Sector 2026 Outlook

December 17 2025

Christine Kalindjian, CFA
christine.kalindjian@arqaamcapital.com

Mariam Hakim
mariam.hakim@arqaamcapital.com

MENA Healthcare & Education Outlook

Defensive sectors, selective opportunities.

- **Saudi listed hospitals add further c.42% to nominal bed capacity by FY 30e (+5.7k beds) led by MOUWASAT (+1,200 beds), FAKEEH (+840 beds), ALHAMMAD (+700 beds), and ALMOOSA (+700 beds). Value-Based Healthcare rewards scale, specialization and digital maturity as hospitals embark on recruitment of sub-specialists and multidisciplinary teams.**
- **Privatization unlocks structural K-12 opportunity in KSA potentially growing addressable market by 50%- listed operators ATAA and NCLE kick off AY 25/26 with 2% y/y growth in aggregate student count.**
- **Valuation reset creates attractive entry point in CARE (14.7x P/E, -10% vs. peers, upgrade to Core Buy with 1.5% Core weight taking 1% from Americana and 0.5% from GBK, and 3% in Islamic taking 1% from Americana and 2% from Aramco). We continue to play SULAIMAN (30.1x P/E), MOUWASAT (15.8x P/E), TAALEEM (21.9x) and RAMEDA (7.0x P/E).**

Top line growth momentum for KSA hospitals remains robust at 12% in FY 26e (+19% in FY 25e) on organic and inorganic network expansions at SULAIMAN (80%+ through 6 projects cementing 45% market share in Riyadh along with gains in Jeddah), DALLAH (40%+ through Al Ahsa and Khobar, driving 14% FY 26e rev growth), MOUWASAT (75% upcoming expansion of which 50% in FY 26e), and MEH (phase one of Jeddah tower by YE 26e). ALHAMMAD launches Olaya replacement hospital by Q1 27e while CARE continues to actively assess M&A opportunities with insurance repricing and network optimization driving P&L in FY 26e, and Narjes greenfield project due FY 28e.

Leading operators accelerate specialization as a foundational step towards VBHC (granting higher multipliers), reflected through recruitment of sub-specialists and multidisciplinary teams with ALHAMMAD and MEH (recent agreement with Mayo Clinic) reporting c.4.9ppt and c.3.1ppt y/y compression in Q3 25A GP margins resulting from new hires related to the introduction of new sub-specialties across various departments at the group level.

KSA Private Education remains on sturdy path to grow market share, currently hosting c.17% of total enrolments. Listed operators ATAA and NCLE kick off AY 25/26 with 2% y/y growth in aggregate student count to c.78k with 11% increase at NCLE partially offset by c.4% decline in registrations at ATAA following c.10% avg tuition fee hike. Expect stronger P&L in Q2-Q3 going forward as new IFRS 15 accounting accentuates seasonality reporting. No impact on full year results.

Taaleem Holdings strategic acquisitions and new school openings strengthen market positioning in FY 26e through (i) 95% stake in Kids First Group (34 nurseries across UAE and Qatar), generating AED 44m in associate profits in FY 26e (JV accounting in the medium-term, despite majority holding). And (ii) launch of DBS Mira and DBS Islands, alongside a (iii) rebalanced PPP network (23 schools and nurseries vs. 26 in FY 25A). Medium-term expansion pipeline includes two Harrow (3.6k seats) and Ghaf Woods schools (1.8k seats).

Rameda, the fastest growing pharma producer in Egypt, is geared to grow earnings by 50%+ in FY 26e on 17% top line increase (private sales, toll manufacturing) coupled with 9% easing in finance costs thanks to inventory level normalization. Active portfolio expansion (chronic & consumer health) drives 25% FY 24-29e EPS CAGR.

Our soft infrastructure coverage trades at 17.9x FY 26-27e P/E post share weakness YtD. Top picks include CARE (attractive entry into fundamentally solid group post 25% stock derate), SULAIMAN (scale and execution at justified premium), MOUWASAT (tactical play on Q4 25e), TAALEEM (earnings uplift from premium capacity expansion and KFG integration) and RMDA (prescription for growth in Egypt's pharma market). We update our forecasts on Pure Health following 60% stake completion in HHG, and continue to play HUMANSFT on 13% DY.

Health & Ed 2026- Top Picks

Bloomberg code	CARE AB
Company name	National Medical Care Co.
Target Price	SAR 195.0
Rating	**Core Buy**
Bloomberg code	TAALEEM UH
Company name	Taaleem Holdings
Target Price	AED 6.0
Rating	**Core Buy**
Bloomberg code	RMDA EY
Company name	Middle East Healthcare Company
Target Price	EGP 5.8
Rating	**Core Buy**
Bloomberg code	SULAIMAN AB
Company name	Sulaiman Al Habib Medical Services
Target Price	SAR 300.0
Rating	**Core Buy**
Bloomberg code	MOUWASAT AB
Company name	Mouwasat Medical Services Co.
Target Price	SAR 98.0
Rating	**Core Buy**
Bloomberg code	HUMANSFT KK
Company name	Humansoft Holding
Target Price	KWD 3.5
Rating	**Buy**
Bloomberg code	PUREHEAL UH
Company name	PureHealth Holding
Target Price	AED 4.75
Rating	**Buy**

© Copyright 2025, Arqaam Capital Limited. All Rights Reserved. See Important Notice.

Table of Contents

 © Copyright 2025, Arqaam Capital Limited. All Rights Reserved. See Important Notice.

Summary of recommendations

Exhibit 1: Our healthcare and education coverage trades at 17.9x FY 26-27e P/E

Company	Rating	TP (LC)	Upside	P/E			P/B			EV/revenues			EV/EBITDA			RoE	Div. Yld	FCF Yld
				FY 25e	FY 26e	FY 27e	FY 25e	FY 26e	FY 27e	FY 25e	FY 26e	FY 27e	FY 25e	FY 26e	FY 27e	FY 26e	FY 26e	FY 26e
ALHAMMAD	Hold	42.0	50.4%	17.8	16.8	14.9	2.2	2.1	2.0	3.8	3.5	3.1	12.8	12.2	11.0	12.5%	3.9%	4.4%
SULAIMAN	Core Buy	300.0	19.4%	37.0	31.7	28.5	11.1	9.9	8.9	7.0	6.2	5.6	28.8	24.8	21.7	31.4%	2.1%	1.3%
MEH	Hold	62.0	78.5%	10.4	16.2	11.8	1.7	1.6	1.4	1.8	1.6	1.5	8.9	8.5	7.8	9.7%	0.7%	1.5%
MOUWASAT	Core Buy	98.0	44.3%	17.6	16.8	14.9	3.3	3.1	2.9	4.5	4.0	3.6	13.1	12.3	11.0	18.4%	3.7%	2.4%
DALLAH	Hold	150.0	25.0%	22.2	19.7	18.0	2.7	2.5	2.3	3.9	3.4	3.1	18.0	16.0	15.1	12.8%	2.1%	4.4%
CARE	Core Buy	195.0	45.2%	17.8	15.5	13.9	3.2	2.8	2.5	3.7	3.3	3.1	13.5	11.7	10.7	18.1%	1.9%	3.6%
RMDA	Core Buy	5.8	81.4%	12.0	7.9	6.0	2.1	1.8	1.6	2.0	1.7	1.5	7.2	5.5	4.7	22.8%	5.0%	5.9%
PUREHEAL	Buy	4.75	77.9%	13.7	11.0	8.6	1.4	1.2	1.1	1.2	1.1	1.0	7.2	5.9	5.0	11.2%	1.3%	0.2%
ATAA	Hold	72.0	19.8%	29.4	24.6	21.1	3.1	2.9	2.8	5.4	5.1	4.9	15.0	14.2	13.7	11.9%	2.6%	7.7%
NCLE	Hold	160.0	9.6%	39.1	36.0	33.6	7.3	6.8	6.3	9.8	8.7	7.8	26.4	23.9	22.6	18.8%	1.7%	1.6%
TAALEEM	Core Buy	6.0	43.9%	25.3	24.2	19.6	2.3	2.3	2.2	4.7	4.1	3.7	17.1	14.0	12.0	9.6%	3.6%	(3.2%)
HUMANSFT	Buy	3.50	41.2%	9.6	9.7	9.6	3.0	3.3	3.6	3.5	3.5	3.5	7.0	7.2	7.4	33.7%	13.5%	10.9%
Sector			**44.7%**	**21.0**	**19.2**	**16.7**	**3.6**	**3.4**	**3.1**	**4.3**	**3.9**	**3.5**	**14.6**	**13.0**	**11.9**	**17.6%**	**3.5%**	**3.4%**

Source: Bloomberg, Arqaam Capital Research

Core Buy rating: c.47% upside on average

Care Medical (Core Buy, TP SAR 195)- Strategy refresh in 2026: Consolidated profits grow 14% y/y in FY 26e driven by 11% top line growth (ramp up of existing network with Al Salam expected to turn profitable, insurance repricing) supporting 1.3ppt widening in operating margins. The group remains a fundamentally solid B-class operator (sweet spot vs. crowded premium category), best positioned to benefit from upward repricing under Value-Based Healthcare given the complexity of government cases, led by an experienced management team with support from GOSI shareholding structure. Recent derate positions the stock at a 10% discount to peers, valuation levels we find unjustified given the group's superior margin profile (EBITm 24% vs. sector at 20% in FY 26-27e), supporting higher profitability (RoIC 13% vs. 11%) and double digit FCF margin of 13%

Sulaiman Al Habib Medical Services (Core Buy, TP SAR 300)- Scale and execution at a justified premium: Long-term momentum remains robust as we expect HMG to grow profits at an FY 24-34e CAGR of 12% (vs. rev growth of 11%) on seamless integration of incoming capacity with sustained patient flow momentum at current network, coupled with (ii) growing revenues from pharmacy. (iii) improvement in operating efficiency (EBITm +1.7ppt by FY 34e vs. 21% in FY 24A) supported by continued ramp up across network, and (iv) doubling associate income. Current share price implies 30.1x FY 26-27e P/E, +80% to sector multiples. The group continues to yield superior returns (RoE and RoIC of 33% and 15% vs. sector at 21% and 11%), and cash conversion (100%+ vs. 91% for peers).

 © Copyright 2025, Arqaam Capital Limited. All Rights Reserved. See Important Notice.

Al Mouwasat Medical Services (Core Buy, TP SAR 98)- Execution test on 70% capacity expansion: We pencil in mid-single digit EPS growth in FY 26e as 12% top line growth (expanded network with Yanbu and Jeddah) is largely offset by softer margins (greenfield pre-op costs) and normalized provisioning following recoveries in FY 25e. Long-term growth underpinned by a sizeable c.70% capacity expansion pipeline through 7 greenfield/brownfield projects by FY 29e. Reiterate Core Buy with stock trading 4% below with peers at 15.8x FY 26-27e P/E, 43% below 5-year trailing P/E.

Taaleem Holdings (Core Buy, TP AED 6.0)- Earnings growth underpinned by premium capacity ramp-up and disciplined portfolio expansion: Group profits are forecast to grow c.5% y/y to AED 172m in FY 26e, supported by 14% revenue growth to c.AED 1.3bn, driven primarily by 12% y/y premium enrollment growth to c.18.8k students following a c.10% capacity expansion from the launch of DBS Mira and DBS Islands. Margins are expected to soften in FY 26e (13.3%, -119bps y/y) due to higher finance costs and start-up dilution, but are projected to recover from FY 27e as new schools mature. Portfolio expansion continues with the Kids First Group acquisition, contributing AED 44m profit in FY 26e, and a visible medium-term pipeline including two Harrow super-premium schools (AY 27e/AY 28e) and the Ghaf Woods premium school (AY 29e, our estimate). While leverage rises in FY 26e to fund growth, Taaleem maintains strong earnings visibility and a consistent dividend outlook (AED 150m; AED 0.15/share in FY 26e, c.3.4% yield on 91% payout), with the stock trading at a discount to regional K-12 peers like NCLE and ATAA; -25% at c.26x P/E vs. 34x average for peers and -12% at 18x EV/EBITDA vs. c.21x average.

Rameda Pharmaceuticals (Core Buy, TP EGP 5.8)- Structural growth potential: Solid operational & financial momentum supported by (i) a resilient chronic and consumer health portfolio, with higher-margin oral solids now c.60% of revenues and strong private sales, (ii) EBITDA-accretive tender sales and (iii) early growth in the Glow brand, selective CapEx and ongoing portfolio expansion. Regulatory and compliance standards are maintained despite elevated costs, while injectables gradually normalize post-EDA warehouse approvals. These factors underpin a solid FY25-26e earnings trajectory, with NP expected to grow at >50% as finance costs normalize and operational leverage improves. The stock trades at 9.3x and 5x FY 26-27e P/E and EV/EBITDA respectively, 41% above local peer EIPICO but 33% below regional producers like Jamjoom and SPIMACO on forward P/E (Bbg estimates), with 3.3% DY on 40% payout.

 © Copyright 2025, Arqaam Capital Limited. All Rights Reserved. See Important Notice.

Buy rating: c.60% upside on average

Humansoft (Buy, TP KWD 3.5)- Solid dividend play despite muted P&L growth outlook: We pencil in c.1% notch down in FY 26e profits on 2% lower student count for Academic year 25/26 with operating margins converging towards 2019 levels. We continue to play the name on 13% DY as board maintains KWD 350 fils/share DPS recommendation in FY 24A implying 117% payout on full year profits of KWD 40m (vs. 107% payout in FY 23A).

PureHealth Holding (Buy, TP AED 4.75)- The Group is set for strong earnings and revenue growth driven by healthcare expansion (HHG) and insurance diversification (P&C). Hellenic Healthcare Group (HHG) is expected to add 5% and 6% to group revenues in Q4 25e and FY 26e, respectively, supported by robust admissions growth and in line with historical performance, while Daman's entry into P&C insurance should contribute AED 4.2bn in gross written premiums by 2026-30e, adding c.4% to insurance revenues. Net income is forecast to double y/y to AED 588m in Q4 25e, lifting FY 25e earnings to c.AED 2.2bn (+26% y/y) and further to AED 2.7bn in FY 26e, underpinned by operating leverage, improved execution across Care and Cover verticals and disciplined cost management. Revenues are projected to reach AED 8.3bn in Q4 25e (+21% y/y) and c.AED 28bn in FY 25e, rising to c.AED 32bn in FY 26e on higher patient volumes, full HHG consolidation, and the P&C rollout. Valuation points to deep value, with a blended DCF and SotP approach implying an equity value of c.AED 53bn or AED 4.75/share.

Hold rating: c.37% upside on average

Dallah Healthcare Holding (Hold, TP SAR 150)- Subdued profitability in the medium-term: Consolidated FY 26e earnings grow 14% y/y on (i) 14% larger top line supported by occupancy ramp up at expanded network thanks to 6% larger visitor volumes, improved revenue per patient (price increases in line with inflation for mature facilities, slightly higher for more recent launches, case mix, higher average bill on new services), coupled with (ii) SAR 52m in income from associates (+14% y/y) lifted by improved returns at IMC (27% stake) along with positive contribution from Dr. Mohamed AlFakih hospital (31% stake). Forward multiples fairly factor in EPS growth at 18.8x FY 26-27e P/E (+15% vs. peers) driven by enhanced occupancy and efficiency across its facilities including Khobar, IMC and Dr. Mohamed Al Fagih. We cut our FY 25-27e EPS estimates by 7% on revised top line (-3%) and profitability forecasts (EBITm -80bps vs. previous estimates.

Ataa Educational Company (Hold, TP SAR 72)- Improved profitability outlook fairly priced in: Sale of non-core training and recruitment assets boosts GP margins by 1.5ppt to c.32% in FY 26e, further supported by tuition fee adjustments. Group profits set for 24%+ growth in FY 26e driven by 5% top line growth (tuition fee hike covering for lower student count), margin expansion and reduced finance charges. Current multiples fairly reflect growth prospects with stock at 22.8x FY 26-27e P/E post 16% derate YtD.

 © Copyright 2025, Arqaam Capital Limited. All Rights Reserved. See Important Notice.

Al Hammadi Holding (Hold, TP SAR 42)- Short-term P&L outlook remains subdued on structurally lower margins: Consolidated FY 26e revenues grow 8% y/y dually supported by medical (c.3% improvement in avg claim per patient and 2% growth in volumes led by inpatients) and pharma segments. We expect EBITDAm to average c.29% in FY 26e before renewed pressure ahead of Olaya launch (by Q1 27e), followed by greenfield hospitals in Narjis and Mansiyah. ALHAMMAD trades 3% below peers at 15.9x FY 26-27e P/E following 27% share derate YtD. Renewed dividend policy (next 4 years starting Q3 2025) to pay at least 60% of net profits on a quarterly basis yields 4% on CMP in FY 26-27e.

