinics activities. Modawaa's capital has been set at SR 1 million, with contributions divided as 51% for Mouwasat Medical Services Company and 49% for Al Dawaa Medical Services Company. The Company has control over Modawaa and classified it as a subsidiary. The operation of Modawaa has not yet commenced.

The Company through its multiple branches is engaged in the acquisition, management, operation and maintenance of hospitals, medical centers, drug stores, pharmacies and wholesale of medical equipment and drugs.

Branch	Commercial Registration Number	Date
Dammam	2050046891	18/09/1425H
Dammam	2050111494	20/04/1438H
Dammam	2050111780	25/05/1438H
Dammam	2050086573	27/11/1433H
Khobar	2051064380	12/09/1438H
Jubail	2055004626	09/03/1421H
Jubail	2055006727	19/09/1425H
Madinah	4650029967	06/05/1421H
Madinah	4650030759	11/11/1421H
Madinah	4650083001	18/01/1438H
Madinah	4650252425	19/05/1444H
Riyadh	1010295838	09/11/1431H
Yanbu	4700118283	04/06/1444H

The consolidated financial statements include the financial information of the branches mentioned above and its subsidiaries (together referred as 'Group').

**MOUWASAT MEDICAL SERVICES COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2024**  
(All amounts in Saudi Riyals unless otherwise stated)

**2. BASIS OF PREPARATION**

**2.1. Statement of compliance**

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) as endorsed in the Kingdom of Saudi Arabia (KSA) and other standards and pronouncements that are issued by Saudi Organization for Chartered and Professional Accountants ("SOCPA") (here and after referring to as "IFRSs as endorsed in KSA")

**2.2. Basis of measurement**

These consolidated financial statements have been prepared on a historical cost basis except for employees' end-of-service benefits obligation which is measured at the present value of the obligations as explained in the relevant accounting policy, financial assets at fair value through profit or loss which are measure at fair value and financial assets at fair value through other comprehensive income which are measure at fair value.

**2.3. Functional and presentation currency**

These consolidated financial statements are presented in Saudi Riyals (SR) which is the Group's functional currency. All financial information presented in these financial statements have been rounded off to the nearest Saudi Riyals, unless otherwise stated.

**3. MATERIAL ACCOUNTING POLICIES**

The accounting policies stated below have been consistently applied to all periods presented in these consolidated financial statements, unless otherwise stated.

**a) Basis of consolidation**

The consolidated financial statements comprise the consolidated financial statements of the Company (Parent Company) and its subsidiary as at 31 December 2024. Subsidiaries are all the entities over which the Group has control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if, and only if, the Group has:

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

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 power 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

**MOUWASAT MEDICAL SERVICES COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2024**

(All amounts in Saudi Riyals unless otherwise stated)

**3. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**a) Basis of consolidation (continued)**

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Parent Company and non-controlling interest, even if this results in the non-controlling interest having a deficit balance.

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

*Changes in ownership interests*

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Parent. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognized within equity attributable to owners of the Parent Company.

*Loss of control*

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities.

*Non-Controlling Interests (NCI)*

Non-Controlling interests (NCI) are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

*Interests in equity accounted investees*

The Group's interest in equity-accounted investees comprise interest in an associate.

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies of these entities. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method.

Under the equity method of accounting, the investments are initially recognized at cost and adjusted thereafter to recognize the group's share of the post-acquisition profits or losses of the investee in profit or loss, and the group's share of movements in other comprehensive income of the investee in other comprehensive income, until the date on which significant influence ceases. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment separately. Dividends received or receivable from associates are recognized as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity accounted investment equals or exceeds its investment in the investee, the carrying amount of the investment, together with any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has incurred obligation or has made payments on behalf of the investee.

**MOUWASAT MEDICAL SERVICES COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2024**

(All amounts in Saudi Riyals unless otherwise stated)

**3. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**a) Basis of consolidation (continued)**

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the statement of profit or loss. The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in the relevant accounting policy.

*Transactions eliminated on consolidation*

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated. Unrealized gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

**b) Business combination**

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The acquisition of an asset or a group of assets that does not constitute a business. In such cases the acquirer shall identify and recognise the individual identifiable assets acquired (including those assets that meet the definition of, and recognition criteria for, intangible assets in IAS 38 Intangible Assets) and liabilities assumed. The cost of the group shall be allocated to the individual identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction or event does not give rise to goodwill.

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

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

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

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

**MOUWASAT MEDICAL SERVICES COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2024**  
(All amounts in Saudi Riyals unless otherwise stated)

**3. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**c) Current and non-current classification**

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realized or intended to sell or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period, or
- 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.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification. The Group classifies all other liabilities as non-current.

**d) Fair value measurement**

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

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

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits from the asset's highest and best use or by selling it to another market participant that would utilize 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 assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy. This is described, as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

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

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

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

**MOUWASAT MEDICAL SERVICES COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2024**  
(All amounts in Saudi Riyals unless otherwise stated)

**3. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**d) Fair value measurement (continued)**

External valuers are involved for valuation of significant assets, whenever required. The involvement of external valuer is decided by the Group after discussion and approval by the Company's management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Group decides, after discussions with the Company's external valuer, which valuation techniques and inputs to use for each case.

At each reporting date, the Group analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Group's accounting policies. For this analysis, the Group verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents. The Group also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

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

**e) Revenue recognition**

The Group generates its revenue from sale of pharmaceuticals and rendering of inpatient and outpatient services over time and at a point in time. Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The goods and services are sold both on their own in separately identified contracts with customers and together as a bundled package of goods and/or services.

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

*Operating revenue*

Revenues are measured at the transaction price which is the amount of consideration that the Group expects to be entitled to in exchange for the services provided. Revenue primarily comprises fees charged for inpatient and outpatient hospital services. For operating revenues, the revenue is recognized when the treatment is provided, and the invoice is generated (i.e., after satisfaction of performance obligation). Net patient services revenue is recognized at the estimated net realizable amounts from the third-party payers (insurance and other companies) for the services rendered, net of estimated retroactive revenue adjustments when the related services are rendered. Unbilled revenue is recorded for the service rendered where the patients are not discharged, and final invoice is not raised for the services.

The normal business process associated with transactions with third-party payers involves review and inspection of submitted claims which occasionally results in an adjustment of invoiced amount. This adjustment could be for various technical or medical reasons resulting from review of submitted claims by third-party payers. These adjustments constitute a variable consideration and are assessed based on all information (historical, current and forecast) that is reasonably available to the Group and identify a reasonable number of possible consideration amounts. Some contracts include variable considerations such volume discount and prompt payment discount. Discounts comprise retrospective volume discounts granted to certain third-party payers on attainment of certain levels of business and constitute variable consideration. These are accrued over the course of the arrangement based on estimates of the level of business expected and are adjusted against revenue at the end of the arrangement to reflect actual volumes. Accordingly, the Group expects an amount of consideration that is less than what was originally invoiced. Management estimates variable consideration using the single most likely amount method for prompt payment discount.

Revenue from inpatient services is recognized over a period of time and outpatient services are recognized at the point in time.

**MOUWASAT MEDICAL SERVICES COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2024**

(All amounts in Saudi Riyals unless otherwise stated)

**3. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**e) Revenue recognition (continued)**

*Sale of goods*

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

*Interest income on term deposits*

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

*Rental income*

Rental income is recognized on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

*Dividend*

Dividend income from investments is recognized when the shareholders right to receive payment has been established.

**f) Foreign currency transactions**

*Transactions and balances*

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates, are generally recognized in profit or loss.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other income and expense.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in OCI or profit or loss are also recognized in OCI or profit or loss, respectively).

*Group companies*

On consolidation, the assets and liabilities of foreign operations are translated into Saudi Riyals at the rate of exchange prevailing at the reporting date and their statements of profit or loss 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 (OCI). On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

**MOUWASAT MEDICAL SERVICES COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2024**

(All amounts in Saudi Riyals unless otherwise stated)

**3. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**g) Property and equipment**

Property and equipment excluding land and construction work in progress (CWIP) are carried at cost less accumulated depreciation and any accumulated impairment losses, if any.

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

Expenditure incurred to replace a component of an item of property and equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of property and equipment. All other expenditure is recognised in the consolidated statement of profit or loss as incurred.

Depreciation is calculated based on the estimated useful lives of the applicable assets on a straight-line basis commencing when the assets are ready for their intended use. The estimated useful lives, residual values and depreciation methods are reviewed at each statement of financial position date, with the effect of any changes in estimate accounted for on a prospective basis. Freehold land and properties under construction are not depreciated.

The following useful lives are used in the calculation of depreciation:

	<u>Years</u>
Buildings	33 years
Building system and improvements	3 to 10 years
Medical equipment and tools	4 to 10 years
Furniture and fixture	3 to 10 years
Motor Vehicles	4 years

An item of property and equipment is derecognised 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 item of property and equipment is determined as the difference between the net sales proceeds and the carrying amount of the asset and is recognised in the statement of profit or loss.

*Construction work in progress (CWIP)*

CWIP is recognized at cost less accumulated impairment, if any. CWIP is transferred to the related property and equipment when the construction or installation and related activities necessary to prepare the property and equipment for their intended use have been completed, and the property and equipment are ready for operational use.

Land is recognized at cost, less impairment, if any.

**h) Intangibles assets**

Intangible assets represent the software license and operating license of certain hospitals. They are accounted for using the cost model whereby capitalized costs are amortised on a straight-line basis over their estimated useful lives ranging between 3 to 10 years. Useful lives are reviewed at each reporting date.

**MOUWASAT MEDICAL SERVICES COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2024**

(All amounts in Saudi Riyals unless otherwise stated)

**3. MATERIAL ACCOUNTING POLICIES (CONTINUED)**  
**h) Intangibles assets (continued)**

*Intangible assets acquired separately*

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses, if any. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

*Derecognition of intangible assets*

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

*Impairment of tangible and intangible assets other than goodwill*

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

**i) Leases**

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

**MOUWASAT MEDICAL SERVICES COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2024**

(All amounts in Saudi Riyals unless otherwise stated)

**3. MATERIAL ACCOUNTING POLICIES (CONTINUED)**  
**i) Leases (continued)**

**i) Group as a lessee**

At commencement 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 its relative stand-alone prices. Currently, Group has no contract which includes lease and non-lease component.

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made on or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying assets to restore the underlying assets or the site on which it is located less any lease incentive returned.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability mainly comprise of fixed lease payments.