National Company for Learning and Education (Hold, TP SAR 160)- Valuation remains generous despite stock derate: Network capacity remains constant in FY 26e (first year since 2020 with no new capacity launches or acquisitions) and expands by further 21% in FY 27-28e to 54.8k students. Group FY 26e profits grow c.9% y/y supported by c.13% higher top line as capacity ramp up drives c.11% increase in total enrolments to 35.3k students, with MEIA and National School meeting internal targets despite relatively lower enrolments vs. recent greenfield projects. NCLE trades 24% below 5-year trailing P/E but LT value remains generously priced in with stock at 34.8x FY 26-27e EPS (+51% vs. ATAA), and 23.3x EV/EBITDA (+67%).

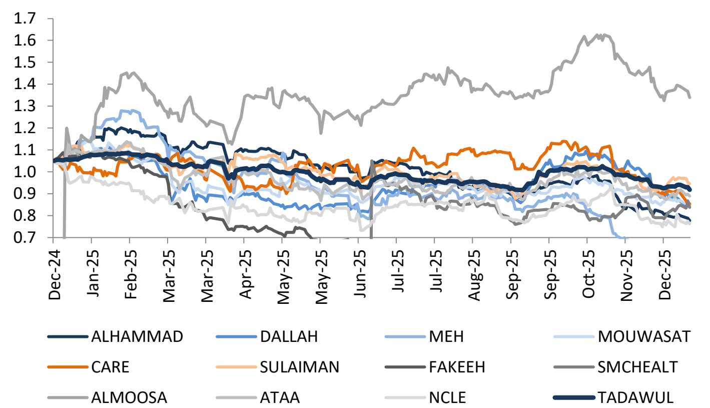
Middle East Healthcare Co (Hold, TP SAR 62)- Short-term pressure, long-term gains: Large capacity additions result in reduced revenues (insurance referrals to lower priced facilities) and uptick in costs (talent acquisition and retention) in Jeddah where the group generates c.25% of top line. We recently cut our FY 25-26e earnings by 20% (*Download Report*) as we further trim our near-term operating margin estimates by 1.2ppt to c.13% on talent acquisition as group targets employee mix of 70% specialized/30% full timers amid expansion of subspecialties. Maintain Hold at reduced FVE of SAR 62/share (-11% vs. previous TP) on continued margin pressure into H1 26e, with partial support from enhanced funding efficiency. The stock trades 15% below peers at 14.0x FY 26-27e P/E following 49% derate YtD.

 © Copyright 2025, Arqaam Capital Limited. All Rights Reserved. See Important Notice.

Valuation

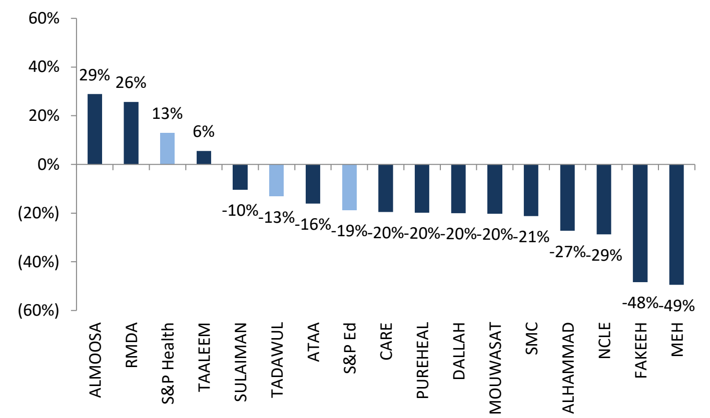
- **Our soft infrastructure coverage space trades at 17.9x FY 26-27e P/E with Healthcare at 15.8x and Education at 22.3x.**
- **Saudi healthcare and education names underperformed Tadawul declining by 14% and 25% YtD respectively vs. -13% for Tadawul, +13% for S&P Health and -19% for S&P Education indices.**
- **In the healthcare space, we upgrade CARE to Core Buy post sharp m/m derate (14.7x FY 26-27e P/E, -10% vs. sector), and continue to see value in SULAIMAN (30.1x, proxy play on private sector impetus to growth), MOUWASAT (15.8x P/E, tactical play ahead of seasonal activity pickup in Q4 25e), and RAMEDA (7.0x P/E, structural growth potential in Egypt pharma).**
- **Taaleem is our top pick in education (solid play on UAE premium K-12 education with recent vertical integration into GCC Early Education through KFG), while we continue to play Humansoft on 13% DY despite muted P&L growth outlook. Saudi K-12 Education names ATAA and NCLE remain fairly valued at 22.8x and 34.8x FY 26-27e P/E respectively, generously pricing in LT value underpinned by privatization.**

Exhibit 1: Almoosa & Rameda outperform healthcare peers and indices amid weak YtD activity



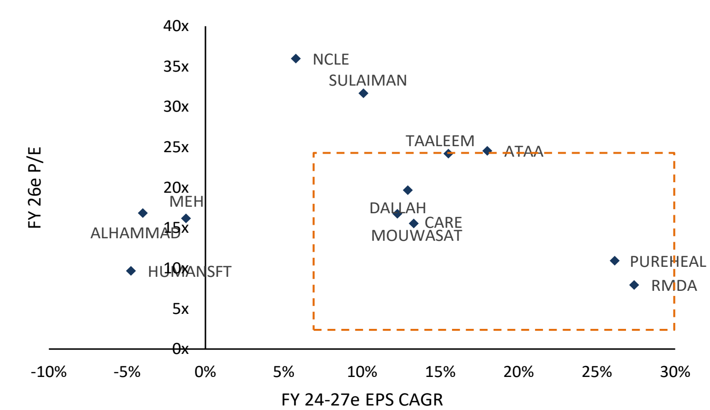
*Source: Bloomberg, Arqaam Capital Research * as of Dec 16, 2025*

Exhibit 2: In the education space, Taaleem outperforms peers and indices YtD



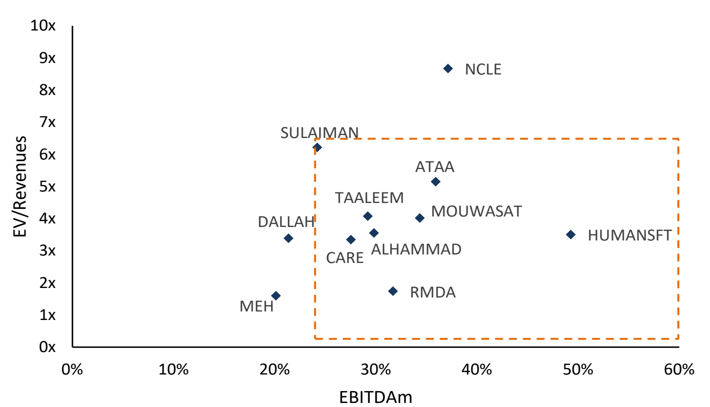
*Source: Bloomberg, Arqaam Capital Research * as of Dec 16, 2025*

Exhibit 3: FY 26e P/E vs. FY 24-27e EPS CAGR



Source: Bloomberg, Company data, Arqaam Capital Research

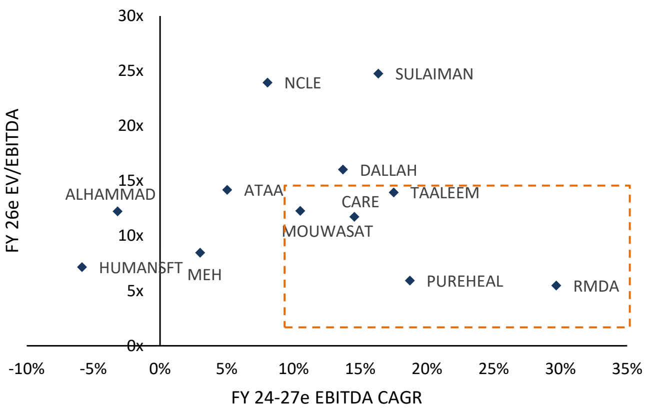
Exhibit 4: FY 26e EV/Revenues vs. EBITDAm



Source: Bloomberg, Arqaam Capital Research

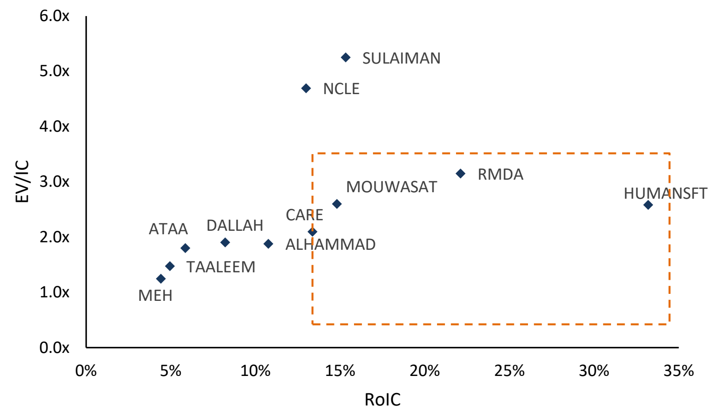
 © Copyright 2025, Arqaam Capital Limited. All Rights Reserved. See Important Notice.

Exhibit 5: FY 26e EV/EBITDA vs. FY 24-27e EBITDA CAGR



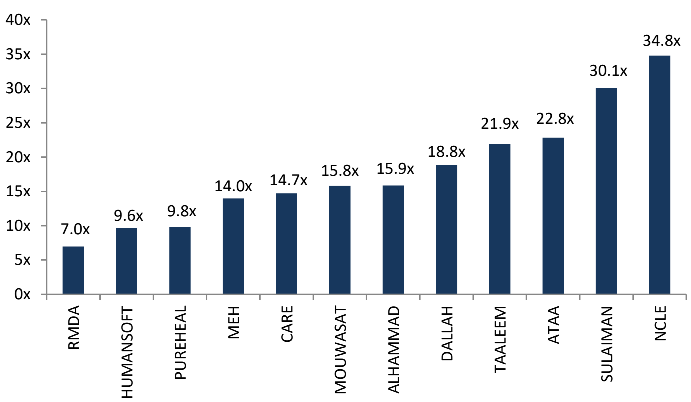
Source: Bloomberg, Company data, Arqaam Capital Research

Exhibit 6: FY 26e EV/IC vs. RoIC



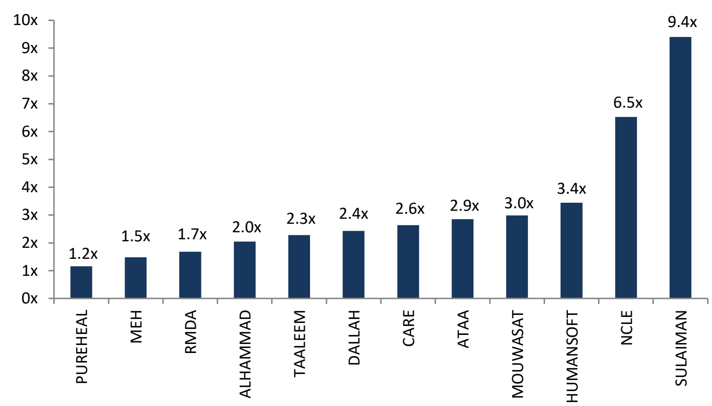
Source: Bloomberg, Arqaam Capital Research

Exhibit 7: FY 26-27e P/E



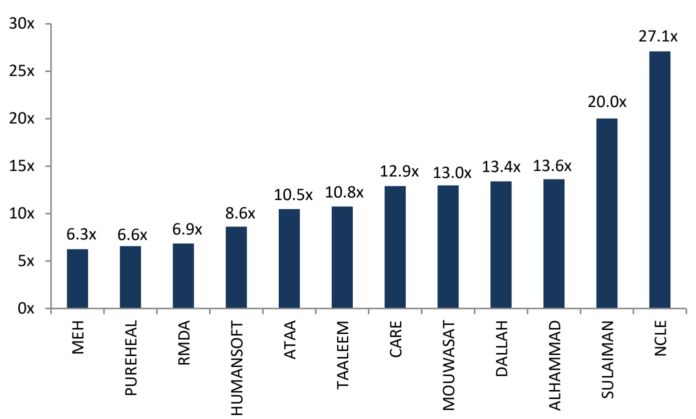
Source: Bloomberg, Company data, Arqaam Capital Research

Exhibit 8: FY 26-27e P/B



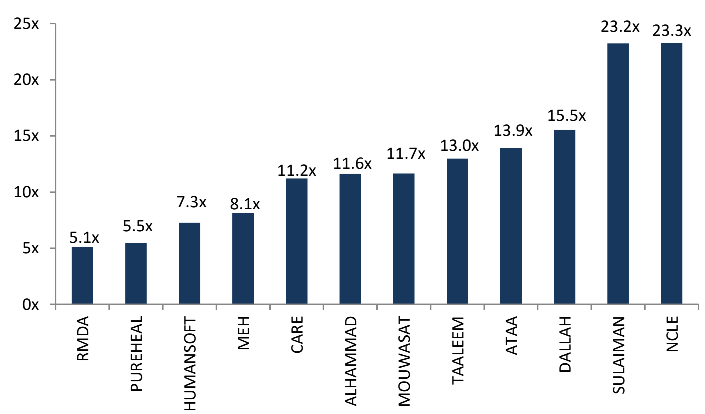
Source: Bloomberg, Company data, Arqaam Capital Research

Exhibit 9: FY 26-27e P/CFO



Source: Bloomberg, Company data, Arqaam Capital Research

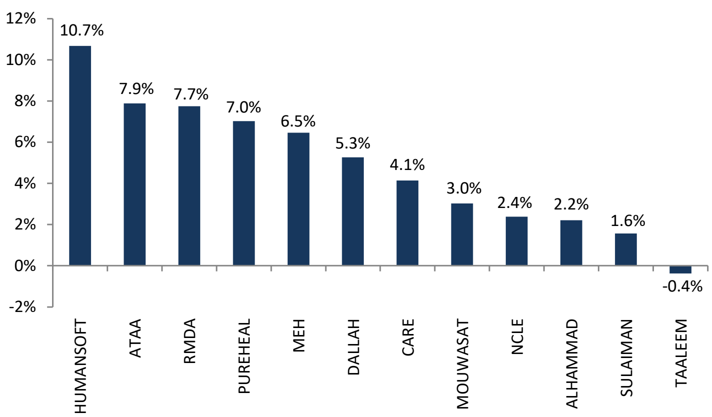
Exhibit 10: FY 26-27e EV/EBITDA



Source: Bloomberg, Company data, Arqaam Capital Research

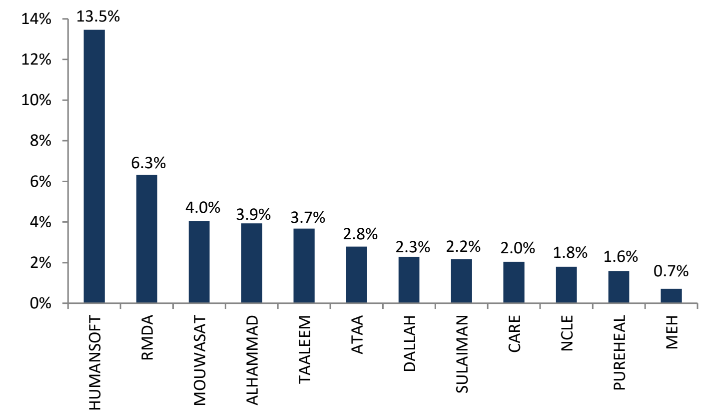
 © Copyright 2025, Arqaam Capital Limited. All Rights Reserved. See Important Notice.

Exhibit 11: FY 26-27e FCF yield



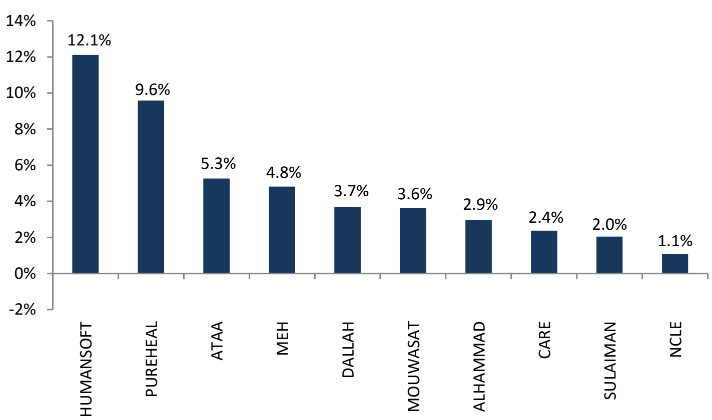
Source: Bloomberg, Company data, Arqaam Capital Research

Exhibit 12: FY 26-27e Div yield



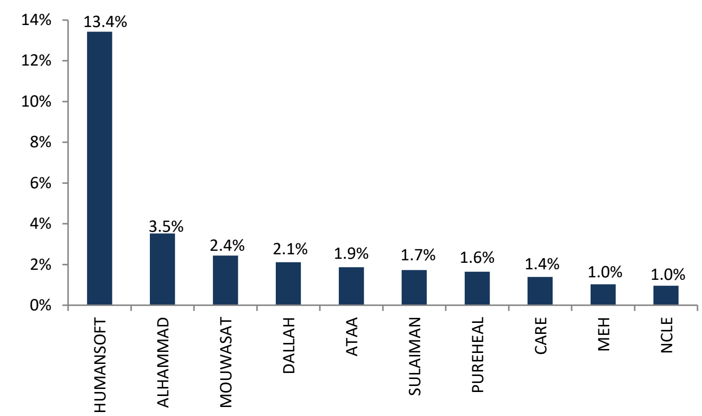
Source: Bloomberg, Company data, Arqaam Capital Research

Exhibit 13: EV/ Licensed bed by FY 26e



Source: Bloomberg, Company data, Arqaam Capital Research

Exhibit 14: EV/Operational bed

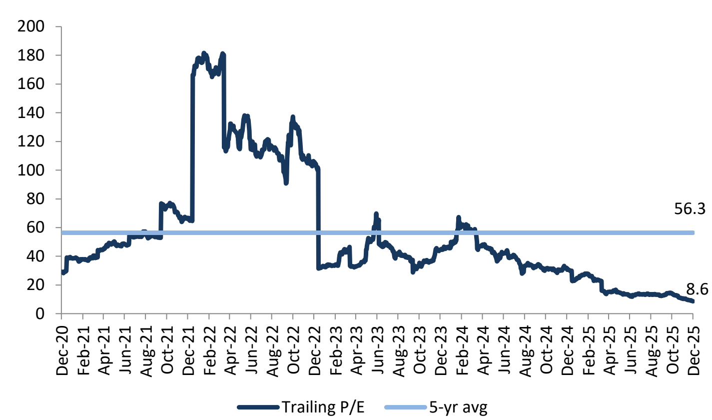


Source: Bloomberg, Company data, Arqaam Capital Research

Exhibit 15: CARE (-30% vs. historical average)

Source: Bloomberg, Company data, Arqaam Capital Research

Exhibit 16: MEH (-85% vs. historical average)



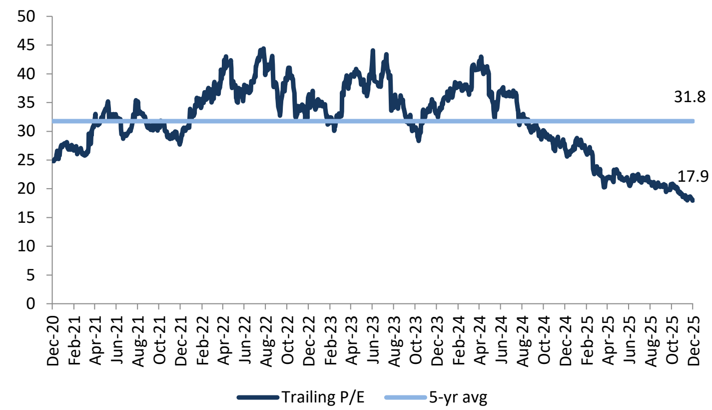
Source: Bloomberg, Company data, Arqaam Capital Research

 © Copyright 2025, Arqaam Capital Limited. All Rights Reserved. See Important Notice.

Exhibit 17: DALLAH (-42% vs. historical average)

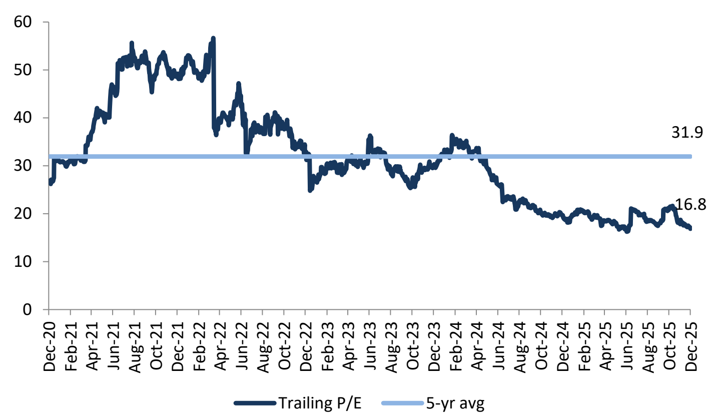
Source: Bloomberg, Company data, Arqaam Capital Research

Exhibit 18: MOUWASAT (-43% vs. historical average)



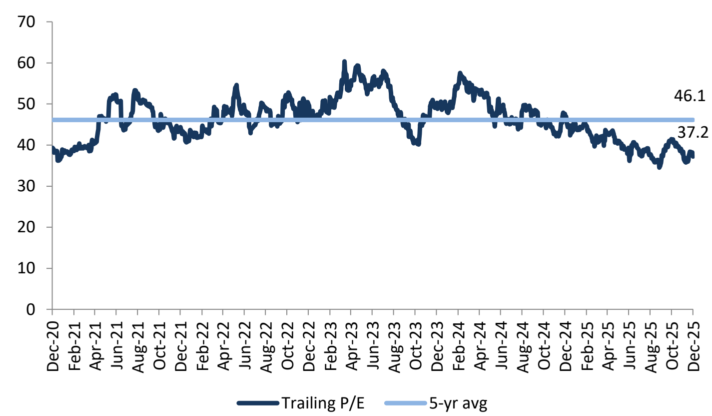
Source: Bloomberg, Company data, Arqaam Capital Research

Exhibit 19: ALHAMMAD (-47% vs. historical average)



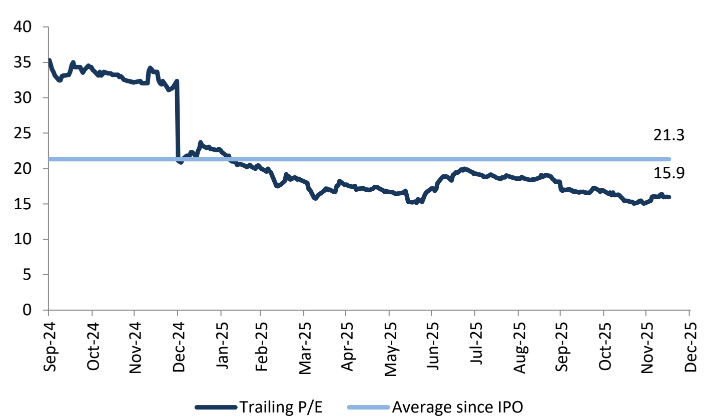
Source: Bloomberg, Company data, Arqaam Capital Research

Exhibit 20: SULAIMAN (-19% vs. historical average)



Source: Bloomberg, Company data, Arqaam Capital Research

Exhibit 21: PUREHEAL (-25% vs. average since IPO)



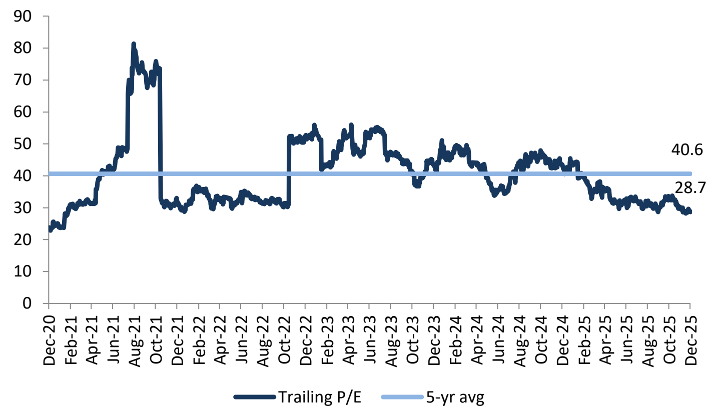
Source: Bloomberg, Company data, Arqaam Capital Research

Exhibit 22: RMDA (+4% vs. avg since IPO)

Source: Bloomberg, Company data, Arqaam Capital Research

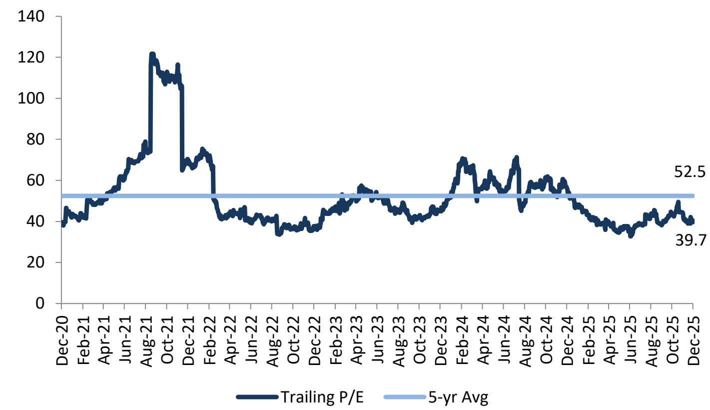
 © Copyright 2025, Arqaam Capital Limited. All Rights Reserved. See Important Notice.

Exhibit 23: ATAA (-29% vs. avg since IPO)



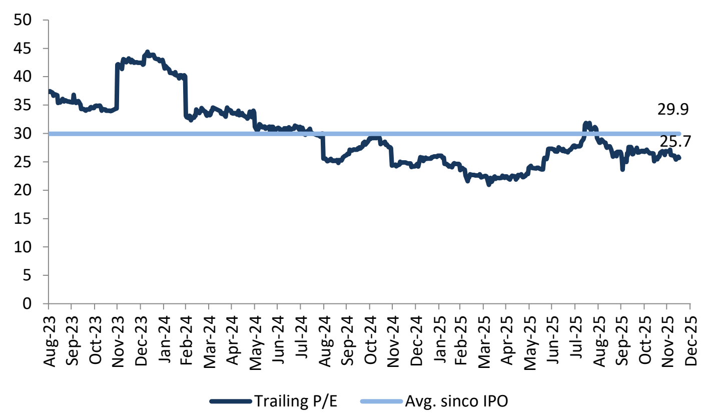
Source: Bloomberg, Company data, Arqaam Capital Research

Exhibit 24: NCLE (-24% vs. historical average)



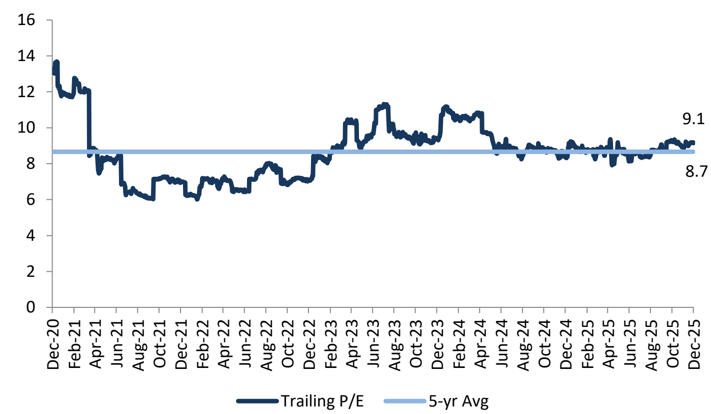
Source: Bloomberg, Company data, Arqaam Capital Research

Exhibit 25: TAALEEM (-14% vs. average since IPO)



Source: Bloomberg, Company data, Arqaam Capital Research

Exhibit 26: HUMANSFT (+6% vs. historical average)



Source: Bloomberg, Company data, Arqaam Capital Research

 © Copyright 2025, Arqaam Capital Limited. All Rights Reserved. See Important Notice.

Key themes

Active MoU and greenfield pipeline in GCC healthcare

- **Saudi Arabia positions itself as a global healthcare hub under Vision 2030, with strategic investments announced at the Global Health Exhibition 2025 totaling USD 33bn+, including USD 8.4bn in hospitals (e.g. Al Hayat 15 facilities/4k beds, USD 1.86 bn), USD 3.24bn in venture/strategic funds and USD 625m in life sciences. PIF's USD 1bn MoU with HKMA remains on track for establishment.**
- **Saudi hospitals add further c.42% to nominal bed capacity by FY 30e (+5.7k beds) led by MOUWASAT (+1,200 beds), FAKEEH (+840 beds), ALHAMMAD (+700 beds), ALMOOSA (+700 beds) and SMC (+698 beds).**
- **PureHealth completes its 60% acquisition of Hellenic Healthcare Group (HHG) for EUR 800m, valuing the platform at EUR 1.3bn. The transaction brings Greece and Cyprus into PureHealth's global network, adding 11 hospitals and 1.6k licensed beds, with the Group fully consolidating HHG starting Q4 25e.**

Exhibit 27: Key healthcare investment initiatives (KSA/UAE)

Party	Details	Value (USD)
Hayat National Hospitals- National Expansion Program	Expansion to 15 facilities with 4k beds across KSA as part of Vision 2030 private sector participation.	1.86bn
Hillhouse Investment	Investment to support drug manufacturing and R&D (KSA)	1.49bn
Akdital Group	Morocco-based group entering Saudi Arabia with multi-city hospital platform	1.41bn
Al Mouwasat Medical Services-Expansion	Expansion across Jeddah, Yanbu, Abha, and AlKhobar; multi-year infrastructure development in KSA	1.33bn
Al Rajhi Medical	Investment to support expansion (KSA)	1bn
Burjeel Group	Investment to support expansion (KSA & UAE)	1bn
Saudi German Hospital (IMC)	Expansion in Makkah, Thuwal and Obhur (KSA)	800m
SMC Healthcare	Expansion of advanced hospitals & primary care centers (KSA)	800m
Al Fozan Holding	Next-gen clinical infrastructure investment (KSA)	675m
TVM Capital Healthcare & Baraya	Rehabilitation & long-term care network expansion (KSA)	405m
Al Mal Capital REIT	First healthcare investment: Acquired NMC Royal Hospital in Dubai Investments Park (DIP).	381m
Esnad Financial & Sihha Capital	Launched a sukuk program to bridge healthcare financing gaps (KSA)	266m
GKSD Investment Holding	Capital injection to improve patient care (KSA)	266m
Becton, Dickinson & Co.	Life sciences investment to localize medical technologies (KSA)	266m
Goldtrack Ventures	Launched the first Saudi industrial biotech growth fund.	250m
Hikma Pharmaceuticals & IFC	A six-year financing agreement focused on expanding access to medicines to support Hikma's operations across the MENA.	250m
TVM Capital Healthcare – Afiyah Fund (PIF/JADA-backed)	TVM launched Afiyah fund which will invest in Saudi Arabian health-care companies or international firms planning to expand into the kingdom.	250m
Aster DM Healthcare	Investment to expand in the Kingdom, in line with Saudi Vision 2030.	250m

Source: Global Health Exhibition (2025),News sites, Arqaam Capital Research

 © Copyright 2025, Arqaam Capital Limited. All Rights Reserved. See Important Notice.

PIF expands investments in the healthcare sector as part of Vision 2030:

- **November 2025- PIF/HKMA USD 1bn investment fund**, initially agreed through a MoU in October 2024 in Riyadh. The fund is intended to invest in companies connected to Hong Kong and the Greater Bay Area, promoting localization of critical industries, including healthcare, renewables, manufacturing, and fintech in Saudi Arabia, in line with Vision 2030 goals of creating skilled local jobs, driving economic diversification and fostering international investment.

- **October 2025- Pfizer Saudi Arabia and Lifera Biopharmaceutical Company (PIF-owned) sign a MoU to explore local manufacturing of pharmaceuticals.** The agreement aims to advance technology transfer, develop domestic production capabilities, strengthen the national biopharmaceutical ecosystem, enhance pharmaceutical security, reduce reliance on imports and stimulate innovation and high-value job creation in Saudi Arabia's life sciences sector.

- **October 2025- Nuxera AI secures USD 2.5m pre-Seed investment from Sanabil Venture Studio by Redesign Health.** The Sanabil Venture Studio has already begun deploying capital to early-stage healthtech firms, including Saudi-based Nuxera AI, which received a USD 2.5m pre-seed investment to develop Arabic-focused clinical AI technologies that streamline hospital workflows and documentation. Nuxera aims to be the region's leading AI hub for hospitals, serving both health clusters and private hospitals with scalable Arabic-first technologies.