The lease liability is subsequently carried at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

**Short-term leases and leases of low-value assets**

The Group has elected not to recognize right-of-use assets and lease liabilities for leases of low value assets and short-term leases including IT equipment. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

**MOUWASAT MEDICAL SERVICES COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2024**

(All amounts in Saudi Riyals unless otherwise stated)

**3. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**i) Leases (continued)**

**ii) Group as a lessor**

The Group enters into lease agreements as a lessor with respect to some of its building properties.

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognized as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

When a contract includes lease and non-lease components, the Group applies IFRS 15 to allocate consideration under the contract to each component.

**j) Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

**k) 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.

**i) Recognition and initial measurement**

Accounts receivable and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is an accounts receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. Accounts receivable without a significant financing component is initially measured at the transaction price.

**ii) Financial assets**

On initial recognition, a financial asset is classified as measured at: amortized cost; fair value through OCI ("FVOCI"); or fair value through profit or loss ("FVTPL").

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

**MOUWASAT MEDICAL SERVICES COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2024**

(All amounts in Saudi Riyals unless otherwise stated)

**3. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**k) Financial instruments (continued)**

**ii) Financial assets (continued)**

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

**iii) Financial assets - Business model and assessment**

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

- The stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- How the performance of the portfolio is evaluated and reported to the Group's management;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- How managers of the business are compensated - e.g., whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- The frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

**MOUWASAT MEDICAL SERVICES COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2024**

(All amounts in Saudi Riyals unless otherwise stated)

**3. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**k) Financial instruments (continued)**

**iv) Financial assets - Assessment whether contractual cash flows are solely payments of principal and interest**  
For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g., liquidity risk and administrative costs), as well as a profit margin. In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g., non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

**v) Financial assets - Subsequent measurement and gains and losses**

Financial assets at FVTPL These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

Financial assets at amortized cost These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

Financial assets at FVOCI *Equity instrument at FVOCI:*  
These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

**vi) Financial liabilities - Classification, subsequent measurement and gains and losses**

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

**MOUWASAT MEDICAL SERVICES COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2024**

(All amounts in Saudi Riyals unless otherwise stated)

**3. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**k) Financial instruments (continued)**

**vii) Derecognition**

**Financial assets**

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expires, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

**Financial liabilities**

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

**viii) Offsetting**

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

**l) Impairment**

**i) Impairment of financial assets**

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

The Group applies the general approach to provide for ECLs on all other financial instruments. ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For accounts receivable and contract assets, 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 assesses all the information available, including past due status, credit ratings, the existence of third party insurance and forward-looking economic factors in the measurement of the expected credit losses associated with its accounts receivable and contract assets.

**MOUWASAT MEDICAL SERVICES COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2024**  
(All amounts in Saudi Riyals unless otherwise stated)

**3. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**l) Impairment (continued)**

**i) Impairment of financial assets (continued)**

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held)

The Group considers a contract asset to be in default when the customer is unlikely to pay its contractual obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

**Measurement of ECLs**

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e., the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

**Credit-impaired financial assets**

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor;
- a breach of contract such as a default;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

**Presentation of allowance for ECLs in the statement of financial position**

Loss allowances for financial assets measured at amortised cost and contract assets are deducted from the gross carrying amount of these assets.

**MOUWASAT MEDICAL SERVICES COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2024**  
(All amounts in Saudi Riyals unless otherwise stated)

**3. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**l) Impairment (continued)**

**i) Impairment of financial assets (continued)**

**Write-off**

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

**ii) Impairment of non-financial assets**

The carrying amounts of the Group's non-financial assets, other than inventories and contract assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill the recoverable amount is estimated each year at the same time. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on most recent budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to projected future cash flows after the fifth year.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

An impairment loss in respect of an associate is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with the requirements for non-financial assets. An impairment loss is recognised in profit or loss. An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount and only to the extent that the recoverable amount increases.

Goodwill that forms part of the carrying amount of an investment in an associate is not recognised separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment in an associate is tested for impairment as a single asset when there is objective evidence that the investment in an associate may be impaired.

**MOUWASAT MEDICAL SERVICES COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2024**

(All amounts in Saudi Riyals unless otherwise stated)

**3. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**m) Inventories**

Inventories are stated at the lower of cost and net realizable value. Costs are those expenses incurred in bringing each product to its present location and condition and calculated on a weighted average basis. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

**n) Cash and cash equivalent**

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts that are repayable on demand and that form an integral part of the Group's cash management are included in cash and cash equivalents. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet, if any.

**o) Provisions**

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the consolidated income statement net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a discount rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

*Decommissioning liability*

Decommissioning costs are provided for at the present value of expected costs to settle the obligation using estimated cash flows and are recognized as part of the cost of the relevant asset. The cash flows are discounted at a rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is expensed in the consolidated income statement as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied, are added to or deducted from the cost of the asset.

**p) Contingencies**

Contingent liabilities are not recognized in the consolidated financial statements. These are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Liabilities which are probable, are recorded in the consolidated statement of financial position under accounts payable and accruals. A contingent asset is not recognized in the consolidated financial statements but disclosed when an inflow of economic benefits is probable. A contingent asset becomes a realized asset recordable on the consolidated statement of financial position when the realization of cash flows associated with it becomes relatively certain.

**q) Zakat and tax**

**Zakat**

The Group is subject to the regulations of the Zakat, Tax and Custom Authority ("ZATCA") in the Kingdom of Saudi Arabia. Zakat is charged to the statement of profit or loss on an accruals basis. The zakat charge is computed on the Saudi shareholders' share of the zakat base at the end of the year. Any difference in the estimate is recorded when the final assessment is approved, at which time the provision is cleared.

**MOUWASAT MEDICAL SERVICES COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2024**

(All amounts in Saudi Riyals unless otherwise stated)

**3. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**q) Zakat and tax (continued)**

**Zakat (continued)**

*Value added tax*

Expenses and assets are recognised net of the amount of value added tax ("VAT"), except:

- When the VAT incurred on a purchase of assets or services is not recoverable from the ZATCA, in which case, the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- When receivables and payables are stated with the amount of VAT included.
- The net amount of VAT recoverable from, or payable

**r) Employees' benefits**

*Retirement benefit costs and termination benefits*

For defined retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Re-measurement, comprising actuarial gains and losses is reflected immediately in the statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they occur. Re-measurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognized in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorized as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- re-measurement.

Curtailment gains and losses are accounted for as past service costs.

A liability for a termination benefit is recognized at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognizes any related restructuring costs.

*Short-term obligations*

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in profit or loss in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet. Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

**s) Segment reporting**

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's Chief Operating Decision Maker to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

**MOUWASAT MEDICAL SERVICES COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2024**

(All amounts in Saudi Riyals unless otherwise stated)

**3. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**s) Segment reporting (continued)**

The Group's Board of Directors are considered to be the chief operating decision maker. Segment results that are reported to the Group's Chief Operating Decision Maker include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. As the operations of the Group are conducted in the Kingdom of Saudi Arabia, accordingly, for management purposes, the Group is organized into business units based on its products and services.

**t) Earnings per share**

Basic and diluted earnings per share is calculated by dividing the profit attributable to shareholders of the Company, excluding any costs of servicing equity other than ordinary shares by the weighted average number of ordinary shares outstanding during the financial year.

**u) Statutory reserves**

In accordance with Company's By-laws, the Company has established a statutory reserve by the appropriation of 10% of net income until the reserve equals 30% of the share capital. This reserve is not available for dividend distribution.

**v) Short term investments**

Short term investments in the statements position are deposits with having maturity of more than three months but less than a year from date of placement.

**w) Dividend distribution**

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

**x) Asset held for sale**

Non-current assets or disposal groups comprising assets and liabilities, are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property or biological assets (if any), which continued to be measured in accordance with the Group's other accounting policies. Impairment losses on initial classification as held for sale or held for distribution and subsequent gains and losses on remeasurement are recognized in the consolidated statement of profit or loss.

Once classified as held for sale, intangible assets and property, plant and equipment are no longer amortized or depreciated, and any equity-accounted investee is no longer equity accounted.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the statement of financial position.

**MOUWASAT MEDICAL SERVICES COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2024**

(All amounts in Saudi Riyals unless otherwise stated)

**4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

The preparation of the Group's consolidated financial statements in conformity with IFRS, as endorsed in KSA, 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. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, 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. Further, certain estimates and assumptions include the direct and indirect impact of the COVID-19 pandemic on the Group's business, financial condition and results of operations. The economic impact of the pandemic on the Group's business depends on its severity and duration, which in turn depend on highly uncertain factors. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

**a. Critical accounting estimates**

**i. Provision for expected credit losses of accounts receivable and contract assets**

The Group uses a provision matrix to calculate ECLs for accounts receivable and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e. payor groups). The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information.

At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

**ii. Employees' end-of-service benefits**

The cost of the employees' end-of-service benefits are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate and future salary increases. 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.

**iii. Revenue recognition – estimating variable consideration**

The Group estimates variable considerations to be included in the transaction price in respect of each of its agreement with customers. In making such estimate the Group assess the impact of any variable consideration in the contract, customers' right to volume discounts, prompt payment discounts and claims disallowance of certain services provided to the patients upon submission of invoices to the customers. The Group uses its accumulated historical experience to estimate the percentage. These percentages are applied to determine the expected value of the variable consideration. Any significant changes in experience as compared to historical return pattern will impact the expected adjustments estimated by the Group.

**iv. Impairment of non-financial assets**

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

**MOUWASAT MEDICAL SERVICES COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2024**  
(All amounts in Saudi Riyals unless otherwise stated)

**4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)**

**a. Critical accounting estimates (continued)**

**v. Useful lives of property and equipment**

Management determines the estimated useful lives of property, plant and equipment for calculating depreciation. This estimate is determined after considering expected usage of the assets and physical wear and tear. Management reviews the residual value and useful lives annually and change in depreciation charges, if any, are adjusted in current and future periods.

**vi. Useful lives of intangible assets**

Management reviews the amortization period and the amortization method for any intangible asset with a finite useful life at least at each financial year-end. If the expected useful life of the asset is different from previous estimates, the Company changes the amortization period accordingly. If there has been a change in the expected pattern of consumption of the future economic benefits embodied in the asset, the Group changes the amortization method to reflect the changed pattern.