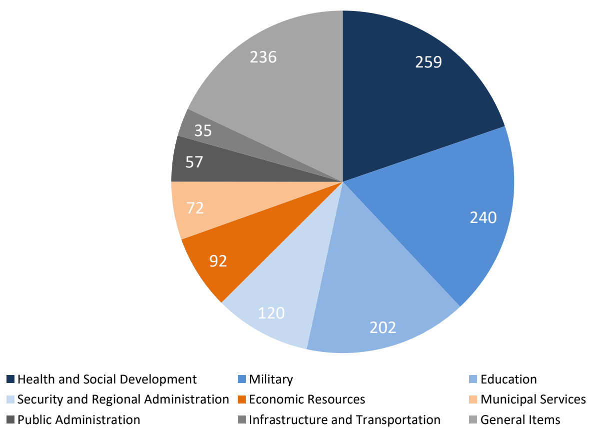
- **July 2025- The Afiyah Fund led a Series B fundraising round for Baraya Extended Care, raising c.USD 124m** (co-investors include Olayan Financing Company, Saudi Economic and Development Holding Company, ANB Capital, and SVC), to support Baraya's expansion of inpatient long-term care facilities and outpatient rehabilitation clinics. In May 2024, the PIF's Fund of Funds, JADA, leads USD 250m investment in TVM Healthcare Afiyah Fund. The Afiyah Fund is the largest of its kind, raising SAR 920m from a group of Saudi, GCC and European investors led by JADA, with a primary focus to invest in key healthcare companies in KSA and international companies that aim to expand operations in Saudi. Fund investments to date include (i) Baraya Extended Care, a chain of long-term, post-acute care and rehabilitation clinics, based in Riyadh, in addition to international names preparing to enter KSA and the GCC, such as (ii) DEBX Medical, an Amsterdam-based developer and manufacturer of products for chronic wound treatment, and (iii) Neurocare Group, a Munich-based innovator in personalized mental health services and products, with clinics in the USA, Netherlands, and Australia.

- **January 2025- Sanabil Venture Studio partnership with Redesign Health:** Sanabil Investments, a PIF-owned venture capital arm, partnered with US-based Redesign Health to launch the Sanabil Venture Studio by Redesign Health in Saudi Arabia. The studio is designed to accelerate healthcare innovation by helping founders launch and scale transformative healthcare companies, combining Redesign's global venture-building expertise with Sanabil's local market network and capital. The initiative aims to catalyze multiple new healthcare ventures, support job creation, and position Saudi Arabia as a hub for healthcare entrepreneurship aligned with Vision 2030.

 © Copyright 2025, Arqaam Capital Limited. All Rights Reserved. See Important Notice.

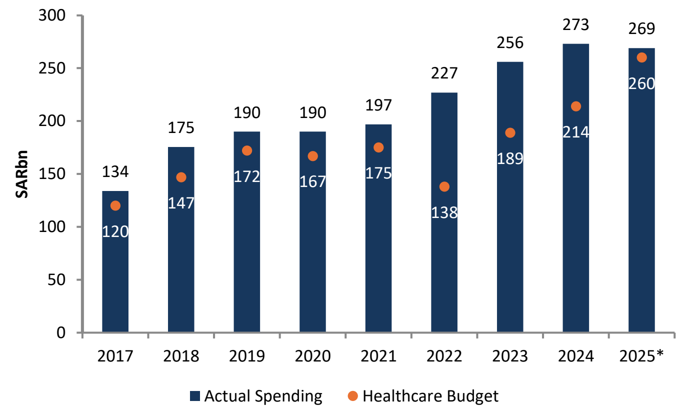
Saudi healthcare budget more than doubled since 2017 to SAR 259bn in 2026 (c.20% of total), making it the country's largest sectoral allocation, reflecting the government's prioritization of healthcare in alignment with Vision 2030. However, until 2025, the allocated budget (SAR 260bn) remains below the actual healthcare spending in 2024 (SAR 273bn) and the estimated 2025 spending, which is expected to reach SAR 269bn based on MoF data, driven partly by various healthcare projects and initiatives related to Vision 2030. In 2026, the Ministry allocated SAR 259bn for healthcare (almost flat y/y), below the estimated 2025 spending. Fitch Solutions projects healthcare spending to grow at 7.2% 2024-2029 CAGR, reaching SAR 312bn by 2029.

Exhibit 28: Healthcare receives largest allocation in the 2026 budget (c.20%)…



Source: Ministry of Finance (MoF), Arqaam Capital Research

Exhibit 29: …but remains below actual spending as of 2025



*Source: Ministry of Finance (MoF), Arqaam Capital Research/*2025 actual spending reflects MoF's estimate*

Rising needs for healthcare provision with a growing elderly population and increasing needs for specialized care, as well as rising prevalence of chronic diseases. The IMF expects the Saudi population to grow at c.2% 10-year CAGR to 39.8m by 2030, with individuals over the age of 65 projected to make up c.20% of total by 2050 (UN forecasts), up from only 3% in 2024, significantly increasing the demand for healthcare services. Furthermore, growing incidence of chronic conditions continues to place additional financial strain on the healthcare system, with diabetes cases expected to reach c.9.5m by 2050, up from 5.3m in 2024 (Exhibit 32).

Exhibit 30: The Kingdom's population is expected to grow at c.2% 10-year CAGR till 2030…

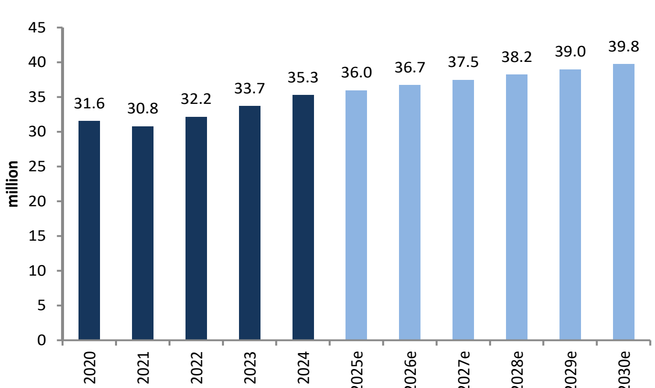
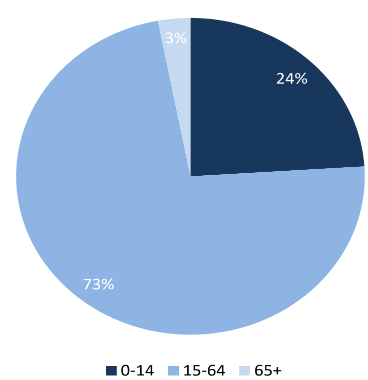


Exhibit 31: With 65+ age group sustaining its past growth momentum (2024)

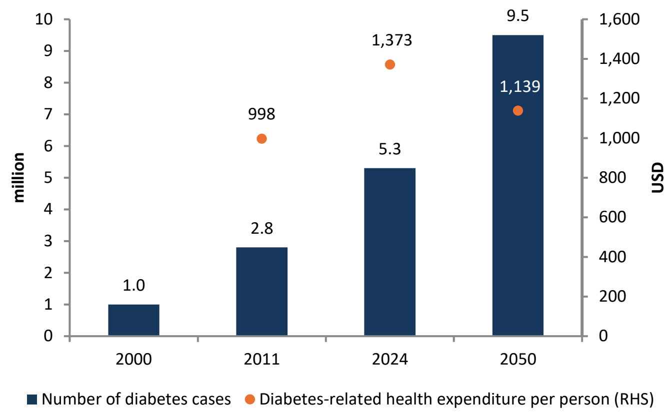


 © Copyright 2025, Arqaam Capital Limited. All Rights Reserved. See Important Notice.

Source: IMF, Arqaam Capital Research

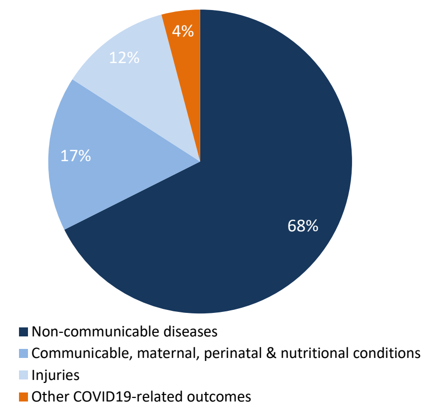
Source: World Bank, Arqaam Capital Research

Exhibit 32: Number of diabetes cases (20-79 yrs) and related costs in KSA



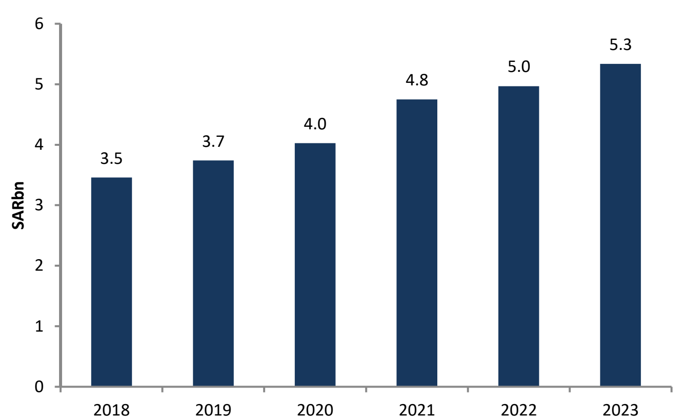
Source: International Diabetes Federation (IDF), Arqaam Capital Research

Exhibit 33: NCDs-leading cause of death in KSA (2021)



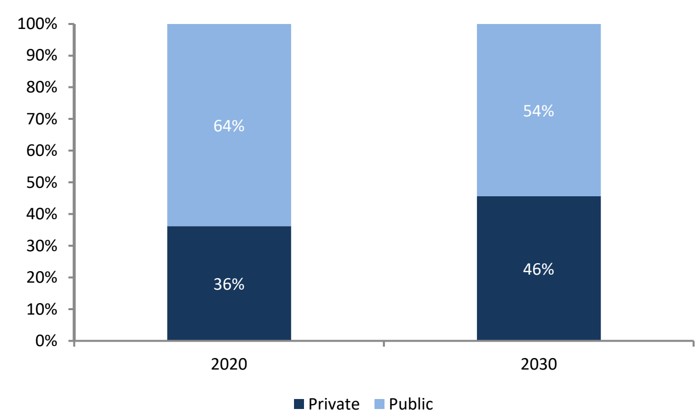
Source: WHO, Arqaam Capital Research

Exhibit 34: Foreign Direct Investment in Health & Social Work Activities grew at 9% 5-year CAGR till 2023



Source: Ministry of Investment (MISA), Arqaam Capital Research

Exhibit 35: Projected public vs. private healthcare sector contribution to GDP by 2030

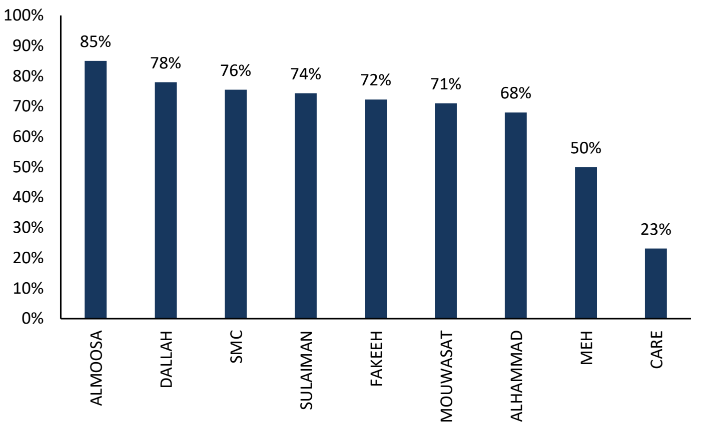


Source: Minister of Health, Arqaam Capital Research

 © Copyright 2025, Arqaam Capital Limited. All Rights Reserved. See Important Notice.

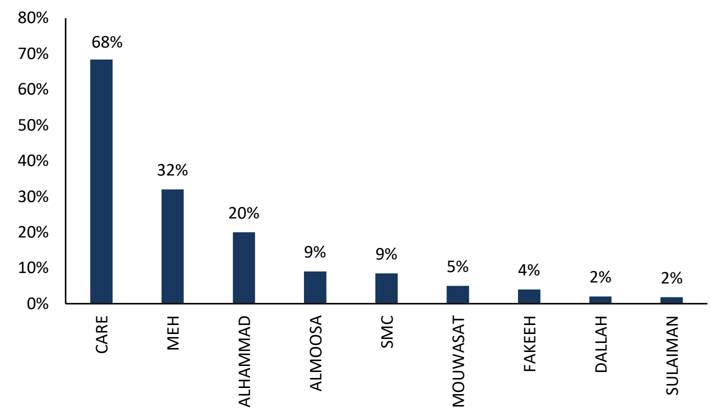
KSA hospitals witness growing revenue contribution from privately insured beneficiaries currently accounting for c.70% of aggregate top line of listed names led by ALMOOSA, DALLAH, SMC and SULAIMAN. While CARE (MoH and GOSI), MEH and ALHAMMAD remain the highest exposed to the public sector.

Exhibit 36: Insurance generates c.70% of KSA hospital revenues



Source: Company data, Arqaam Capital Research

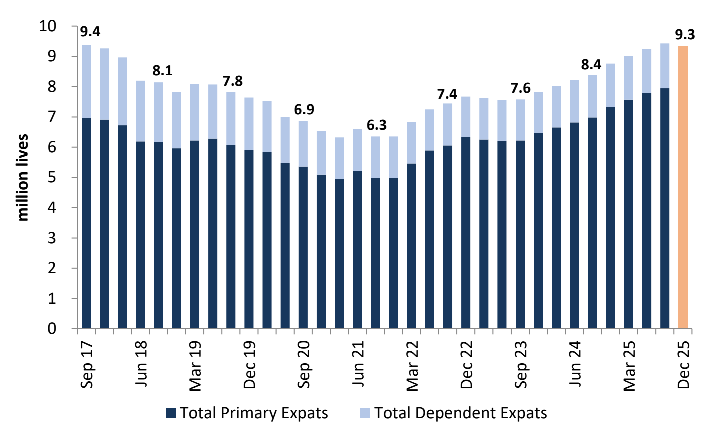
Exhibit 37: The public sector remains key top line driver for CARE, MEH and ALHAMMAD



Source: Company data, Arqaam Capital Research

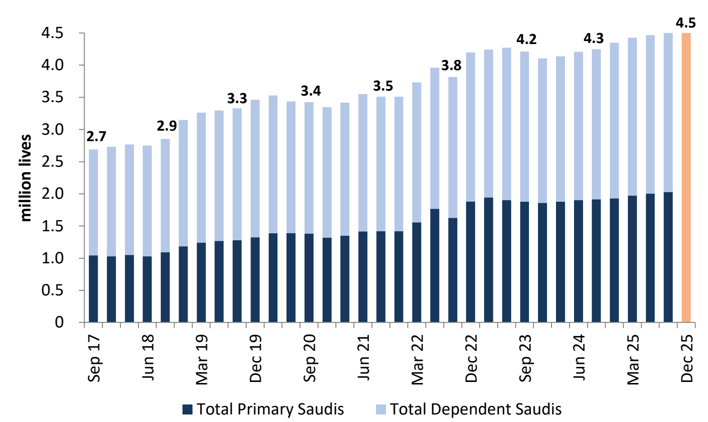
Saudi Arabia's privately insured curve inches down sequentially in Q4, bringing total CCHI beneficiaries to 13.8m (+6% y/y). CCHI data reveal c.103k lower participants in Sep-Dec 2025 to date, primarily driven by expats (-1% q/q, +6% y/y) as Saudi beneficiary count remains flat sequentially (+4% y/y) at 4.5m (33% of total), potentially due to the resolution in duplicate insurance. Enforcement gaps remained high at c.32% for Saudi employees (vs. 33% in Dec 24A) and 23% for expats as of Q3 25A (in line with Dec 24A).

Exhibit 38: CCHI reports c.95k reduction in insured expats in Sep-Dec to date bringing beneficiaries up c.6% y/y (-1% q/q)



Source: CCHI, Arqaam Capital Research

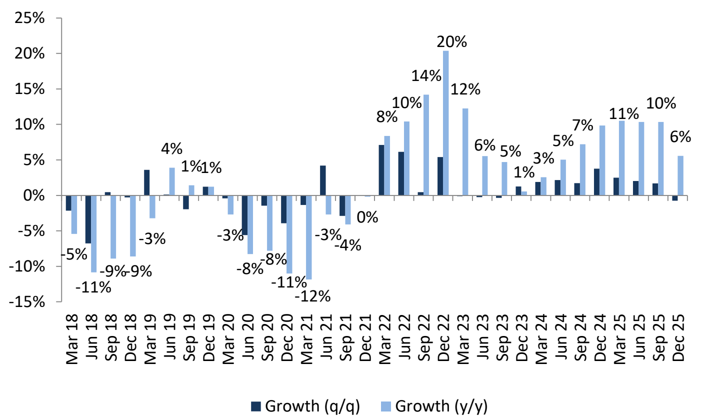
Exhibit 39: Saudi beneficiary count remains broadly flat in Q4, implying c.4% y/y increase to 4.5m insured primary and dependent lives



Source: CCHI, Arqaam Capital Research

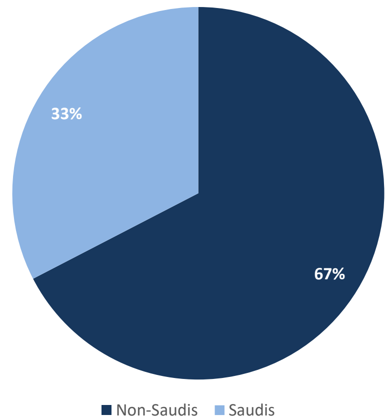
 © Copyright 2025, Arqaam Capital Limited. All Rights Reserved. See Important Notice.

Exhibit 40: Total beneficiaries up 6% y/y (-1% q/q) in Dec 25



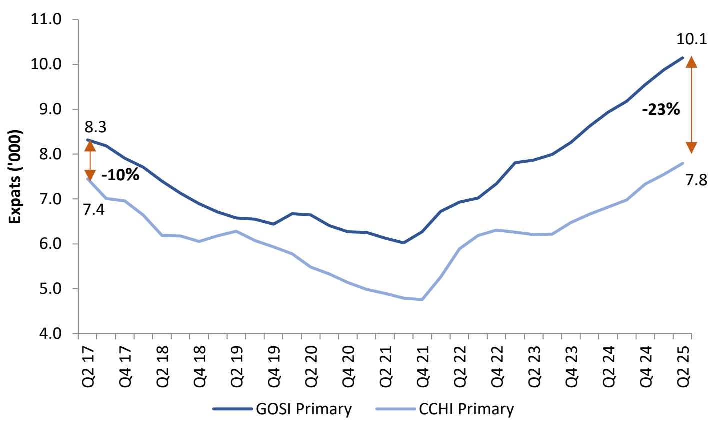
Source: CCHI, Arqaam Capital Research

Exhibit 41: Expats account for c.67% of privately insured lives



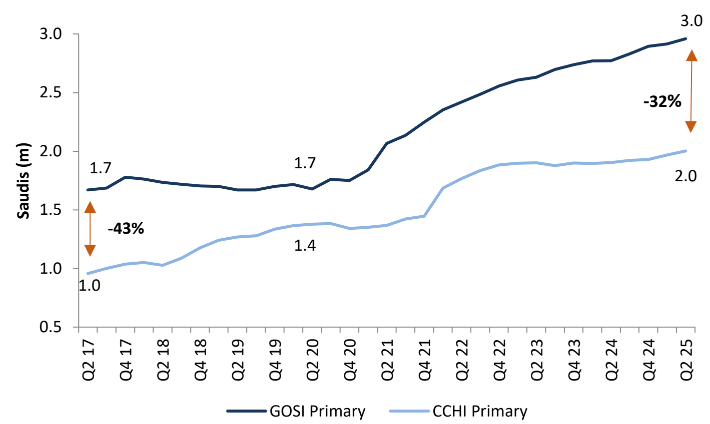
Source: CCHI, Arqaam Capital Research

Exhibit 42: Expat PMI Gap



Source: CCHI, Arqaam Capital Research

Exhibit 43: Saudi PMI Gap

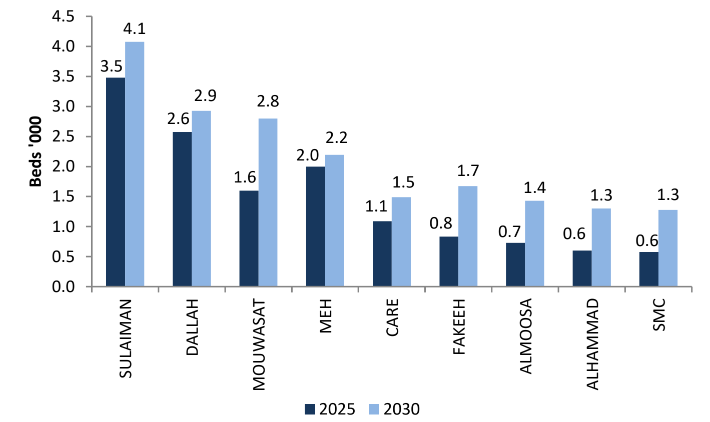


Source: CCHI, Arqaam Capital Research

Saudi hospitals add further c.42% to nominal bed capacity by FY 30e (+5.7k beds) led by (i) MOUWASAT (+1,200 beds) through 5 greenfield and 2 brownfield projects expanding network in Jeddah, Yanbu, Riyadh, Qatif, Ahsa and Abha. (ii) FAKEEH (+840 beds) through 4 hospitals in addition to medical centers across Riyadh, Jeddah, Makkah and Madinah. (iii) ALHAMMAD (+700 beds) through 3 greenfield hospitals in Riyadh in addition to the replacement of Olaya. (iv) ALMOOSA (+700 beds) doubling capacity in the Eastern region through 2 greenfield hospitals in Khobar and Ahsa. And (v) SMC (+698 beds) further expanding in Riyadh through SMC 3 (Northern Ring Road), 4 (Khuzam suburb) and 5 (Al Malqa). Saudi's largest private operator SULAIMAN adds another c.600 nominal beds (+17%) to its network through greenfield hospitals in Tabuk, Jubail, Riyadh and Dammam.

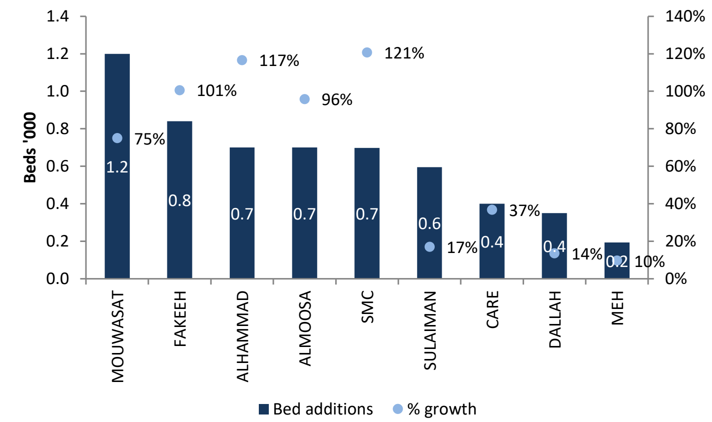
 © Copyright 2025, Arqaam Capital Limited. All Rights Reserved. See Important Notice.

Exhibit 44: Aggregate licensed capacity additions of 5.7k beds…



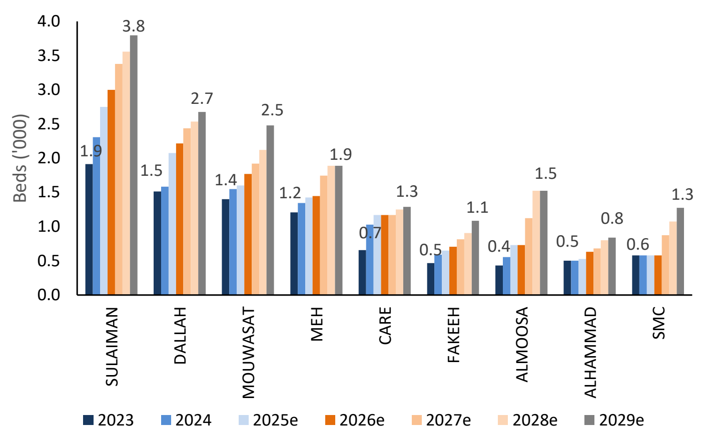
Source: Company data, Arqaam Capital Research

Exhibit 45: …widening network by c.42% by 2030



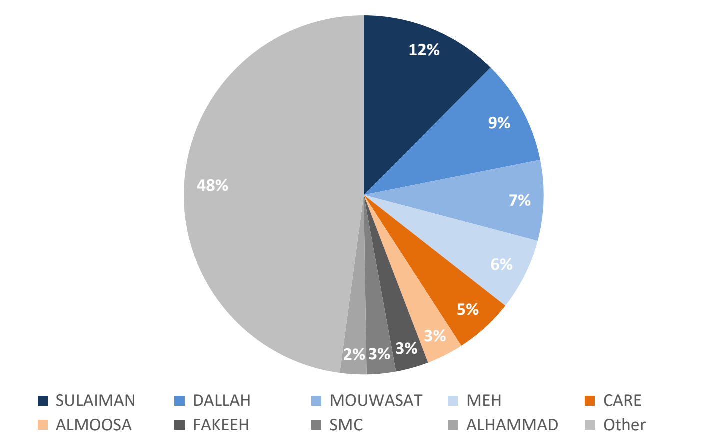
Source: Company data, Arqaam Capital Research

Exhibit 46: Nine listed hospitals to add c.50% to aggregate operational bed capacity by FY 29e



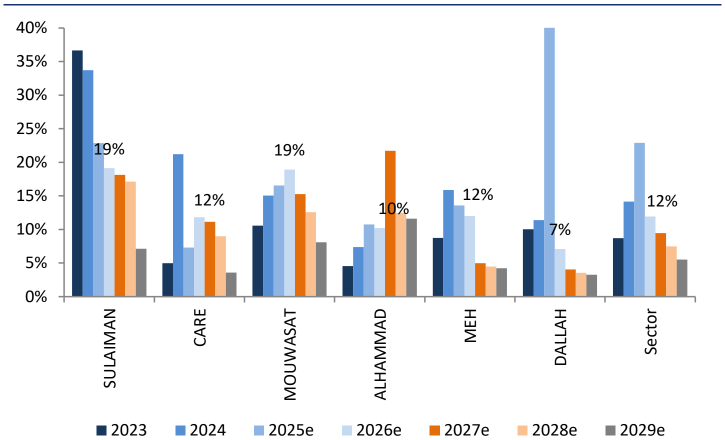
Source: Company data, Arqaam Capital Research

Exhibit 47: The 9 listed names account for c.52% of KSA's private bed capacity



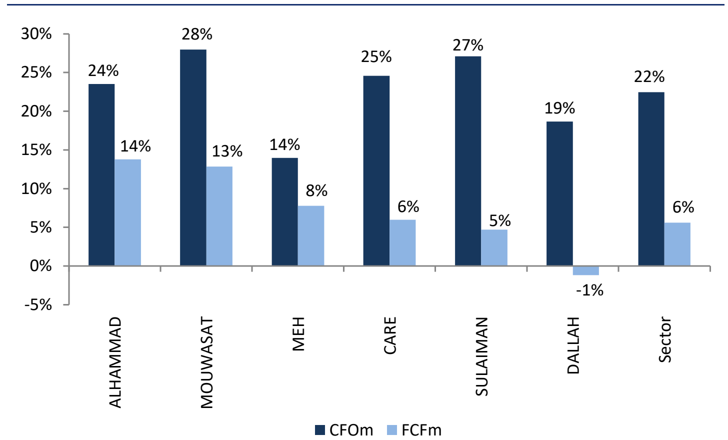
Source: Company data, Arqaam Capital Research

Exhibit 48: SULAIMAN and MOUWASAT CapEx bill equates c.19% of revenues in FY 26e



Source: Company data, Arqaam Capital Research

Exhibit 49: CFO margin vs. FCF margins (FY 26-27e)



Source: Company data, Arqaam Capital Research

 © Copyright 2025, Arqaam Capital Limited. All Rights Reserved. See Important Notice.

Exhibit 50: Capacity additions across the board

Company	Current hospitals	Current beds	Projects	Added beds	CapEx
SULAIMAN	Olaya Medical Complex- 260 Rayan- 349 Qassim- 172 Dubai- 151 Takhassusi- 363 (incl. 145 in Maternity) Suweidi- 305 Khobar- 458 North Riyadh- 500 South-West Jeddah- 330 Hamra- 100 North Jeddah- 350 Sehat Al Kharj- 141	3,479	- Tabuk- 140 beds, by YE 2027/Beg 2028 (leased land) - Jubail- by Q1 2029 - Riyadh- 160 beds, by Q2 2029 - Dammam- 145 beds, by Q2 2029	595	Riyadh- SAR 991m (land owned) Dammam- SAR 988m (land owned)
DALLAH	Dallah Nakheel (Riyadh)- 540 (585 licensed) Dallah Namar (Riyadh)- 300 (450) Kingdom Hospital- 180 Makkah Medical Center- 134 Mohammed Fakih- 350 (O&M) International Medical Center- 307 Dallah Al Ahsa- 220 Dallah Khobar- 350	2,576	- Dallah Namar +100 beds by 2026 - Dallah North Riyadh Al Arid- 250 beds by 2027 - Dallah Al Nakheel fund- mixed-use project comprising medical, commercial, office, and hospitality facilities. More details TBA	350	Brownfield expansions worth SAR 300m Al Arid greenfield- SAR 840m (SAR 690m construction, SAR 150m equipment) Nakheel fund size exceeds SAR 1.2bn with SAR 741m in development agreements
MOUWASAT	Dammam- 480 Jubail- 200 Qatif- 120 Madinah (Economic City)- 220 Madinah LTC- 100 Riyadh- 200 Khobar- 280	1,600	- Jeddah Doctors Hospital (51% owned)- 300 beds, 80 clinics by H2 25e - Yanbu hospital in Al Sawari district- 200 beds, 60 clinics by YE 25e - Riyadh Qadisiyya greenfield- 120 beds, 40 clinics by 2026 - Riyadh expansion +100 beds by Q4 28e - Qatif expansion +100 beds by Q2 28e - Al Ahsa greenfield- 200 beds, 80 clinics by Q2 29e - Abha greenfield- 180 beds, timeline TBA	1,200	Jeddah Doctors Co acquired for SAR 102m Yanbu greenfield- SAR 465m Riyadh Qadisiya greenfield- SAR 400m Riyadh expansion- SAR 330m Qatif expansion- SAR 350m Al Ahsa greenfield- SAR 700m Abha greenfield- SAR 700m
MEH	Riyadh- 279 (292 licensed incl. extension) Hail- 90 (150) Aseer- 291 (400) Jeddah- 204 (217) Madinah- 197 (300) Dammam- 150 (200) Jeddah one-day surgery- 35 Makkah- 100 (300)	1,400 operational 2,000 licensed	- SGH Jeddah renovation and expansion- 194 beds, 22 clinics by H2 26	194	SGH Jeddah- SAR 399m

Source: Company Data, Arqaam Capital Research

© Copyright 2025, Arqaam Capital Limited. All Rights Reserved. See Important Notice.

Exhibit 51: Capacity additions across the board (continued)

Company	Current hospitals	Current beds	Projects	Added beds	CapEx
CARE	Rawabi (Riyadh Care)- 325 Malaz (Care National)- 400 Jiwar- 54 AlBalad- 169 Mental Health- 40 Al Salam- 100	1,088	- Riyadh Narjis- c.400 beds by 2028, to be launched in 2 phases starting with 200 beds	400	Riyadh Narjis greenfield- SAR 950m for phase 1 (65% of total)
FAKEEH	Jeddah- 400 Madinah- 200 Riyadh- 185 NEOM (O&M)- 50 Medical Centers- Jeddah and Tabuk Fakeeh College of Medical Sciences	835	- DSFMC Alawali- 20 clinics by H2 25 - DSFMC North Obhur- 22 clinics by H1 26 - DSFMC Al Zahra- 60 clinics by H1 26 - DSFMC Al Hamra- 22 clinics by H2 26 - DSFH Jeddah Surgery Tower Extension- 140 beds by 2029 - HEAL Neuroscienece, Rehab and LTC- 200 beds by 2029 - DSFH Makkah- 200 beds by 2029 - DSFH South Obhur- 300 beds by 2030	840	- Alawali- SAR 100m (SAR 10m spent) - North Obhur- SAR 110m (SAR 20m spent) - Al Zahra- SAR 55m - Al Hamra- SAR 140m - DSFH Jeddah Surgery Tower Extension- SAR 400m - HEAL- SAR 460m - DSFH Makkah- SAR 600m - DSFH South Obhur- SAR 900m (SAR 120m spent)
ALMOOSA	Ahsa Specialist- 430 Ahsa Rehabilitation- 300 Medical Centers- Khobar and Ahsa	730	- Khobar Specialist- 400 beds by Q1 2028 - Hofuf Specialist- 300 beds by Q2 2027 - Medical centers in Ahsa (66 clinics, Q2 2026), Jubail (Q4 2026) and Dammam (Q4 2027)	700	
ALHAMMAD	Al Suwaidi- 200 (300) Al Nuzha- 300	600	- Al Suwaidi (South-West of Riyadh) +100 beds - Al Olaya (North of Riyadh)- 200 beds, 120 clinics by 2026 - Narjis greenfield- 200 beds, 120 clinics by 2028 - Al Mansiyah- 200 beds, 120 clinics	700	Brownfield expansion, minimal CapEx Al Olaya replacement- SAR 450m Narjis greenfield- SAR 550m
SMC	SMC 1 King Fahad Road- 387 SMC 2 King Abdullah Road- 191	578	- SMC 3 Northern Ring Road- 296 beds by Q4 27e - SMC 4 Khuzam Suburb- 201 beds by Q4 28e - SMC 5 Al Malqa- 201 beds by Q4 29e	698	- SMC 3- SAR 1.3bn including land cost - SMC 4- SAR 925m including land cost - SMC 5- SARE 950m including land cost

Source: Company Data, Arqaam Capital Research

© Copyright 2025, Arqaam Capital Limited. All Rights Reserved. See Important Notice.