**vii. Zakat**

The Group is subject to Zakat in accordance with the Zakat, Tax and Custom Authority ("ZATCA") regulations. Zakat computation involves relevant knowledge and judgement of the Zakat rules and regulations to assess the impact of Zakat liability at a particular period end. This liability is considered an estimate until the final assessment by ZATCA is carried out until which the Group retains exposure to additional Zakat liability.

**b. Critical judgements in applying accounting standards**

**i. Incremental borrowing rate for lease agreements**

The Group cannot readily determine the interest rate implicit in the lease agreement, 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. The Group estimates the IBR using observable inputs, such as market interest rates when available and is required to make certain entity-specific estimates.

**ii. Determining the lease term of contracts**

The Group determines the lease term as 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.

**MOUWASAT MEDICAL SERVICES COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2024**  
(All amounts in Saudi Riyals unless otherwise stated)

**5. NEW STANDARDS AND AMENDMENTS TO EXISTING STANDARDS**

**Amendments to existing standards adopted by the Group**

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

- Non-current Liabilities with Covenants – Amendments to IAS 1 and Classification of Liabilities as Current or Non-current – Amendments to IAS 1, effective for annual periods beginning on or after 1 January 2024;
- Lease Liability in a Sale and Leaseback – Amendments to IFRS 16, effective for annual periods beginning on or after 1 January 2024;
- Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7, effective for annual periods beginning on or after 1 January 2024;
- IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures, effective for annual periods beginning on or after 1 January 2024;

However, these amendments did not have an impact on the consolidated financial statements of the Group. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

**Amendments to existing standards issued but not yet effective**

The amendments to existing standards that are issued, but not yet effective, up to the date of issuance of the Group's consolidated financial statements are disclosed below. The Group intends to adopt these amendments to existing standards, if applicable, when they become effective:

- Lack of Exchangeability – Amendments to IAS 21, effective for annual periods beginning on or after 1 January 2025;
- Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 'Financial Instruments' and IFRS 7 'Financial Instruments: Disclosures', effective for annual periods beginning on or after 1 January 2026;
- Annual improvements to IFRS Accounting Standards – Amendments to: IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 7 Financial Instruments: Disclosures and its accompanying Guidance on implementing IFRS 7, IFRS 9 Financial Instruments, IFRS 10 Consolidated Financial Statements, and IAS 7 Statement of Cash flows, effective for annual periods beginning on or after 1 January 2026;
- IFRS 18 Presentation and Disclosure in Financial Statements, effective for annual periods beginning on or after 1 January 2027;
- IFRS 19 'Subsidiaries without Public Accountability: Disclosures', effective for annual periods beginning on or after 1 January 2027.
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28, effective date deferred indefinitely.

The above-mentioned standards are not expected to have a significant impact on the consolidated financial statements of the Group.

**6. OPERATING SEGMENTS**

The Board of Directors monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on revenue & gross profit and is measured consistently in the consolidated financial statements.

**MOUWASAT MEDICAL SERVICES COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2024**  
(All amounts in Saudi Riyals unless otherwise stated)

**6. OPERATING SEGMENTS (CONTINUED)**

The Group's operations consist mainly of the medical services and sale of pharmaceuticals products and accordingly following are selected financial information as at 31 December 2024 and 2023 by business segment:

- Medical Services segment: Inpatient and outpatient services.
- Pharmaceuticals'.

No operating segments have been aggregated to form the above reportable operating segments.

	Medical Services	Pharmaceuticals	Total
<b>For the year ended 31 December 2024</b>			
Revenue	2,428,198,536	451,173,805	2,879,372,341
Gross profit	1,147,143,304	141,821,231	1,288,964,535
<b>For the year ended 31 December 2023</b>			
Revenue	2,312,553,391	392,954,730	2,705,508,121
Gross profit	1,202,566,762	110,512,476	1,313,079,238
<b>As at 31 December 2024</b>			
Segment assets	5,132,659,756	270,139,987	5,402,799,743
Segment liabilities	1,528,752,905	160,476,825	1,689,229,730
<b>As at 31 December 2023</b>			
Segment assets	4,716,319,267	248,227,330	4,964,546,597
Segment liabilities	1,391,618,392	146,081,489	1,537,699,881

**Geographical segments:**

All of the Group's operating assets and principal markets of activity are located in the Kingdom of Saudi Arabia.

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment profit represents the profit earned by each segment without allocation of the share of results of associates, central administration costs including directors' salaries, profit from term deposits, non-operating gains and losses in respect of financial instruments and finance costs. This is the measure reported to the Group's Board of Directors for the purpose of resource allocation and assessment of segment performance. Details regarding capital expenditure and investment in associate has been separately disclosed in these consolidated financial statements.

**MOUWASAT MEDICAL SERVICES COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2024**  
(All amounts in Saudi Riyals unless otherwise stated)

**7. PROPERTY AND EQUIPMENT**

Cost	Land	Buildings	Building system and improvement	Medical equipment and tools	Furniture and fixture	Motor vehicles	Construction work in progress	Total
1 January 2023	516,931,144	1,363,600,852	852,391,495	974,810,393	226,177,767	37,757,533	148,505,318	4,120,174,502
Additions	200,000	10,452,594	12,933,060	94,916,419	17,360,725	5,783,335	311,610,885	453,257,018
Transfers (note 7.3)	-	117,399,785	23,656,443	7,084,170	-	-	(148,140,398)	-
Write off	-	(478,281)	(36,563,830)	(117,781,545)	(26,374,173)	(473,693)	-	(181,671,522)
Disposals	-	-	(104,711)	(686,354)	(1,228,669)	(1,927,663)	-	(3,947,397)
31 December 2023	517,131,144	1,490,974,950	852,312,457	958,343,083	215,935,650	41,139,512	311,975,805	4,387,812,601
Additions	208,638,670	12,354,022	7,649,781	60,851,713	20,568,430	8,669,168	373,895,690	692,627,474
Transfers (note 7.3)	-	62,144,815	52,640,955	80,123	14,620	-	(114,880,513)	-
Write off	-	-	-	(75,752)	(62,311)	-	-	(138,063)
Disposals	(160,000)	-	(5,713)	(2,596,270)	(433,434)	(4,734,508)	-	(7,929,925)
<b>31 December 2024</b>	<b>725,609,814</b>	<b>1,565,473,787</b>	<b>912,597,480</b>	<b>1,016,602,897</b>	<b>236,022,955</b>	<b>45,074,172</b>	<b>570,990,982</b>	<b>5,072,372,087</b>
<b>Accumulated depreciation</b>								
1 January 2023	-	296,669,584	334,500,533	523,826,923	130,850,116	25,933,142	-	1,311,780,298
Depreciation charge for the year	-	38,628,072	76,141,686	75,918,241	19,473,643	4,796,084	-	214,957,726
Write off	-	(478,242)	(36,562,922)	(117,723,083)	(26,367,948)	(473,685)	-	(181,605,880)
Disposals	-	-	(104,695)	(395,590)	(1,213,954)	(1,734,751)	-	(3,448,990)
31 December 2023	-	334,819,414	373,974,602	481,626,491	122,741,857	28,520,790	-	1,341,683,154
Depreciation charge for the year	-	41,718,491	79,124,204	82,546,983	20,174,282	4,881,660	-	228,445,620
Write off	-	-	-	(75,688)	(62,275)	-	-	(137,963)
Disposals	-	-	(4,198)	(2,415,030)	(383,906)	(4,467,286)	-	(7,270,420)
<b>31 December 2024</b>	<b>-</b>	<b>376,537,905</b>	<b>453,094,608</b>	<b>561,682,756</b>	<b>142,469,958</b>	<b>28,935,164</b>	<b>-</b>	<b>1,562,720,391</b>
<b>Carrying amount</b>								
As at 31 December 2024	725,609,814	1,188,935,882	459,502,872	454,920,141	93,552,997	16,139,008	570,990,982	3,509,651,696
As at 31 December 2023	517,131,144	1,156,155,536	478,337,855	476,716,592	93,193,793	12,618,722	311,975,805	3,046,129,447

**MOUWASAT MEDICAL SERVICES COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2024**

(All amounts in Saudi Riyals unless otherwise stated)

**7. PROPERTY AND EQUIPMENT (continued)**

7.1 Depreciation charge for the year has been allocated as follow:

	Note	2024	2023
Cost of operations	29	182,666,883	171,966,180
General and administration expenses	31	45,778,737	42,991,546
		<b>228,445,620</b>	<b>214,957,726</b>

7.2 As at 31 December 2024, plots of land amounting to SR 52.92 million (2023: SR 52.92 million) have been pledged as security against term loans from Ministry of Finance.

**7.3 Construction Work in progress:**

Construction work in progress mainly represents costs incurred to construct new hospitals and expansion of existing hospitals, which is currently in work-in-progress. During the year, Group has capitalised SR 114.88 million which majorly includes the staff accommodation building in Jubail amounting to SR 49.01 million.

7.4 In 2024, borrowing costs of SR 20.37 million (2023: SR 4.54 million) have been capitalized.

**8. GOODWILL**

On 24 July 2006, the Group acquired 51% of the voting shares of Eastern Medical Services Company Limited ("EMS"), an unlisted company registered in the Kingdom of Saudi Arabia. The Group performed its annual impairment test and compared the carrying value to their estimated recoverable amount based on appropriate method. The results of impairment test at 31 December 2024 indicated no impairment loss.

The recoverable amount of the EMS is also determined based on value in use calculation using cash flow projections from financial budgets approved by senior management covering a five-year period. The projected cash flows have been updated to reflect the increased demand for services. The pre-tax discount rate applied to the cash flow projections is 10.7% (2023: 11.29%). The long-term growth rate used to extrapolate the cash flows of the unit beyond the five-year period is 2% (2023: 2%). As a result of the analysis, the estimated recoverable amount exceeded its carrying amount by approximately SR 348.2 million (2023: SR 238 million) and management did not identify an impairment for this CGU.

**Key assumptions used in value in use calculations**

The calculation of value in use is most sensitive to the following assumptions:

- Gross margins
- Discount rates
- Growth rates used to extrapolate cash flows beyond the forecast period

Gross margins are based on average values achieved in the three years preceding the start of the budget period. These are increased over the budget period for anticipated efficiency improvements.

Discount rates represent the current market assessment of the risks specific to cash generating unit, regarding the time value of money and individual risks of the underlying assets which have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service. Segment-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data.