PureHealth completes 60% acquisition of Hellenic Healthcare Group (HHG)

Group fully consolidates HHG starting October 1st, 2025 after completing EUR 800m acquisition implying a total valuation of EUR 1.3bn for HHG. PureHealth, through a wholly owned subsidiary, now holds a controlling interest in HHG and begins consolidating the business from October 1st, 2025, allowing for a full-quarter contribution in Q4 25e. The integration of HHG, Greece's largest private healthcare operator with an estimated 35% market share and 24% in Cyprus, marks a significant milestone in PureHealth's global expansion strategy to build a leading cross-border healthcare platform. Founded in 2018, HHG operates a network spanning 11 hospitals with 1.6k licensed hospital beds and 23 diagnostic centers. Operations span hospital care, diagnostics, genomics, assisted reproduction, home healthcare, medical supplies, as well as training and development through Heal Academy.

Exhibit 52: PureHealth vs. HHG Networks

	PureHealth	HHG
Main countries of operation	UAE, UK (Circle Health Group), and the US (Ardent)	Greece & Cyprus
Number of hospitals	100+ hospitals (24 in the UAE,50+ in the UK, 30+ in the US)	11 hospitals
Number of beds	c.5.5k excl. Ardent	1.35k

Source: Company Data, Arqaam Capital Research

HHG should contribute c.2% to our hospitals segment gross revenues in FY 25e (25% of HHG's c.2.8bn FY 25e revenues based on our estimates) and 8% in FY 26e. This projection is based on 8% annual revenue growth from FY 24A reported top line of c.AED 2.6bn. The estimate assumes a 60%/40% split between outpatient and inpatient revenues, reflecting the current revenue mix of the Hellenic network. We model inpatient revenues to grow at a c.5% CAGR over 2024-2030e, supported by expansion in hospital services, bed utilization, and medical procedures, while outpatient revenues are expected to grow slightly faster at c.7% CAGR over the same period, driven by diagnostic center utilization and increasing outpatient service demand. The Group also expects to add more than 200 beds over the next three years, further enhancing inpatient capacity and revenue potential.

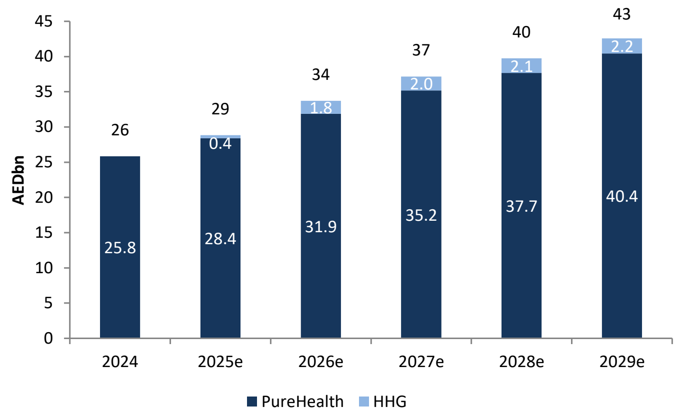
Exhibit 53: HHG Highlights

Metrics		Value
Market share		
	Greece	35%
	Cyprus	24%
Operational		
	Hospitals	11
	Diagnostic Centers	23
	Physicians	6.9k
	Hospital beds	1,350
	Licensed Beds	1,630
	Blended occupancy rate	60-65%
	IVF Cycles	c. 6.0k Annually
Financial		
	Net revenue (2024)	EUR 607m
	EBITDA margin range	21-23%

Source: Company Data, Arqaam Capital Research

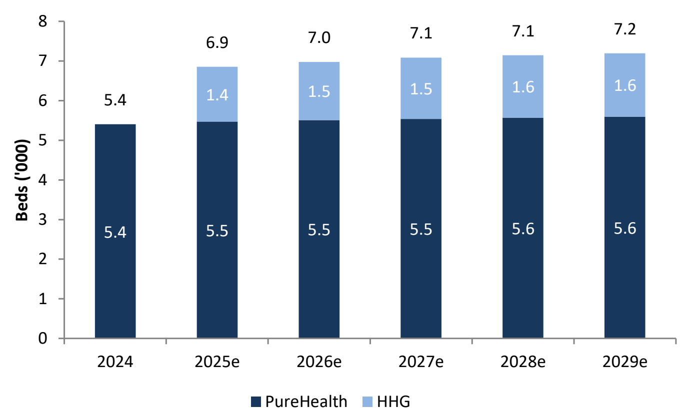
 © Copyright 2025, Arqaam Capital Limited. All Rights Reserved. See Important Notice.

Exhibit 54: HHG adds c.6% to group revenues…



Source: Company Data, Arqaam Capital Research

Exhibit 55: …and 29% to bed count in FY 26-27e



Source: Company Data, Arqaam Capital Research

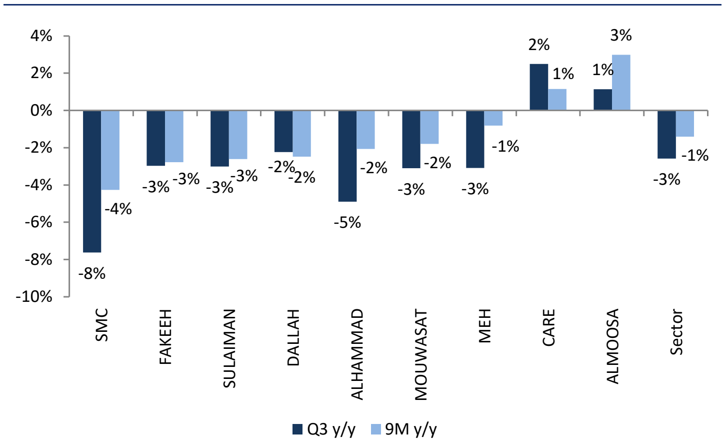
 © Copyright 2025, Arqaam Capital Limited. All Rights Reserved. See Important Notice.

Value-Based Healthcare rewards scale, specialization and digital maturity

- **Saudi hospital accelerate specialization as a foundational step towards VBHC (granting higher multipliers), reflected through recruitment of sub-specialists and multidisciplinary teams with ALHAMMAD and MEH (recent agreement with Mayo Clinic) reporting c.4.9ppt and c.3.1ppt y/y compression in Q3 25A GP margins resulting from new hires related to the introduction of new sub-specialties across various departments at the group level.**
- **Value-Based Healthcare (VBH) could ultimately cut costs, reduce medical bills and lower rejection rates by shifting healthcare delivery and payment models from a fee-for-service approach to one that prioritizes value, outcomes, and cost-effectiveness.**
- **However, full scale implementation and resulting innovation in care delivery would require institutionalized collaboratives with formal platforms where payors, providers, regulators, and industry leaders work together under shared governance.**

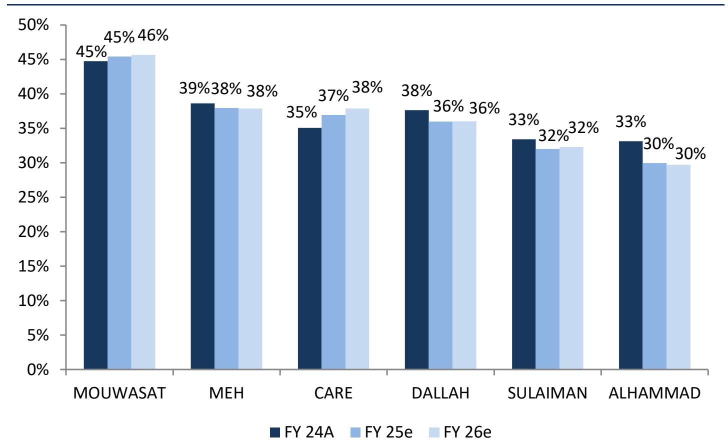
Margins compression starting H2 25e as operators double down on specialties including orthopedics, cardiovascular, obstetrics, and oncology where outcomes are easier to measure, variation can be minimized and bundled payments are feasible. The concentration of high-complexity care into centers of excellence improves volume and outcomes driving eligibility for outcome-based reimbursement, the core of VBH.

Exhibit 56: Sector wide GP margins narrow 2.6ppt and 1.4ppt y/y respectively in Q3 and 9M 25A



Source: Company data, Arqaam Capital Research

Exhibit 57: Gross margins remain muted in FY 25-26e, with key improvements on the operational level



Source: Company data, Arqaam Capital Research

NPHIES is a structural enabler of AR-DRG implementation (billing part of VBHC) ensuring readiness for the system through data standardization, enhanced clinical coding capacity and patient classification systems. With MoH joining the platform since April 2025 (1% of gross hospital revenues and 1% of accepted insurance claims), NPHIES integrates healthcare data across public and private sectors, facilitating seamless data exchange among providers. The Australian Refined Diagnosis Related Group (AR-DRGs) is a classification system that clinically groups patients based on the resources required in treatment and attaches a cost weight or a price to each of these groups.

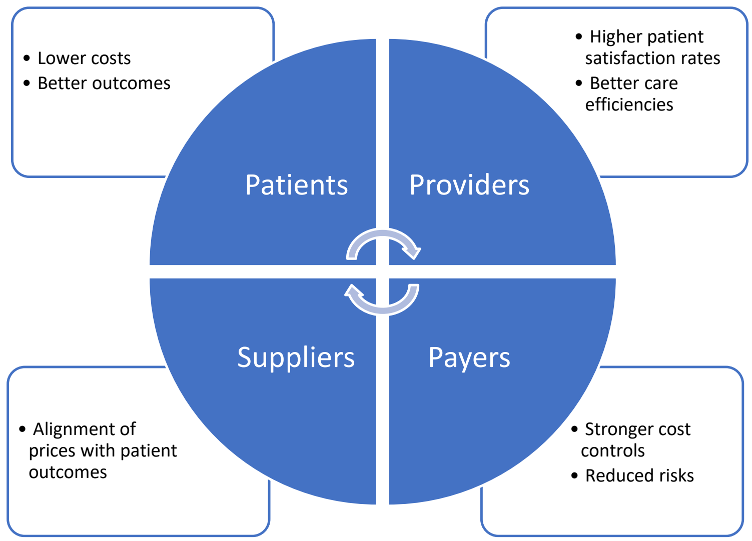
The DRG payment system uses a base rate (same across all providers) and multipliers (different across providers depending on last year of shadow billing by procedure, with many variables including frequency of procedure and ALS among others). The system encourages

 © Copyright 2025, Arqaam Capital Limited. All Rights Reserved. See Important Notice.

competitive behavior through a fixed tariff covering for the heterogeneity of patient mix, driving providers to compete to offer the best care possible with the lowest relative resource (containing costs, decreasing length of stay), therefore enhancing efficiency and transparency.

Value-Based Care places strong emphasis on patient outcomes, as opposed to simply the number of services provided under the current fee-for-service model which has allowed for the expansion of healthcare services without adequate consideration of their impact on patient health. This has in turn resulted in the proliferation of medical bills and widening of insurance rejection rates.

Exhibit 58: Benefits of VBH encompass all stakeholders



Source: CHI, Arqaam Capital Research

Integrated Healthcare is the new model of care and successful implementation of VBH requires a holistic, long-term and multi-disciplinary approach with all relevant organizations. Data infrastructure enabled by digital and information technology offers critical insights on cost, quality, utilization, patient behaviors and outcome. Collaboration between healthcare payers and providers is essential to negotiate VBH contracts that link product pricing to patient outcomes, where cost is tied to performance.

Exhibit 59: DRG vs. FFS

	Characteristics	Incentives	
Case payments (DRG)	- Prospective payment system - Payment based on patient characteristics (diagnoses, procedures, other) - Variable payment depending on activity and case-mix	- Cream-skimming - Reduce length of stay - Upcoding	- Increased productivity - Unit cost control - Improved transparency
Fee-for-service	- Prices are set ex-ante - Variable payment based on activity - Based on service characteristics - Each service paid separately	- Overprovision of services - Supplier Induced Demand - Increased cost - Prone to fraud and abuse - Technical inefficiency	

Source: CHI, Arqaam Capital Research

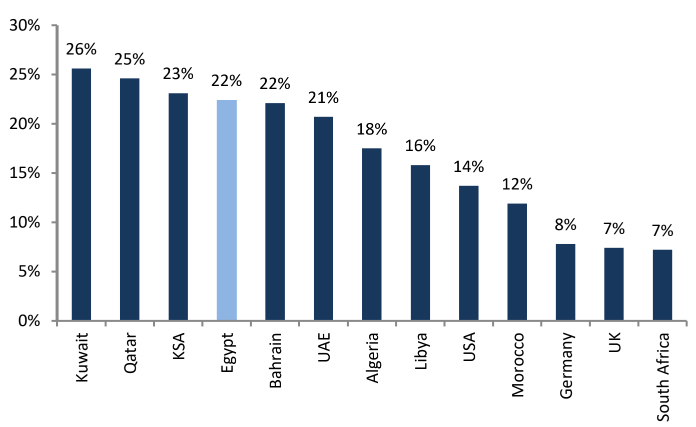
 © Copyright 2025, Arqaam Capital Limited. All Rights Reserved. See Important Notice.

Egypt Pharma- Scaling up for the long-term

- **Real GDP growth nearly doubles to c.4% y/y in 2025 (c.EGP 8.7tn), accelerating further to 5.3% by 2030 (IMF), driven by structural reforms, rising investment inflows (USD 35bn from UAE, USD 12.5bn from KSA and Qatar, EUR 4bn from EU), and improving macroeconomic stability.**
- **Key drivers of the second largest pharma market in MEA include demographics and disease trends (large and growing population with high rate of chronic diseases), government policy and healthcare reform (Universal Health Insurance rollout), growing affordable generics preference, production localization (gvt incentives, policies to localize API), and export potential amid pan-African market positioning.**
- **Egypt's pharma pricing is tightly regulated but increasingly responsive to inflation and FX pressure with multiple price hikes in 2024 (up to 50% on OTC and chronic meds) amid drug shortages and rising input costs. Rameda capitalized on the repricing, lifting prices across 90%+ of its portfolio, protecting margins and fueling growth.**

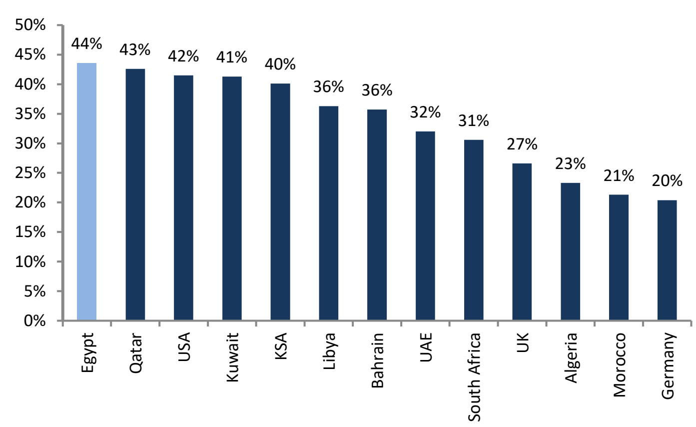
Large and growing population with rising prevalence of chronic and lifestyle-related diseases: Egypt's population is projected to grow at 2% CAGR (2020-2030e) reaching 122m vs. 107m in 2024. This demographic expansion, coupled with a high disease burden, provides a strong demand base for pharmaceutical products. The major disease burden in Egypt has shifted from communicable to non-communicable with the latter responsible for 64% of total mortality in the country. Ischaemic heart disease is particularly widespread, with 129 deaths/100k population. Lifestyle-related conditions are also rising sharply, with Egypt ranking 10th globally in diabetes prevalence in 2021 and is expected to rank 7th by 2050, with a prevalence rate of c.26% vs. 22% in 2024 (source: Diabetes Atlas). Obesity is another critical concern, with the country recording the 12th highest adult obesity rate worldwide and the 3rd highest in the region at 43%. Hypertension further compounds the burden, affecting c.25% of adults in the country.

Exhibit 60: Diabetes prevalence in adults* % of population (2024)



Source: World Bank, Arqaam Capital Research **Ages 20-79*

Exhibit 61: Obesity rate among adults (2021)

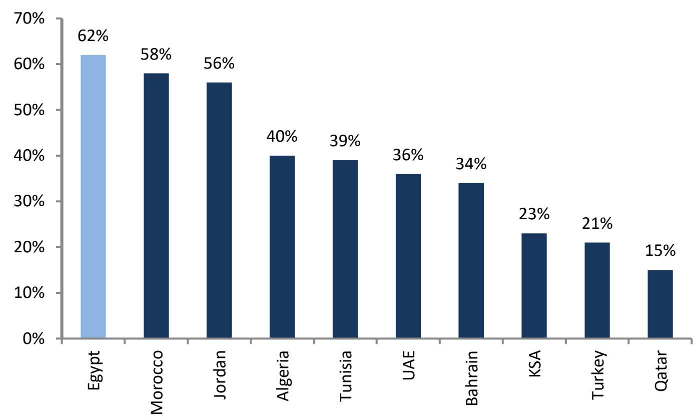


Source: World Bank, Arqaam Capital Research

 © Copyright 2025, Arqaam Capital Limited. All Rights Reserved. See Important Notice.

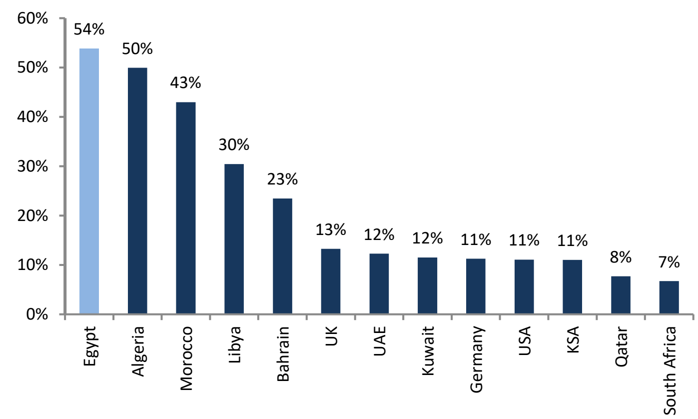
Addressing dual challenge of a rapidly growing population and a rising prevalence of NCDs is top policy priority, reflected in both government budgetary allocations (13% of total) and structural reforms. Draft budget for 2025/2026 reinforces healthcare as a national priority, allocating EGP 617.9bn for the healthcare sector (+18% y/y and +124% from EGP c.276bn in 2021/2022) and this includes: **(i)** EGP 53.2bn (8.6% of total healthcare budget) for medicines, medical supplies, equipment maintenance and therapeutic programs, **(ii)** EGP 15.1bn (2.4%) to state-funded treatment for low-income, uninsured citizens, and **(iii)** EGP 5.9bn (0.95%) to support student health insurance and programs for breadwinning women and children, aligning with the government's commitment to expanding access to quality healthcare for all citizens and age groups, including the most vulnerable.

Exhibit 62: Private sector as % of total healthcare expenditure (2023)



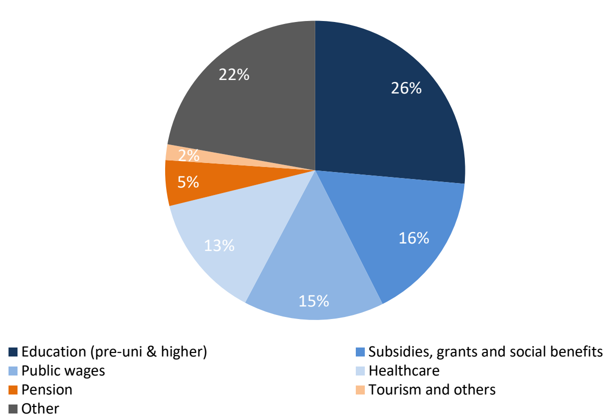
Source: Official sources, Arqaam Capital Research

Exhibit 63: Out of pocket spending % of current health expenditure (2022)



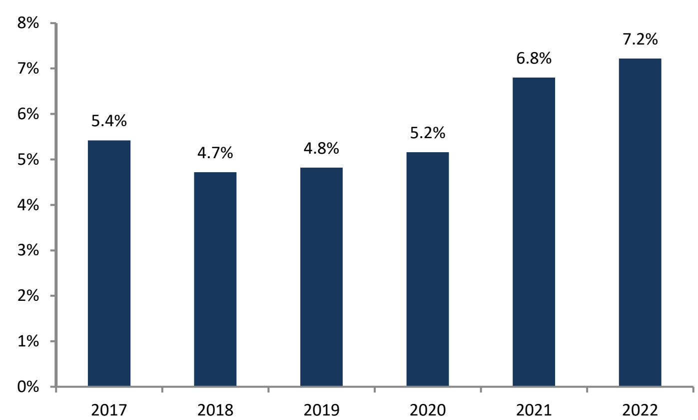
Source: World Bank, Arqaam Capital Research

Exhibit 64: Egypt 2025-26 Budget



Source: MoF, Arqaam Capital Research

Exhibit 65: Government healthcare spending % of general government expenditure

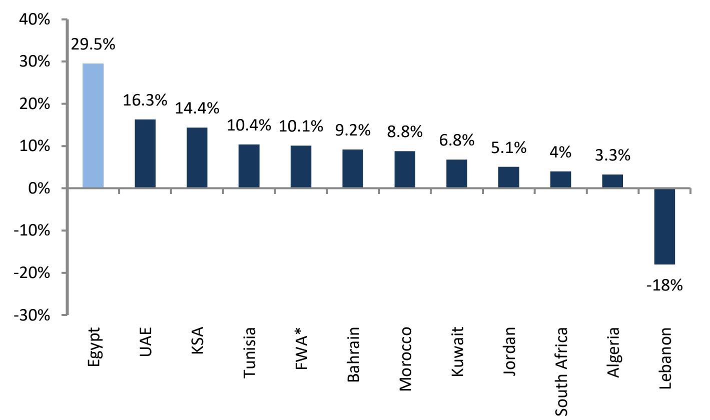


Source: World Bank, Arqaam Capital Research

 © Copyright 2025, Arqaam Capital Limited. All Rights Reserved. See Important Notice.

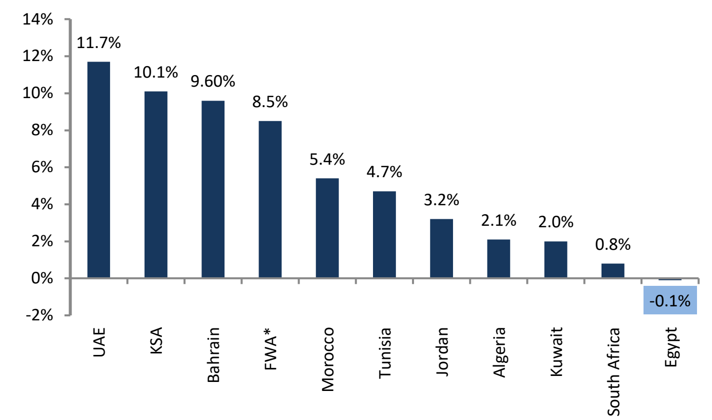
Egypt is the second-largest pharma market in MEA contributing 14% of regional sales, behind KSA at 38%. In aggregate numbers, Egypt records USD 5.3bn in sales (+51% y/y) and 3.7bn units sold (+1.1% y/y) on a moving annual total (MAT) basis. In Q1 25A, the sector delivered robust growth, with sales up 57% y/y to EGP 92bn and volumes rising 8% y/y to 880m, supported by a 45% increase in average selling price to EGP 104. Repricing activity was significant, driven primarily by inflation, currency devaluation, and higher costs of imported raw materials, alongside supply chain pressures, including geopolitical tensions and recent disruptions. This drove manufacturers to adjust prices, helping sustain operations and maintain market stability with regulatory approval from the EDA. Repriced items accounted for 54% of regulated item sales, with repriced SKUs representing 38% of the total 5.8k regulated SKUs.

Exhibit 66: Total pharma sales 2021-2025 CAGR



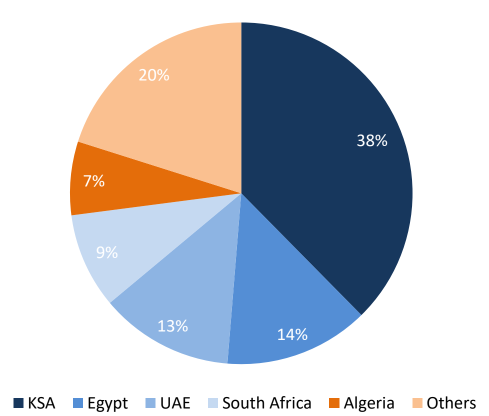
Source: IQVIA (MAT Q2 2025), Arqaam Capital Research
**French West Africa*

Exhibit 67: Total units sold 2021-2025 CAGR



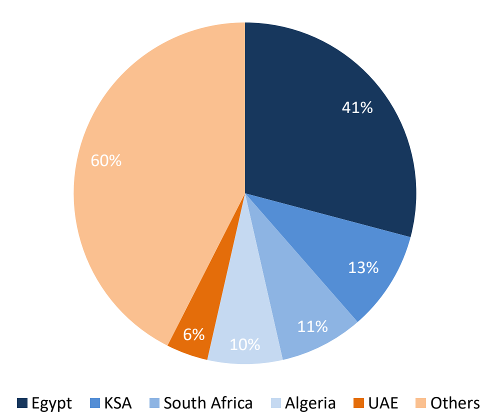
Source: IQVIA (MAT Q2 2025), Arqaam Capital Research
**French West Africa*

Exhibit 68: Egypt contributes 14% to MEA sales…



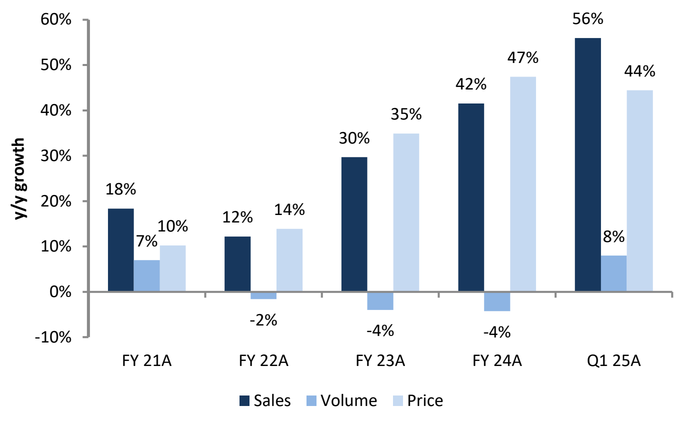
Source: IQVIA (MAT Q2 2025), Arqaam Capital Research

Exhibit 69: …and 41% to MEA units sold in Q2 2025 (MAT)



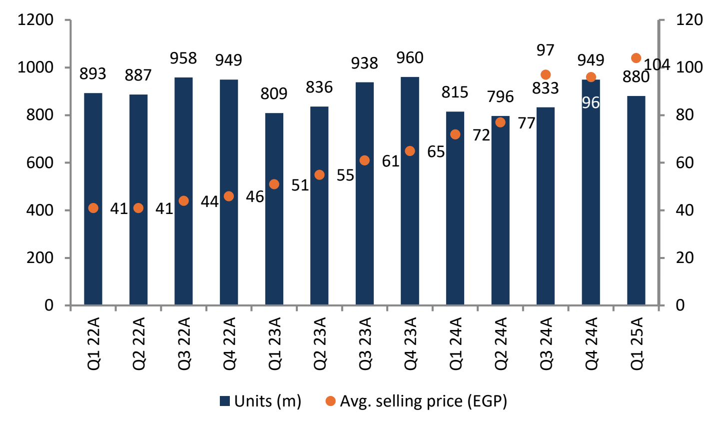
Source: IQVIA (MAT Q2 2025), Arqaam Capital Research

Exhibit 70: Egypt pharma market grows c.56% y/y in Q1 25A…



Source: IbnSina Pharma, Arqaam Capital Research

Exhibit 71: …leveraged by repricing, compensating for volumes decline



Source: IbnSina Pharma, Arqaam Capital Research

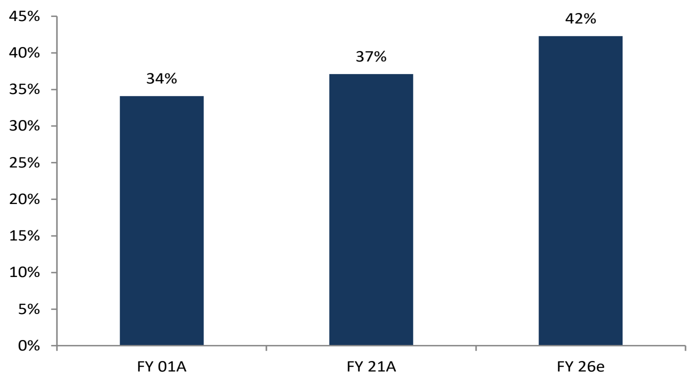
Local generic pharmaceuticals sector remains on steady growth trajectory driven by the prevalence of chronic diseases in a growing population base, and supported by the nationwide rollout of the universal health insurance scheme with continued development of domestic generics manufacturing capabilities. Government localization initiatives coupled with relatively limited intellectual property protections boost domestic production, met with growing demand amid pressures on consumer purchasing power (inflation and currency depreciation) reinforcing shift towards more affordable treatment options. Fitch expects the generics drug market to expand at a 5-year CAGR of c.13% to EGP 61.6bn by 2026 (in local currency terms), representing c.42% of total drug sales (up from 37% in 2021).

Regulated pricing framework (MOHP) balances affordability with sustainability of local production. Under the current mechanism introduced in 2012, generics are benchmarked against the lowest innovator price across 36 reference countries, with the first five generics capped at 65% of this benchmark, and subsequent generics limited to 60%. The MOHP historically allowed price adjustments to mitigate the effects of inflation and currency fluctuations, reflecting sensitivity to economic pressures. In 2024, the market experienced significant challenges, including shortage of c.800 medications, particularly affecting patients with chronic conditions. In response, the Egyptian Drugs Authority (EDA) approved multiple rounds of price increases in 2024- in May, chronic disease drugs rose by 30%, acute disease medications by 40%, and over-the-counter products by 50%. In June, further adjustments were permitted, including 20-25% increases for chronic medications and 50% for vitamins and supplements. The government also allocated EGP 7bn to support and stabilize production lines, secure raw materials, and upgrade local manufacturing facilities.

As part of the recent adjustments, Rameda raised prices across its portfolio, with products representing over 90% of revenue recording an average increase of c.50%. Notable hikes include Augram (+96%), Rametax (+64%) and Rameceftrax (+61%). These repricing measures have been pivotal in sustaining revenue growth and safeguarding margins against currency depreciation and inflationary pressures. Rameda anticipates to unlock further value from upcoming repricing approvals, reinforcing both its market position and financial resilience.

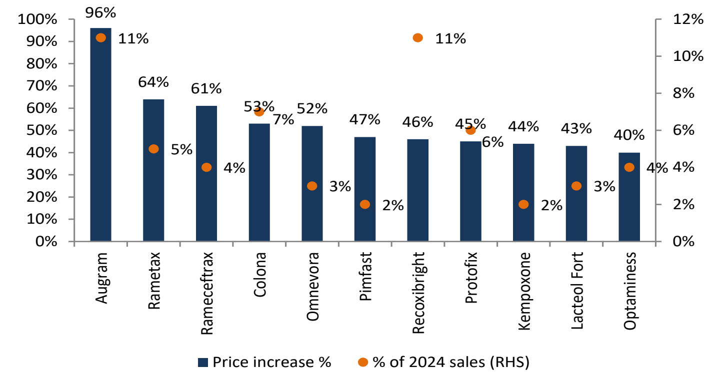
 © Copyright 2025, Arqaam Capital Limited. All Rights Reserved. See Important Notice.