Growth rate estimates are based on published industry research.

Management have considered and assessed reasonably possible changes for key assumptions and have not identified any instances that could cause the carrying amount of the CGU to exceed its recoverable amount. Management believes a reasonable range of increase or decrease in any of the assumptions within the projected cash flows would not change the outcome of the impairment analysis for the goodwill.

**MOUWASAT MEDICAL SERVICES COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2024**

(All amounts in Saudi Riyals unless otherwise stated)

**9. INTANGIBLE ASSETS**

	Softwares	Operating licenses	Total
<b>Cost</b>			
1 January 2023	28,810,079	11,020,899	39,830,978
Additions during the year	5,389,522	4,110,943	9,500,465
Written off during the year	(3,372,927)	(570,978)	(3,943,905)
31 December 2023	30,826,674	14,560,864	45,387,538
Additions during the year	2,449,211	4,091,457	6,540,668
Written off during the year	-	(2,225,666)	(2,225,666)
<b>31 December 2024</b>	<b>33,275,885</b>	<b>16,426,655</b>	<b>49,702,540</b>
<b>Accumulated amortization</b>			
1 January 2023	15,476,792	7,964,886	23,441,678
Amortization charge for the year	2,672,250	3,030,946	5,703,196
Written off during the year	(3,372,927)	(570,978)	(3,943,905)
31 December 2023	14,776,115	10,424,854	25,200,969
Amortization charge for the year	2,999,963	3,542,959	6,542,922
Written off during the year	-	(2,225,666)	(2,225,666)
<b>31 December 2024</b>	<b>17,776,078</b>	<b>11,742,147</b>	<b>29,518,225</b>
<b>Carrying amount</b>			
<b>31 December 2024</b>	<b>15,499,807</b>	<b>4,684,508</b>	<b>20,184,315</b>
31 December 2023	16,050,559	4,136,010	20,186,569

The amortization of intangible assets has been allocated as follows:

	2024	2023
Cost of operations (note 29)	2,399,969	2,137,801
General and administration expenses (note 31)	4,142,953	3,565,395
	<b>6,542,922</b>	<b>5,703,196</b>

**10. RIGHT-OF-USE ASSET**

The Group has contracted for lease of building in Madinah having a lease period of 11 years from the date of agreement with an option to renew thereafter on mutual consent. Lease payments agreed at the time of inception of lease, may change during the tenure of agreement based on mutual consent of both parties.

During 2023, lease rentals were reduced as Company returned certain portion of the leased asset to the lessor, accordingly the right of use assets and lease liabilities were modified as per the requirement of IFRS 16 Leases and resulted gain on modification has been recorded in this condensed consolidated statement of profit or loss and other comprehensive income.

During the year ended 31 December 2024, Company has recognised lease of land for the construction of hospital in Yanbu for 43 years for the agreement entered during 2022, with an option to renew thereafter on mutual consent. Company has recognised the impact on the opening balances during the year as the impact was immaterial. Lease payments are agreed at the time of inception and are fixed during the tenure of the agreement.

	2024	2023
1 January	19,683,031	27,596,156
Additions during the year	3,412,725	-
Effect of modification (note 24.2)	-	(5,101,263)
Depreciation expense	(3,005,346)	(2,811,862)
31 December	<b>20,090,410</b>	<b>19,683,031</b>

**MOUWASAT MEDICAL SERVICES COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2024**  
(All amounts in Saudi Riyals unless otherwise stated)

**10. RIGHT-OF-USE ASSET (CONTINUED)**

The depreciation of right-of-use asset has been allocated as follows:

	2024	2023
Cost of operations (note 29)	2,404,277	2,249,490
General and administration expenses (note 31)	601,069	562,372
	<b>3,005,346</b>	<b>2,811,862</b>

**11. INVESTMENT IN AN ASSOCIATE – HELD FOR SALE**

The Group has 50% share in Advance Medical Project Company ("AMPC"), a limited liability company registered in the Kingdom of Saudi Arabia. AMPC is engaged in operating ophthalmology, ears, noses and throats clinics. This investment is accounted for under the equity method and share in result of associate has been recorded in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2023.

During 2024, the Group has formally announced its decision to exit its investment in Advanced Medical Projects Co ("AMPC"). Earlier it was agreed to extend the memorandum of association ending on 31 December 2022 to the end of 2025. Subsequently, an amendment was made, and services were continued until the end of January 2024. Starting from 1 February 2024, Mouwasat hospital in Dammam provided services through their Mouwasat Eye Center. Pursuant to exit, Group does not have significant influence over AMPC.

Consequently, as of 31 December 2023, the Group classified investments in associates as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. This investment was carried at lower of fair value and carrying amount as management consider the fair value of investment approximate to the carrying value.

The movement in the investment during the year was as follows:

	2024	2023
1 January	-	18,788,375
Share in results	-	10,205,829
Dividends	-	(9,852,121)
Other comprehensive loss	-	(171,060)
Transferred to investment in associate held for sale	-	(18,971,023)
31 December	-	-

The financial information of the associate is not material at the Group level, therefore summarised financial information of the associate has not been presented.

During the year, the Group received a dividend of SR 10.21 million from AMPC, which was recognized as other income (note 31). In November 2024, a final settlement was agreed upon with AMPC, and the Group received SR 8.28 million as full and final settlement. As a result, a loss of SR 10.69 million was recognized on the sale of the investment in an associate held for sale.

**12. ADVANCES TO CONTRACTORS AND SUPPLIERS**

This represents advances made to contractor and supplier for hospital projects under progress and purchase of medical equipment. The movement in advances to contractors and suppliers was as follows:

	2024	2023
Balance as at 1 January	244,460,781	200,522,745
Payments during the year	78,857,632	215,617,973
Transfer to property and equipment	(243,243,423)	(171,679,937)
Balance as at 31 December	<b>80,074,990</b>	<b>244,460,781</b>

**MOUWASAT MEDICAL SERVICES COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2024**  
(All amounts in Saudi Riyals unless otherwise stated)

**13. INVENTORIES**

	2024	2023
Pharmaceuticals and cosmetic materials	122,477,948	100,165,384
Surgical and consumable tools	100,105,098	88,265,344
Other consumables	9,481,951	8,734,058
	<b>232,064,997</b>	<b>197,164,786</b>

No expense or reversal has been recognized in respect of impairment for inventories as expired inventories are recalled by the suppliers before the expiry date as per terms of agreement.

No write downs of inventory to net realisable value and of the reversal of such write-downs have been recognized because sales prices of pharmaceutical inventories are regulated by ministry of health and have not significantly changed subsequent to year end.

**14. ACCOUNTS RECEIVABLE**

	2024	2023
Accounts receivable	1,017,462,327	1,316,142,867
Less: Impairment loss (note 14.1)	(92,414,684)	(163,486,121)
	<b>925,047,643</b>	<b>1,152,656,746</b>

The Group's credit terms require receivables to be repaid within 30-60 days of the claim date depending on the type of customer, which is in line with healthcare industry. It is not the practice of the Group to obtain collateral over receivables and therefore are unsecured. No interest is charged on outstanding balance. As at 31 December 2024, approximately 94% of the Group's accounts receivable balance was due from various governmental and insurance entities (31 December 2023: 95%).

The Group always measures the loss allowance for accounts receivable at an amount equal to lifetime ECL. The expected credit losses are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

The Group writes off accounts receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, i.e., when the debtor has been placed under liquidation or has entered into bankruptcy proceedings.

The following table details the risk profile of accounts receivable based on the Group's provision matrix. As the Group's historical credit loss experience does not show significantly different loss pattern for different customer segments.

	Accounts receivable – days past due					Total
	Not past due	30-90	90-180	180-360	>360	
31 December 2024	319,803,138	370,877,551	142,365,666	62,932,534	29,068,754	<b>925,047,643</b>
31 December 2023	240,985,980	382,895,698	163,024,018	207,130,504	158,620,546	<b>1,152,656,746</b>

**14.1 Following is the movement of impairment loss on accounts receivable:**

	2024	2023
Balance at 1 January	163,486,121	72,501,282
Impairment loss on accounts receivables	78,406,331	117,256,160
Write offs	(149,477,768)	(26,271,321)
Balance at 31 December	<b>92,414,684</b>	<b>163,486,121</b>

**MOUWASAT MEDICAL SERVICES COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2024**  
(All amounts in Saudi Riyals unless otherwise stated)

**15. ADVANCES, PREPAYMENTS AND OTHER CURRENT ASSETS**

	2024	2023
Prepaid expenses	41,264,746	51,003,045
Advances to suppliers	26,998,281	22,974,918
Contract assets (note 28.1)	7,087,682	8,610,772
Other assets	12,389,227	16,368,542
	<u>87,739,936</u>	<u>98,957,277</u>

**16. TERM DEPOSITS**

As at 31 December 2024, Islamic term deposits of SR 85 million (2023: SR 100 million) were placed with a local bank with maturities of more than three months and earn commission income at fixed agreed rate specified in the placement letter. The agreed rate was prevailing market interest rate at the time of its placement.

**17. CASH AND CASH EQUIVALENTS**

	2024	2023
Cash in hand	446,219	409,514
Bank balances	116,128,537	48,639,992
Term deposits	310,000,000	-
	<u>426,574,756</u>	<u>49,049,506</u>

Cash and cash equivalents comprise cash at banks, cash in hand and term deposits with maturity less than three months which are subject to an insignificant risk of changes in value.

Balances with banks are assessed to have low credit risk of default since these banks are highly regulated by the central banks of the respective countries. None of the balances with banks at the end of the reporting period are past due, and taking into account the historical default experience and the current credit ratings of the bank, the management of the Company have assessed that there is no impairment, and hence have not recorded any loss allowances on these balances.

**18. SHARE CAPITAL**

The authorized, issued and fully paid share capital of the Company is divided into 200 million shares (2023: 200 million shares) of SR 10 each.

During the year 2022, the Company's board of directors recommended in its meeting held on 22 December 2022 for capital increase by granting free shares to the Company's shareholders, with one share for each of the shares owned on the day of the extra ordinary general meeting and registered in the Company's shareholder register. The share capital increase was proposed by way of capitalization of SR 1 billion from retained earnings. The proposed bonus shares issuance was approved by the Company's shareholders in an Extraordinary General Assembly Meeting held on 7 August 2023. During the year ended 31 December 2023, bonus shares were distributed, share capital was increased and accordingly all the legal formalities have been finalized.

**19. DIVIDENDS**

The Board of Directors at their meeting held on 22 Jumada Al-Akhirah1446H (corresponding to 23 December 2024) proposed a cash dividend of SR 2 per share amounting to SR 400 million for the year ended 31 December 2024G. The approval of the shareholders of the Group for the dividend shall be obtained in their forthcoming Annual General Meeting. The consolidated financial statements for the year ended 31 December 2024 do not include the effect of the aforementioned proposed dividend, which will be accounted for in the consolidated financial statements for the year ending 31 December 2025.

**MOUWASAT MEDICAL SERVICES COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2024**  
(All amounts in Saudi Riyals unless otherwise stated)

**19. DIVIDENDS (CONTINUED)**

The Board of Directors at their meeting held on 12 Jumada Al-Akhirah 1445H (corresponding to 25 December 2023G) proposed a cash dividend of SR 1.75 per share amounting to SR 350 million for the year ended 31 December 2023G. The approval of the shareholders of the Group for the dividend was obtained in their forthcoming Annual General Meeting. The dividend has been accounted for in the consolidated financial statements for the year ended 31 December 2024.

The Board of Directors at their meeting held on 28 Jumada Al-Awwal1444H (corresponding to 22 December 2022G) proposed a cash dividend of SR 3 per share amounting to SR 300 million for the year ended 31 December 2022G, which was subsequently approved by shareholders in General Assembly Meeting held on 17 Shawwal 1444H (corresponding to 7 May 2023G), which has been accounted for in the consolidated financial statements for the year ended 31 December 2023.

**20. STATUTORY RESERVE**

In accordance with the By-laws of the Company, 10% of the profit for the year is required to be transferred to the statutory reserve until the balance in the reserve equals 30% of the capital.

**21. NON-CONTROLLING INTERESTS**

The following table summarises the information relating to the Group's subsidiaries (Eastern Medical Services Company "EMS", Jeddah Doctor Company "JDC" and Modawaa and Rieaya Medical Company Limited ("Modawaa") that has material non-controlling interests (NCI), before any intra group eliminations.

Summarized statements of financial positions

31 December 2024	EMS	JDC	Modawaa	Total
Non-current assets	115,671,604	317,378,067	-	433,049,671
Current assets	141,417,792	2,289,722	1,000,000	144,707,514
Non-current liabilities	(20,109,175)	(140,425,942)	-	(160,535,117)
Current liabilities	(54,300,626)	(66,452,756)	(76,673)	(120,830,055)
Net assets	<u>182,679,595</u>	<u>112,789,091</u>	<u>923,327</u>	<u>296,392,013</u>
<b>Attributable to:</b>				
Equity holder of parent	<u>93,166,603</u>	<u>57,522,434</u>	<u>470,897</u>	<u>151,159,934</u>
Non-controlling interests	<u>89,512,992</u>	<u>55,266,657</u>	<u>452,430</u>	<u>145,232,079</u>

31 December 2023	EMS	JDC	Total
Non-current assets	113,896,827	172,974,581	286,871,408
Current assets	132,451,789	5,051,743	137,503,532
Non-current liabilities	(20,099,128)	(10,553)	(20,109,681)
Current liabilities	(34,227,167)	(64,342,748)	(98,569,915)
Net assets	<u>192,022,321</u>	<u>113,673,023</u>	<u>305,695,344</u>
<b>Attributable to:</b>			
Equity holder of parent	<u>97,931,393</u>	<u>57,973,239</u>	<u>155,904,632</u>
Non-controlling interests	<u>94,090,928</u>	<u>55,699,784</u>	<u>149,790,712</u>

**MOUWASAT MEDICAL SERVICES COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2024**  
(All amounts in Saudi Riyals unless otherwise stated)

**21. NON-CONTROLLING INTERESTS (CONTINUED)**

Summarized statements of profit or loss and other comprehensive income for the year ended 31 December:

31 December 2024	EMS	JDC	Modawaa	Total
Revenue	264,224,246	-	-	264,224,246
Cost of sales	(141,798,231)	-	-	(141,798,231)
Selling and distribution expenses	(11,259,127)	(8,480)	-	(11,267,607)
General and administration expenses	(54,938,322)	(758,314)	(62,841)	(55,759,477)
Impairment loss on accounts receivables	(4,629,828)	-	-	(4,629,828)
Other income	13,679	-	-	13,679
Finance costs	(141,982)	-	-	(141,982)
Finance income	1,091,897	-	-	1,091,897
Profit / (loss) before zakat	52,562,332	(766,794)	(62,841)	51,732,697
Zakat for the year	(2,925,983)	(117,138)	(13,832)	(3,056,953)
Net profit / (loss) for the year	49,636,349	(883,932)	(76,673)	48,675,744
Other comprehensive gain for the year	1,020,925	-	-	1,020,925
Total comprehensive income for the year	50,657,274	(883,932)	(76,673)	49,696,669
Profit attributable to non-controlling interest	24,321,811	(433,127)	(37,570)	23,851,114
Total comprehensive income attributable to non-controlling interests	24,822,064	(433,127)	(37,570)	24,351,367
Dividends to non-controlling interest	(29,400,000)	-	-	(29,400,000)
31 December 2023	EMS	JDC	Total	
Revenue	255,509,638	-	255,509,638	
Cost of sales	(119,372,507)	-	(119,372,507)	
Selling and distribution expenses	(11,593,995)	-	(11,593,995)	
General and administration expenses	(53,748,819)	(1,298,749)	(55,047,568)	
Impairment loss on accounts receivables	(6,200,000)	-	(6,200,000)	
Other income	8,255	-	8,255	
Finance income	751,767	-	751,767	
Profit / (loss) before zakat	65,354,339	(1,298,749)	64,055,590	
Zakat for the year	(1,013,065)	(387,762)	(1,400,827)	
Net profit / (loss) for the year	64,341,274	(1,686,511)	62,654,763	
Other comprehensive loss for the year	(197,762)	-	(197,762)	
Total comprehensive income for the year	64,143,512	(1,686,511)	62,457,001	
Profit attributable to non-controlling interest	31,527,224	(826,390)	30,700,834	
Total comprehensive income attributable to non-controlling interests	31,430,321	(826,390)	30,603,931	
Dividends to non-controlling interest	34,300,000	-	34,300,000	

Summarised cash flow information for the year ended 31 December:

31 December 2024	EMS	JDC	Modawaa	Total
Cash from operating activities	91,875,682	19,259,761	-	111,135,443
Cash used in investing activities	7,237,579	(144,515,502)	-	(137,277,923)
Cash used in financing activities	(60,000,000)	125,000,000	1,000,000	66,000,000
Net increase / (decrease) in the cash and cash equivalents	39,113,261	(255,741)	1,000,000	39,857,520

**MOUWASAT MEDICAL SERVICES COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2024**  
(All amounts in Saudi Riyals unless otherwise stated)

**21. NON-CONTROLLING INTERESTS (CONTINUED)**

Summarised cash flow information for the year ended 31 December (continued):

31 December 2023	EMS	JDC	Total
Cash from operating activities	67,020,236	39,217,081	106,237,317
Cash used in investing activities	(262,458)	(39,251,600)	(39,514,058)
Cash used in financing activities	(70,000,000)	-	(70,000,000)
Net decrease in the cash and cash equivalents	(3,242,222)	(34,519)	(3,276,741)
Non-controlling interest percentage		2024	2023
Eastern Medical Services Company		49%	49%
Jeddah Doctor Company		49%	49%
Modawaa and Rieaya Medical Company Limited		49%	-

**22. LONG-TERM BORROWINGS**

	2024	2023
<b>Current</b>		
Loans from commercial banks (a)	167,642,232	259,443,829
Loans from Ministry of Finance (b)	5,946,940	6,590,230
	173,589,172	266,034,059
<b>Non-Current</b>		
Loans from commercial banks (a)	501,150,062	430,458,956
Loans from Ministry of Finance (b)	63,643,792	69,590,738
	564,793,854	500,049,694
Movement in bank loans and borrowings is as follows:		
	2024	2023
Balance at 1 January	766,083,753	862,466,419
Additions	245,000,000	180,000,000
Payments made during the year	(272,700,727)	(276,382,666)
Balance at 31 December	738,383,026	766,083,753

- a) The Group obtained Islamic loans facilities from various local commercial banks. These loans are secured by promissory notes and corporate guarantees. The facilities are subject to commission at SIBOR plus an agreed margin.
- b) The Group obtained loans facility of SR 147.3 million from Ministry of Finance for expansions and building of new hospitals and purchase of medical equipment. The loans are secured by a mortgage on the Group's plots of land (refer note 7.2) and are repayable on equal annual installments. These loans do not carry any financial charges.
- c) As at 31 December 2024, the Group had SR 1,665 million of unutilized facilities available for drawdown from total facilities of SR 2,990 million (2023: SR 2,007 million of unutilized facilities available for drawdown from total facilities of SR 3,396 million).

The Group is required to comply with certain covenant under the loan facility agreements mentioned above. A future breach of covenants may lead to renegotiation. The covenants are monitored on a monthly basis by management, in case of potential breach, actions are taken by management to ensure compliance. The Group was in compliance with financial covenants as of 31 December 2024 and 31 December 2023.

**MOUWASAT MEDICAL SERVICES COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2024**  
(All amounts in Saudi Riyals unless otherwise stated)

**22. LONG-TERM BORROWINGS (CONTINUED)**

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

	2024	2023
Within one year	173,589,174	266,034,059
Later than one year but not later than five years	471,114,652	417,547,612
Later than five years	93,679,200	82,502,082
	<u>738,383,026</u>	<u>766,083,753</u>

**23. EMPLOYEES' BENEFITS**

The Group operates a defined benefit plan in line with the Labour Law requirement in the Kingdom of Saudi Arabia. The end-of-service benefit payments under the plan are based on the employees' final salaries and allowances and their cumulative years of service at the date of their termination of employment, as defined by the conditions stated in the Labour Laws of the Kingdom of Saudi Arabia. Employees' end-of-service benefit plans are unfunded plan.

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

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

**Total amount recognized in profit or loss:**

	2024	2023
Current service cost	26,403,963	24,878,169
Interest cost on benefit obligation	7,180,120	6,536,605
	<u>33,584,083</u>	<u>31,414,774</u>

**Total amount recognised in other comprehensive income**

	2024	2023
Remeasurement loss arising from:		
Actuarial loss due to change in experience adjustments	13,557,439	1,867,710
Actuarial (gain) / loss due to change in financial assumptions	(9,580,579)	1,536,459
	<u>3,976,860</u>	<u>3,404,169</u>

**Movement in the present value of defined benefit obligation:**

	2024	2023
As at 1 January	153,800,438	137,079,848
Current service cost	26,403,963	24,878,169
Interest cost	7,180,120	6,536,605
Remeasurement losses on the obligation	3,976,860	3,404,169
Benefits paid during the year	(17,933,996)	(18,098,353)
As at 31 December	<u>173,427,385</u>	<u>153,800,438</u>

Significant assumptions used in determining the post-employment defined benefit obligation includes the following:

	2024	2023
Discount rate	5.25%	4.60%
Future salary increases	4.25%	4.85%
Mortality rates	WHO	WHO
Rates of employee turnover	SA19	SA19
	Heavy	Heavy

**MOUWASAT MEDICAL SERVICES COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2024**  
(All amounts in Saudi Riyals unless otherwise stated)

**23. EMPLOYEES' BENEFITS (CONTINUED)**

Assumptions regarding future mortality have been based on published statistics and mortality tables. For current year World Health Organization "WHO" 19 mortality table has been used (2023: World Health Organization "WHO" 19 mortality table was used) for Kingdom of Saudi Arabia. There is no major deviation in the mortality tables used.

A quantitative sensitivity analysis for discount rate assumption on the defined benefit obligation as at 31 December is shown below:

Assumptions	Discount rate	
	0.5% increase	0.5% decrease
<b>Sensitivity analysis</b>		
Defined benefit obligation as at 2024	169,304,704	(177,702,572)
Defined benefit obligation as at 2023	149,889,898	(158,024,344)
	Future salary increase	
	0.5% increase	0.5% decrease
Defined benefit obligation as at 2024	177,723,653	(169,247,006)
Defined benefit obligation as at 2023	157,993,805	(149,880,664)

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 analysis is based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analysis 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 of one another.

The following payments are expected against the defined benefit liability in future years:

	2024	2023
Year 1	25,058,312	21,792,960
Year 2	52,254,895	38,713,633
Year 3	26,839,256	25,363,086
Year 4	28,067,329	24,038,507
Year 5	27,226,409	25,573,426
Beyond 5 years	136,901,671	123,216,031
	<u>296,347,872</u>	<u>258,697,643</u>

**24. LEASE LIABILITIES**

The Group has contracted for lease of building having lease period of 11 years from the date of agreement with an option to renew thereafter on mutual consent. Lease payments agreed at the time of inception of lease, may change during the tenure of agreement based on mutual consent of both parties.

During 2023, lease rentals were reduced as Group returned certain portion of the leased asset to the lessor, accordingly the right of use assets and lease liabilities are modified as per the requirement of IFRS 16 Leases and resulted gain on modification has been recorded in this consolidated statement of profit or loss and other comprehensive income.

During 2024, Group has also contracted for a lease of land for the construction of hospital for 43 years from the date of agreement with an option to renew thereafter on mutual consent. Lease payments are agreed at the time of inception and are fixed during the tenure of the agreement.

**MOUWASAT MEDICAL SERVICES COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2024**  
(All amounts in Saudi Riyals unless otherwise stated)

**24. LEASE LIABILITIES (CONTINUED)**

Information about leases for which the Group is a lessee is presented below:

**24.1 Lease liabilities**

	2024	2023
1 January	22,395,185	29,694,954
Additions during the year	3,412,725	-
Effect of modification (note 24.2)	-	(5,494,788)
Interest expense	1,790,460	1,420,019
Payments	(4,302,463)	(3,225,000)
Balance as at 31 December	<u>23,295,907</u>	<u>22,395,185</u>
	2024	2023
Current portion	3,842,154	3,612,000
Non-current portion	19,453,753	18,783,185
<b>Balance as at 31 December</b>	<b><u>23,295,907</u></b>	<b><u>22,395,185</u></b>

**24.2 Amounts recognized in profit or loss**  
**Leases under IFRS 16**

	2024	2023
Interest on lease liabilities (note 33)	1,790,460	1,420,019
Depreciation on right-of-use assets (note 10)	3,005,346	2,811,862
	2024	2023
Effect of modification of lease liability (note 24.1)	-	5,494,788
Effect of modification of right-of-use asset (note 10)	-	(5,101,263)
Gain on modification of leases	-	393,525

**24.3 Leases as lessor**

The Group has rented out outlets within hospitals premises for a period of less than one year and has no material finance lease contract as a lessor.

**25. ACCOUNTS PAYABLE**

	2024	2023
Accounts payable	276,518,749	230,222,076
Retention payable (note 25.1)	331,759	1,484,658
	<u>276,850,508</u>	<u>231,706,734</u>

The average credit period on purchases of goods is three months. No interest is charged on the accounts payable outstanding balance. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

**25.1** Non-current retention payable amounting to SR 50,476,948 (2023: SR 34,434,661) represents retention amount payable to contractors, in accordance with contractual agreements for long term projects.

**26. ACCRUALS AND OTHER CURRENT LIABILITIES**

	2024	2023
Accrued employee cost	100,921,380	47,947,613
Accrued management incentives	41,965,842	39,145,119
Value added tax (VAT)	41,504,347	43,647,676
Accrued material and services cost	21,961,055	19,765,845
NPHIES accrual	18,404,919	25,352,553
Accrued finance cost	1,944,251	1,825,754
Other payables	1,753,662	6,619,482
	<u>228,455,456</u>	<u>184,304,042</u>

**MOUWASAT MEDICAL SERVICES COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2024**  
(All amounts in Saudi Riyals unless otherwise stated)

**27. ZAKAT**

The significant components of the zakat base of the Company under zakat regulations principally comprised of shareholders' equity, long-term borrowings and provisions at the end of the year, less deduction for the net book value of property, plant and equipment, investments and certain other items.

Some of the amounts have been adjusted in arriving at approximate zakat base and the zakat charge for the year.

Movement of zakat provision as follow:

	2024	2023
Balance at 1 January	33,754,078	25,977,290
Charge		
Current year	34,117,865	33,754,078
Prior year	2,067,849	4,944,989
	<u>36,185,714</u>	<u>38,699,067</u>
Payments during the year	(35,821,927)	(30,922,279)
Balance at 31 December	<u>34,117,865</u>	<u>33,754,078</u>

**Status of assessment:**

**Mouwasat Medical Services Company**

The Company has submitted its zakat returns up to year ended December 31, 2023, settled zakat as per the return and obtained the required certificates and official receipts. The assessments for the years up to 2016 were finalized and settled in 2018. Zakat, Tax and Custom Authority ("ZATCA") raised queries for years 2017 and 2018 and the Company has provided the relevant information. According to ZATCA portal, the inquiry case for these years were closed and ZATCA did not raise any Zakat differences. ZATCA raised assessments for years 2019 and 2020 with a total liability of SR 7.3 million. Company has submitted an objection against ZATCA's assessment for the year 2019 and 2020 and subsequent to the objection, ZATCA issued a revised assessment with a total liability of SR 5.2 million, on which the Company filed an appeal against the rejection with the Committee for Resolution of Tax Violations and Disputes "CRTVD" through the General Secretariat of Tax Committees "GSTC" portal. The CRTVD has issued its decision where it has rejected the Company appeal. Subsequently, the Company has appeal the CRTVD's decision with the Appellate Committee of Tax Violations and Dispute Resolution (ACTVDR). During 2024, the decision was issued in favor of the ZATCA. However, the Company submitted a reconsideration against the ACRTVD decision, and the reconsideration request is still under study by the ACTVDR. The Company received an assessment for the years 2021 and 2022 amounting to SR 2.4 million which has been finalized and paid. The assessment for the year 2023 is still under review by the ZATCA.

**Eastern Medical Services Company Limited**

The subsidiary has submitted its zakat returns up to year ended 31 December 2023, settled zakat as per the returns and obtained the required certificates and official receipts. The assessments for the years from 2013 to 2016 and for the year 2018 were finalized and settled in 2018. ZATCA raised an assessment for the year 2019 amounting to SR 0.663 million and the Company has submitted an objection against ZATCA's assessment for the year 2019. ZATCA issued a revised assessment rejecting the Company appeal. The Company filed an appeal against the rejection with the Committee for Resolution of Tax Violations and Disputes "CRTVD" through the General Secretariat of Tax Committees "GSTC" portal. During the period, the CRTVD issued its decision regarding the Company's appeal and partially accepted certain contentions of the Company. Subsequently, the Company has appeal the CRTVD's decision with the Appellate Committee of Tax Violations and Dispute Resolution (ACTVDR). Subsequent to the year end, the decision was issued in favor of ZATCA. The assessment for the years 2020 to 2023 are still under review by the ZATCA.

**MOUWASAT MEDICAL SERVICES COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2024**

(All amounts in Saudi Riyals unless otherwise stated)

**27. ZAKAT (CONTINUED)**

**Status of assessment (continued):**

**Jeddah Doctor Company**

The subsidiary has submitted the zakat return up to year ended 31 December 2023, settled zakat as per the returns and obtained the required certificates and official receipts. The subsidiary has not received any assessments from Zakat, Tax and Customs Authority ("ZATCA") since inception.

**Modawaa and Rieaya Medical Company Limited**

The Company was established on 29 Dhu'al Qadah 1445H (corresponding to 6 June 2024) and has not yet submitted the zakat return since its establishment.

**28. REVENUE**

The Group generates revenue primarily from:

- Services relating to inpatient and outpatient; and
- Sale of pharmaceutical goods.

**Disaggregation of revenue**

In the following table, revenue from contracts with customers is disaggregated by service lines and timing of revenue recognition. All revenues are generated within Kingdom of Saudi Arabia.

Revenue by service lines	2024	2023
Medical services	2,428,198,536	2,312,553,391
Pharmaceuticals	451,173,805	392,954,730
	<b>2,879,372,341</b>	<b>2,705,508,121</b>

Timing of revenue recognition	2024	2023
Medical services and pharmaceuticals sales transferred at a point in time	1,728,474,606	1,639,043,858
Medical services transferred over time	1,150,897,735	1,066,464,263
	<b>2,879,372,341</b>	<b>2,705,508,121</b>

As at 31 December	2024	2023
Contract assets (note 28.1 and 15)	7,087,682	8,610,772
Refund liability (note 28.2)	155,993,839	106,084,803

**28.1 Contract assets:**

Contract assets are related to in-patients who were provided services during the reporting period but were not discharged or billed as of the reporting date.

**28.2 Refund liability:**

Certain contracts provide for discounts comprise retrospective volume discounts granted to third-party payers (insurance and other companies) on attainment of certain admission levels / certain levels of patient visits. The retrospective volume discounts give rise to variable consideration. Variable consideration is recognized as a revenue to the extent that it is highly probable that it will not reverse. Discounts are accrued over the course of the period based on the estimates of the level of business expected using single most likely amount method. This is adjusted at the end of the period to reflect actual volumes. Volume discounts are recorded as a reduction in revenue and liabilities are created based on these estimates.

	2024	2023
Balance at 1 January	106,084,803	105,108,775
Addition during the year	155,710,516	103,407,470
Adjusted during the year	(105,801,480)	(102,431,442)
Balance at 31 December	<b>155,993,839</b>	<b>106,084,803</b>

**MOUWASAT MEDICAL SERVICES COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2024**

(All amounts in Saudi Riyals unless otherwise stated)

**29. COST OF OPERATIONS**

	2024	2023
Employees' cost	605,795,231	525,284,082
Material consumption	237,845,606	198,021,119
Depreciation (note 7)	182,666,883	171,966,180
Drug consumption	127,836,404	100,333,146
Repair and maintenance	52,390,773	42,903,114
Support services	32,928,896	28,891,224
Utilities	17,823,174	18,586,186
Depreciation on right-of-use of asset (note 10)	2,404,277	2,249,490
Amortization of intangible assets (note 9)	2,399,969	2,137,801
Others	18,964,019	19,614,287
	<b>1,281,055,232</b>	<b>1,109,986,629</b>

**30. SELLING AND MARKETING EXPENSES**

	2024	2023
Employee's cost	86,542,175	75,040,584
Advertisement and promotion	31,566,385	35,174,483
	<b>118,108,560</b>	<b>110,215,067</b>

**31. GENERAL AND ADMINISTRATION EXPENSES**

	2024	2023
Employees' cost	173,560,121	151,251,671
Depreciation (note 7)	45,778,737	42,991,546
Management bonus	27,726,293	13,825,149
Repair and maintenance	22,453,903	18,391,589
Executives' salaries	18,650,000	14,550,000
Support services	14,112,382	12,382,220
Board of directors' remuneration	10,695,000	4,150,003
NPHIES fee accrual (note 31.1)	8,906,915	25,230,061
Utilities	7,693,373	7,971,549
Office stationery and supplies	6,894,201	6,559,275
Amortization of intangible assets (note 9)	4,142,953	3,565,395
Legal and professional fees	2,679,251	2,913,070
Depreciation on right-of-use of asset (note 10)	601,069	562,372
Others	32,497,806	33,083,476
	<b>376,392,004</b>	<b>337,427,376</b>

**31.1** NPHIES fee accrual represents fee accrued during the year 2024 for using NPHIES portal which is a unified electronic service platform for health and insurance exchange services.

**32. OTHER INCOME**

	2024	2023
Dividend income from investment held for sale	10,205,829	-
Rental income	1,878,445	1,895,722
Gain on disposal of property and equipment	1,183,251	292,893
Others	5,632,685	6,487,098
	<b>18,900,210</b>	<b>8,675,713</b>

**MOUWASAT MEDICAL SERVICES COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2024**  
(All amounts in Saudi Riyals unless otherwise stated)

**33. FINANCE COST**

	2024	2023
Interest on Islamic loans	28,664,844	45,036,486
Interest on lease liabilities (note 24)	1,790,460	1,420,019
	<b>30,455,304</b>	<b>46,456,505</b>

**34. EARNINGS PER SHARE**

Basic and diluted earnings per share is calculated by dividing the net income for the period attributable to the shareholders of the Company by the weighted average number of outstanding shares during the period as follows:

	2024	2023
Profit for the period attributable to the shareholders of the Company	645,759,043	657,687,906
Weighted average number of outstanding shares during the year	200,000,000	200,000,000
Basic and diluted earnings per share attributable to the shareholders of the Company	<b>3.23</b>	<b>3.29</b>

The weighted average number of outstanding shares have been retrospectively adjusted for prior year to reflect the distribution of 100 million bonus shares during the year ended 31 December 2023.

**35. RELATED PARTY TRANSACTIONS AND BALANCES**

Related parties include the Company's shareholders, associated companies and their shareholders, key management personnel, Board of Directors, and entities controlled, jointly controlled or significantly influenced by such parties. Terms and conditions of these transactions are approved by the Group's management. During the year, the Group transacted with the following related parties:

Related Party	Relationship
Advance Medical Project Company ("AMPC")	Associate
Al-Mouwasat International Company	Owned by shareholder
AdVision Media Solution	Entity with significant influence

Related Party	Nature of transaction	2024	2023
Advance Medical Project Company ("AMPC")	- Revenue	(460,008)	(3,318,258)
	- Share in result	-	(10,205,829)
	- Purchase of services	1,738	5,564,459
	- Other services	2,037,654	4,437,356
	- Cost charged	650,000	-
Al-Mouwasat International Company	- Purchases	38,162,449	33,611,630
	- Rent expense	2,667,500	2,676,000
	- Other services	(213,155)	(87,889)
AdVision Media Solution	- Advertisement services	22,003,164	29,996,015

The breakdown of the amounts due to / due from related parties are as follows:

**a) Due to related parties**

	2024	2023
Al-Mouwasat International Company	4,373,873	5,094,362
AdVision Media Solution	3,854,923	41,825
	<b>8,228,796</b>	<b>5,136,187</b>

**MOUWASAT MEDICAL SERVICES COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2024**  
(All amounts in Saudi Riyals unless otherwise stated)

**35. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)**

**b) Due from a related party**

	2024	2023
Advance Medical Project Company ("AMPC")	-	916,431

Amounts due to and due from related parties as at 31 December 2024 principally include balances related to the above mentioned transactions. Outstanding balances at the reporting date are unsecured, interest free and payable within 12 months in ordinary course of business. Prices and terms of payment of the above transactions are approved by the Group's management.

**c) Compensation to key management personnel**

The remuneration of directors and other members of key management personnel during the period was as follows:

	2024	2023
Salary and allowances	30,600,000	19,640,000
Incentives and other benefits	15,822,397	18,879,348
	<b>46,422,397</b>	<b>38,519,348</b>

The remuneration of directors and key executives is determined by the remuneration committee considering the performance of individuals and market trends. Board of Directors' fee of SR 10.35 million (2023: SR 3.85 million) have been included as part of key management personnel remuneration.

On 20 March 2023, the Board of Directors of Zakat, Tax, and Customs Authority (ZATCA) in the Kingdom of Saudi Arabia (KSA) approved the amendments to the Transfer Pricing Bylaws (TP Bylaws) to bring the following into effect: a) extend applicability of the Transfer Pricing (TP) provisions to Zakat paying entities; and b) introduced Advance Pricing Agreements (APA) provisions for Tax payers and Zakat payers and these amendments were subsequently approved by Ummul Qura on 14 April 2023. The amendments will be applicable for Financial Years (FYs) starting on or after 1 January 2024. Under these new requirements, Zakat paying entities will need to ensure that their transactions with related parties are priced at arm's length and will be required to submit a TP disclosure form and TP Affidavit with their Zakat returns along with other compliances as stipulated in the TP Bylaws. Currently management is assessing the impact of these amendments on transactions with related parties and will make necessary changes in policies, procedures and agreements with its related parties to comply with the requirement of TP By-laws.

**36. CONTINGENT LIABILITIES AND COMMITMENTS**

**Guarantees**

As of 31 December 2024, the Group's bankers have given guarantees, on behalf of the Group, amounting to SR 8.56 million (2023: SR 0.5 million) mainly in respect of performance guarantees to customers and others.

**Capital commitments**

As of 31 December 2024, the Group's capital commitments amounted to SR 342.68 million (2023: SR 484.24 million) relating to certain expansion projects.

As of 31 December 2024, the Group has outstanding letter of credits amounting to SR 8.69 million (2023: SR 7.88 million).

**MOUWASAT MEDICAL SERVICES COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2024**  
(All amounts in Saudi Riyals unless otherwise stated)

**37. FINANCIAL INSTRUMENTS**

**37.1 Financial instruments risk management objectives and policies**

The Group's principal financial liabilities comprise loans, lease liability, accounts payable, accrual and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include accounts receivable, term deposits and cash and cash equivalents that derive directly from its operations.

The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks. The Group's senior management regularly review the policies and procedures to ensure that all the financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives. The Group does not engage into any hedging activities. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarized below.

**Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: interest rate risk, currency risk and other price risk such as equity price risk and commodity price risk. Financial instruments affected by market risk include: loans and borrowings, deposits, and certain other financial instruments.

**Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates. Management monitors the changes in interest rates and believes that fair value and cash flow interest rate risks to the Group are not significant.

**Interest rate sensitivity**

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings. With all other variables held constant, the Group's profit before Zakat is affected through the impact on floating rate borrowings, as follows:

	2024	2023
Increase by 50 basis points	<u>(3,878,045)</u>	<u>(3,401,079)</u>
Decrease by 50 basis points	<u>3,878,045</u>	<u>3,401,079</u>

**Foreign Currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument 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 different currency from the Group's functional currency).

The Group did not undertake significant transactions in currencies other than Saudi Riyals and US Dollars. Since Saudi Riyal is on a fixed parity with the US Dollar, the management believes that the Group does not have any significant exposure to currency risk.

**Commodity price risk**

The Group is exposed to the impact of market fluctuations of the prices of various inputs to cost of revenues including pharmaceuticals supplies. The Group prepares annual budgets and periodic forecasts including sensitivity analyses in respect of various levels of such materials to manage the risk.

**Credit risk**

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily for accounts receivable) and from its investing activities, including deposits with banks and financial institutions.

**MOUWASAT MEDICAL SERVICES COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2024**  
(All amounts in Saudi Riyals unless otherwise stated)

**37. FINANCIAL INSTRUMENTS (CONTINUED)**

**37.1 Financial instruments risk management objectives and policies (continued)**

**Credit risk (continued)**

	2024	2023
Cash in bank	426,128,537	48,639,992
Term deposits (note 16)	85,000,000	100,000,000
Accounts receivable (note 14)	925,047,643	1,152,656,746
Due from a related party (note 35)	-	916,431
Contract asset (28.1)	7,087,682	8,610,772
Other current assets	12,389,227	16,368,542
	<u>1,455,653,089</u>	<u>1,327,192,483</u>

*Accounts receivables*

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Accounts receivable of the Group are spread across large number of customers comprising of Ministries, insurance companies, semi-government companies and individual patients. The Group holds the accounts receivable with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortized cost using the effective interest method. The Group seeks to manage its credit risk with respect to customers by setting credit limits for individual customers, monitoring outstanding receivables and ensuring close follow ups. The management has established a credit policy under which each new insurance company is analyzed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. An impairment analysis is performed at each reporting date on an individual basis for major customers. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The calculation is based on actual historical data. The Group evaluates the concentration of risk with respect to accounts receivable as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets. Accounts receivable and contract assets are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, management has fully exhausted recoveries through legal means and a failure to make contractual payments.

*Financial instruments and cash deposits*

Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with the Group's policy. The Group seeks to manage its credit risk with respect to banks by only dealing with reputable banks having rating "Baa1" or better. The stated rating is as per the global bank ratings by Moody's Investors Service. At the reporting date, no significant concentration of credit risk were identified by the management.

*Due from a related party*

The Group is not significantly exposed to any credit risk on its receivables balance which are due from its related parties as all the balances are originated and settled between the Group companies on regular basis.

*Contract asset and other current assets*

Contract assets are not more than six months. The Group is not significantly exposed to any credit risk on these balances.

**Liquidity risk**

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to realize financial assets quickly at an amount close to its fair value. The Group manages its liquidity risk by monitoring working capital and cash flow requirements on regular basis. The Group manages its liquidity risk by ensuring that bank facilities are available. The Group's term of sales and services provided require amounts to be paid within 30 to 60 days of the date of submitting the invoice. Accounts payable are normally settled within 60 to 90 days of the date of purchase.

**MOUWASAT MEDICAL SERVICES COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2024**  
(All amounts in Saudi Riyals unless otherwise stated)

**37. FINANCIAL INSTRUMENTS (CONTINUED)**

**37.1 Financial instruments risk management objectives and policies (continued)**

**Liquidity risk (continued)**

*Excessive risk concentration*

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the Group's policies and procedures include specific guidelines to focus on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly. The table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

As at 31 December 2024	Carrying amount	Contractual undiscounted cash flows			
		Within 12 months	2 to 5 years	> 5 years	Total
Accounts payable	276,850,508	276,850,508	-	-	276,850,508
Due to related parties	8,228,796	8,228,796	-	-	8,228,796
Retention payable	50,476,948	-	50,476,948	-	50,476,948
Accruals and other payable	228,455,456	228,455,456	-	-	228,455,456
Refund liability	155,993,839	155,993,839	-	-	155,993,839
Loans and borrowings	738,383,026	211,217,721	530,413,737	95,015,182	836,646,640
Lease liabilities	23,295,907	3,842,154	16,845,368	12,084,404	32,771,926
	<b>1,481,684,480</b>	<b>884,588,474</b>	<b>597,736,053</b>	<b>107,099,586</b>	<b>1,589,424,113</b>

As at 31 December 2023	Carrying amount	Contractual undiscounted cash flows			
		Within 12 months	2 to 5 years	> 5 years	Total
Accounts payable	231,706,734	231,706,734	-	-	231,706,734
Due to related parties	5,136,187	5,136,187	-	-	5,136,187
Retention payable	34,434,661	-	34,434,661	-	34,434,661
Accruals and other payable	184,304,042	184,304,042	-	-	184,304,042
Refund liability	106,084,803	106,084,803	-	-	106,084,803
Loans and borrowings	766,083,753	303,411,804	468,531,088	84,037,121	855,980,013
Lease liabilities	22,395,185	3,612,000	15,507,750	8,058,000	27,177,750
	<b>1,350,145,365</b>	<b>834,255,570</b>	<b>518,473,499</b>	<b>92,095,121</b>	<b>1,444,824,190</b>

**MOUWASAT MEDICAL SERVICES COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2024**  
(All amounts in Saudi Riyals unless otherwise stated)

**37. FINANCIAL INSTRUMENTS (CONTINUED)**

**37.1 Financial instruments risk management objectives and policies (continued)**

*Reconciliation of movements of liabilities to cash flows arising from financing activities*

	Note	Equity				Total
		Share capital	Statutory reserve	Retained earnings	Non-controlling interest	
<b>Balance at 1 January 2024</b>		2,000,000,000	365,768,791	911,287,213	149,790,712	4,217,151,408
<b>Changes from financing cash flows</b>		-	-	-	-	245,000,000
Proceeds from long-term loans	22	-	-	-	-	(272,700,727)
Repayment of long-term loans	22	-	-	-	-	(2,512,003)
Payment of lease liabilities		-	-	-	-	(50,703,058)
Interest paid		-	-	-	-	(80,915,788)
<b>Total changes from financing cash flows</b>		-	-	-	-	30,455,304
<b>Other change</b>		-	-	-	-	20,366,251
Interest expense	33	-	-	-	-	3,412,725
Interest capitalised		-	-	-	-	54,234,280
Addition in lease liabilities	24	-	-	-	-	(4,558,633)
<b>Total liability related changes</b>		-	-	-	-	145,232,079
<b>Total equity related changes</b>		-	64,575,904	226,706,026	(4,558,633)	286,723,297
<b>Balance at 31 December 2024</b>		<b>2,000,000,000</b>	<b>430,344,695</b>	<b>1,137,993,239</b>	<b>145,232,079</b>	<b>4,477,193,197</b>

**MOUWASAT MEDICAL SERVICES COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2024**  
(All amounts in Saudi Riyals unless otherwise stated)

**37. FINANCIAL INSTRUMENTS (CONTINUED)**

**37.1 Financial instruments risk management objectives and policies (continued)**

*Reconciliation of movements of liabilities to cash flows arising from financing activities (continued)*

	Note	Liabilities		Equity				Total
		Long term loan (including related accrued finance cost)	Lease liabilities	Share capital	Statutory reserve	Retained earnings	Non-controlling interest	
Balance at 1 January 2023		865,610,810	29,694,954	1,000,000,000	300,000,000	1,622,846,424	153,486,781	3,971,638,969
Changes from financing cash flows								
Proceeds from long-term loans	22	180,000,000	-	-	-	-	-	180,000,000
Repayment of long-term loans	22	(276,382,666)	-	-	-	-	-	(276,382,666)
Payment of lease liabilities		-	(1,804,981)	-	-	-	-	(1,804,981)
Interest paid		(50,894,189)	(1,420,019)	-	-	-	-	(52,314,208)
Total changes from financing cash flows		(147,276,855)	(3,225,000)	-	-	-	-	(150,501,855)
Other change								
Interest expense	33	45,036,486	1,420,019	-	-	-	-	46,456,505
Interest capitalised		4,539,066	-	-	-	-	-	4,539,066
Effect of modification		-	(5,494,788)	-	-	-	-	(5,494,788)
Total liability related changes		49,575,552	(4,074,769)	-	-	-	-	45,500,783
Total equity related changes		-	-	1,000,000,000	65,768,791	(711,559,211)	(3,696,069)	350,513,511
Balance at 31 December 2023		767,909,507	22,395,185	2,000,000,000	365,768,791	911,287,213	149,790,712	4,217,151,408

50

**MOUWASAT MEDICAL SERVICES COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2024**  
(All amounts in Saudi Riyals unless otherwise stated)

**37. FINANCIAL INSTRUMENTS (CONTINUED)**

**37.1 Financial instruments risk management objectives and policies (continued)**

**Capital management**

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Group manages its capital structure and makes adjustments to it 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.

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants may lead to negotiation. There have been no breaches of the financial covenants of any loans and borrowing in the current period. No changes were made in the objectives, policies or processes for managing capital during the year ended 31 December 2024 and 31 December 2023.

**Accounting classifications and fair values**

The following table shows the carrying value of financial assets and financial liabilities. As at 31 December 2024 and 2023, all financial assets and financial liabilities of the Group are categorized as held at amortized cost. Management believes that the fair values of the Group's financial assets and liabilities are not materially different from their carrying values.

**37.2 Financial assets**

	2024	2023
Accounts receivable (note 14)	925,047,643	1,152,656,746
Due from related parties (note 35)	-	916,431
Contract asset (note 15)	7,087,682	8,610,772
Term deposits (note 16)	85,000,000	100,000,000
Cash and cash equivalents (note 17)	426,574,756	49,049,506
Other current assets	12,389,227	16,368,542
Total financial assets not measured at fair value	1,456,099,308	1,327,601,997

**37.3 Financial liabilities**

	2024	2023
Loans and borrowings (note 22)	738,383,026	766,083,753
Lease liabilities (note 24)	23,295,907	22,395,185
Accounts payable (note 25)	276,850,508	231,706,734
Due to related parties (note 35)	8,228,796	5,136,187
Retention payable (note 25.1)	50,476,948	34,434,661
Refund liability (note 28.2)	155,993,839	106,084,803
Other current liabilities	144,831,473	88,918,486
Total financial liabilities not measured at fair value	1,398,060,497	1,254,759,809

**37.4 Measurement of fair values**

The Group's principal financial assets include cash and cash equivalents, accounts receivable and certain other receivables that arise directly from its operations. The Group's principal financial liabilities comprise long-term borrowings and accounts payable, due to related parties and other payables. The main purpose of these financial liabilities is to finance the Group's operations. Due to the short-term nature of the financial assets and financial liabilities classified as current assets and current liabilities, their carrying amounts are approximate to be the same as their fair values. For non-current financial liabilities, management consider that the fair values not significantly different from their carrying amounts.

51

**MOUWASAT MEDICAL SERVICES COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2024**  
(All amounts in Saudi Riyals unless otherwise stated)

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**38. SUBSEQUENT EVENTS**

There are no significant subsequent events occurred since 31 December 2024 that would have a material impact on the financial position or financial performance of the Group.

**39. COMPARATIVE FIGURES**

Certain comparative figures have been reclassified to comply with the current period presentation of the consolidated financial statements.

**40. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS**

These consolidated financial statements have been approved by the Board of Directors on 10 Ramadan 1446H, corresponding to 10 March 2025G.

**Mouwasat**

Mouwasat Medical Services Co.



**المواساة**

شركة المواساة للخدمات الطبية