Exhibit 72: Generic drug sales as % of total drug sales in Egypt



Source: Company Data, Arqaam Capital Research

Exhibit 73: Rameda reprices portfolio by c.50% avg. in 2024



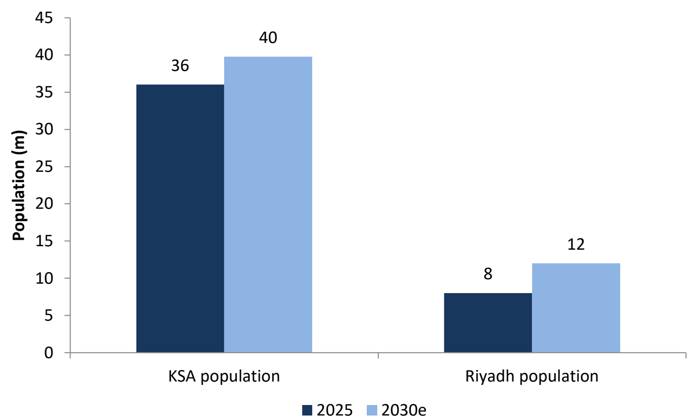
Source: Company Data, Arqaam Capital Research

 © Copyright 2025, Arqaam Capital Limited. All Rights Reserved. See Important Notice.

Privatization unlocks a larger Private K-12 opportunity

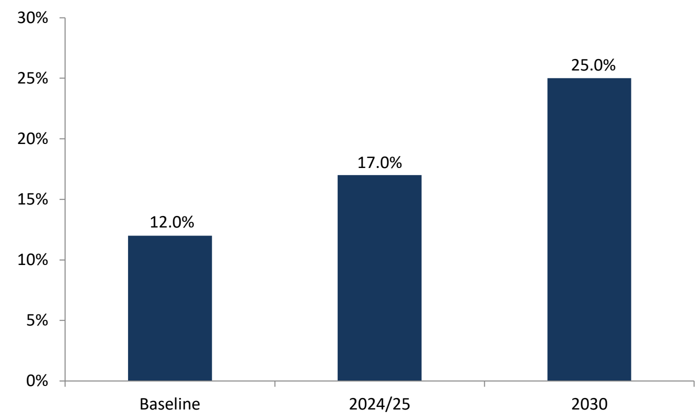
- **Saudi listed K-12 operators kick off Academic Year 25/26 with c.2% y/y growth in registrations, as 11% y/y increase at NCLE is largely offset by c.4% decline in registrations at ATAA following c.10% avg tuition fee hike. ATAA and NCLE represent 16% of Riyadh's private education market, which in turn accounts for c.45% of private school enrolments across KSA.**
- **Expect stronger P&L in Q2-Q3 going forward- new IFRS 15 accounting accentuates seasonality as of Q1 26e with revenue from educational services along with cost of academic staff now recognized proportionally over the number of days within the academic year (vs. financial year previously). No impact on full year results.**
- **We list the largest regional/global investments in exhibits 86 and 87, including CVC's 20% stake in ISP at a EUR 7bn (c.USD 8.2bn) and EFG Hermes' launch of the USD 300m+ Saudi Education Fund, building a K-12 platform via Spark Education Platform, with acquisitions underway, including Qimam El Hayat International School.**

Exhibit 74: KSA aims to raise Riyadh population to 10-12m by 2030



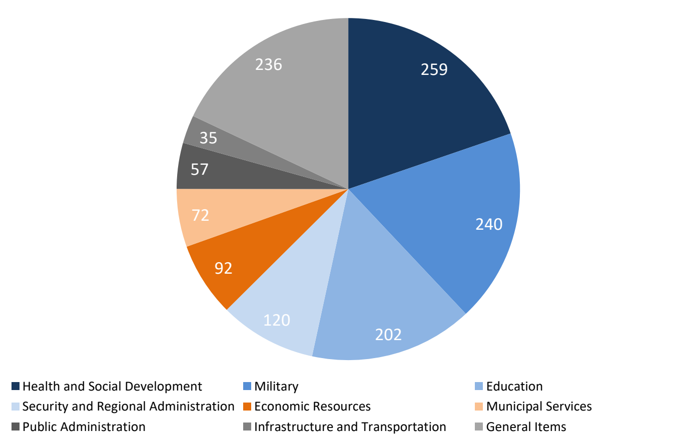
Source: Vision 2030, Company data, Arqaam Capital Research

Exhibit 75: Vision 2030 targets to raise private sector share of education to 25% of enrolments



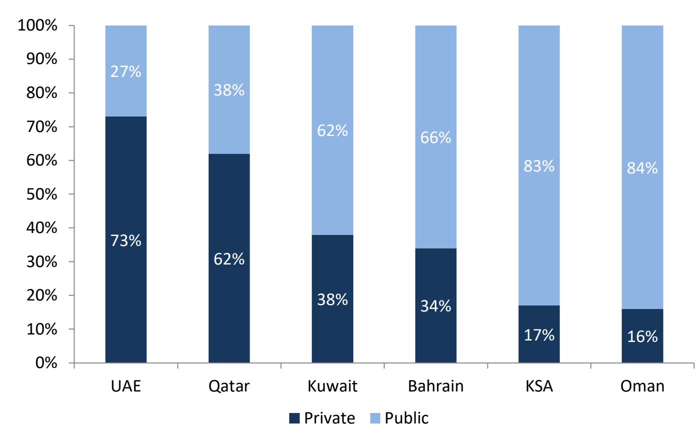
Source: Vision 2030, Arqaam Capital Research

Exhibit 76: KSA allocates c.15% of its 2026 budget to education…



Source: Ministry of Finance, Arqaam Capital Research

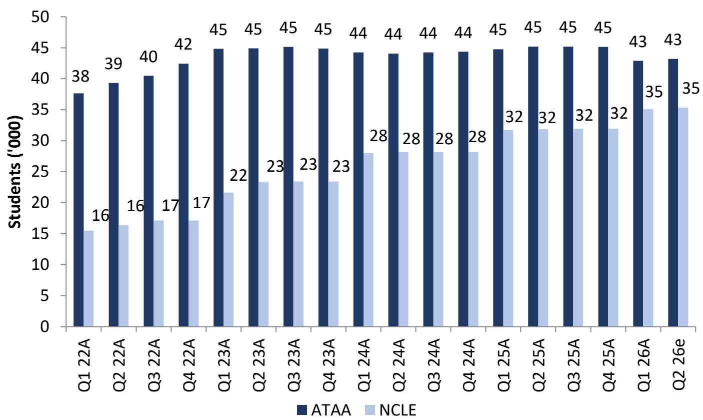
Exhibit 77: …as the public sector continues to serve the lion share of K-12 enrolments



Source: Company data, Arqaam Capital Research

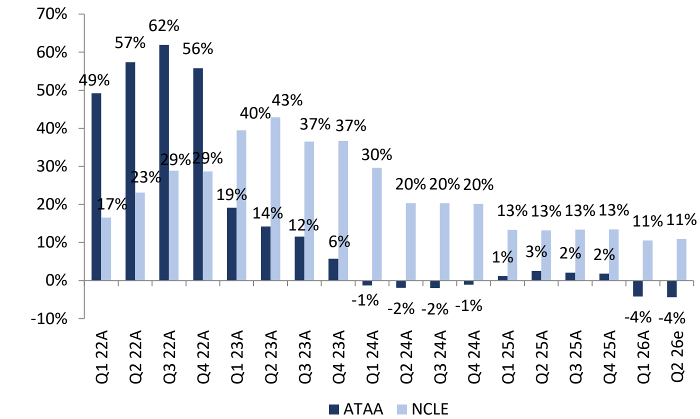
 © Copyright 2025, Arqaam Capital Limited. All Rights Reserved. See Important Notice.

Exhibit 78: ATAA and NCLE account for c.16% of Riyadh's private education market (FY 25A)



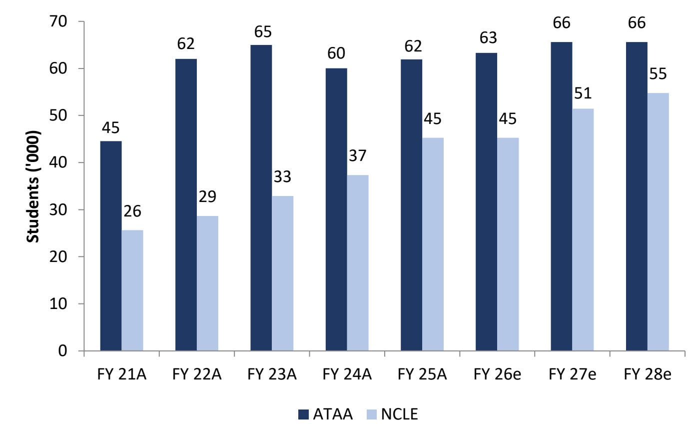
Source: Company data, Arqaam Capital Research

Exhibit 79: NCLE grows enrolments while ATAA student count drops 4% as of Oct 2025



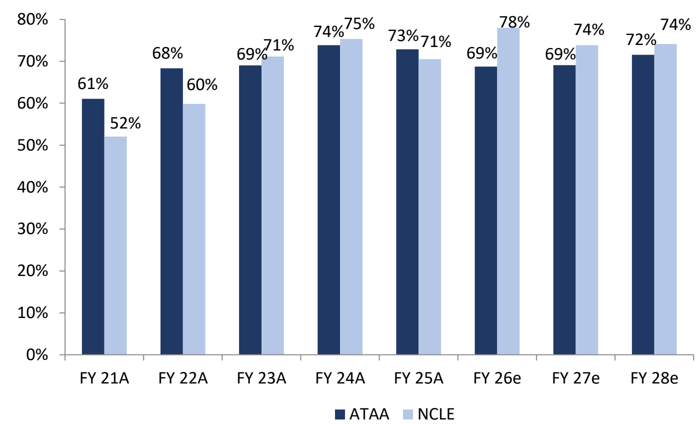
Source: Company data, Arqaam Capital Research

Exhibit 80: Combined networks to grow by further 12% in FY 26-28e to 120k students…



Source: Company data, Arqaam Capital Research

Exhibit 81: …with utilization averaging c.73%

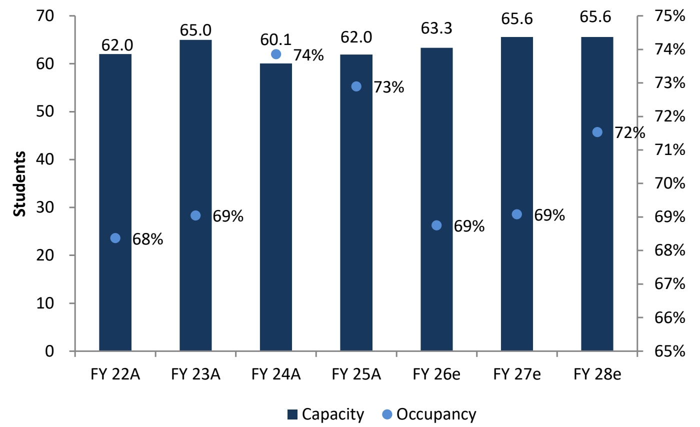


Source: Company data, Arqaam Capital Research

ATAA management still targets 65k enrolments by 2028 (+44% vs. FY 25A), with growth through organic (30%) and inorganic (70%) ventures, and plans to expand offering in the North of Riyadh, and potentially Jeddah. We conservatively pencil in 1% enrolment CAGR in FY 25-28e with recent/upcoming expansions including (i) Tahlia project (2.8k capacity, FY 25-26e)- building (now used for Sulaimaniya French curriculum) and land to establish new American school. (ii) Arqa project (+1.4k capacity, FY 26e)- Fikr to be moved to new bldg. This follows Al Wasat (+1.7k capacity) moving to an educational bldg. beginning AY 25A.

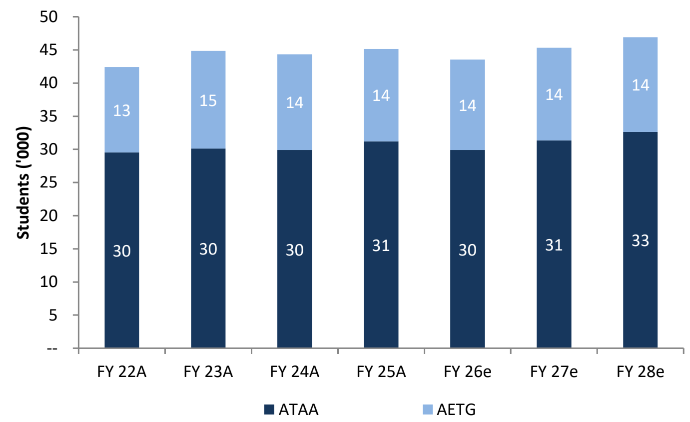
 © Copyright 2025, Arqaam Capital Limited. All Rights Reserved. See Important Notice.

Exhibit 82: Group capacity expands 6% by AY 27e



Source: Company Data, Arqaam Capital Research

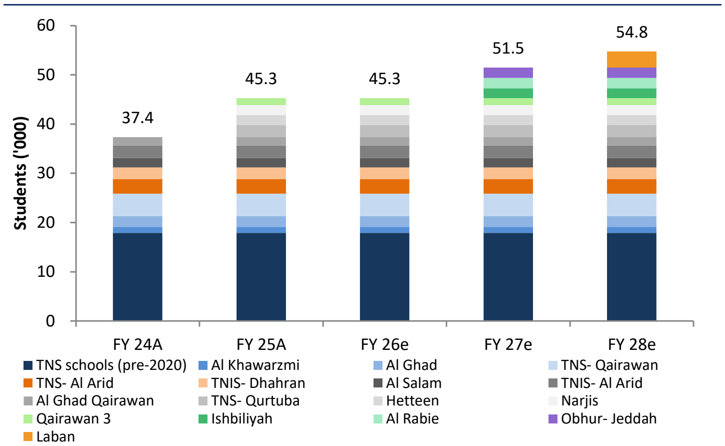
Exhibit 83: Registrations at ATAA schools to grow at 2% CAGR in FY 25-28e vs. 1% for AETG facilities



Source: Company Data, Arqaam Capital Research

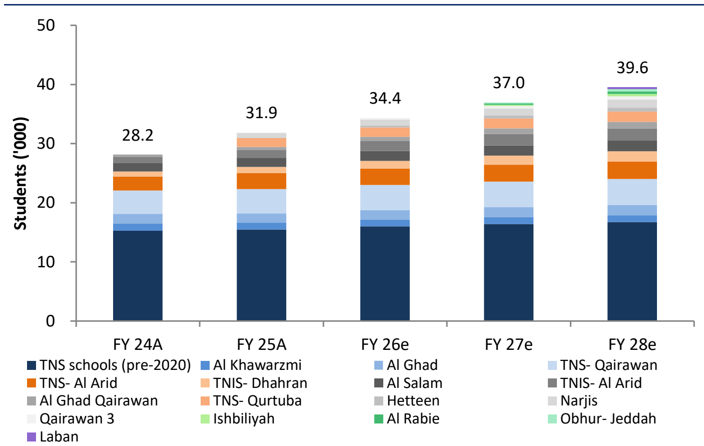
Four greenfield educational projects at NCLE expand network capacity by 21% to 54.8k by FY 28e across Riyadh and Jeddah through (i) Ishbiliyah (2k capacity on owned land, FY 27e), (ii) Al Rabie (2.1k on owned land, FY 27e), (iii) North Obhur Jeddah (2.1k on owned land, FY 27e), (iv) Laban (3.3k on leased land, FY 28e). This follows the addition of 10 schools since 2020, including the acquisition of Al Salam in the Eastern region, which collectively doubled group capacity to 45.3k.

Exhibit 84: Network capacity remains constant in FY 26e and expands by further 21% to 54.8k in FY 27-28e…



Source: Company Data, Arqaam Capital Research

Exhibit 85: …fueling c.7% enrolment CAGR in FY 25-28e



Source: Company Data, Arqaam Capital Research

 © Copyright 2025, Arqaam Capital Limited. All Rights Reserved. See Important Notice.

Exhibit 86: KSA education investments and strategic transactions

Date	Investments & transactions	Value (SAR)
Apr-24	NCLE announces signing a lease agreement for an educational complex building in Al-Qairawan District- Riyadh	87m
Aug-24	Ataa signs a partnership contract with Buckswood Global Educational to launch Buckswood Riyadh (80% owned by Ataa,20% owned by BGE)	100k
Nov-24	EFG Hermes launches Saudi Education Fund (SEF) to build a world-class k-12 operator in the Kingdom, Spark Education Platform (SEP), which is actively pursuing acquisitions and partnerships in 2024-2025 incl. entering into definitive agreements to acquire a majority stake in Qimam El Hayat International School.	c.1.13bn
Nov-24	EFG Hermes enters into definitive agreements with GFH Financial Group (GFH) to acquire a portfolio of international schools under Britus Education brand name. The deal includes 4 schools in KSA, 2 in the UAE and 1 in Bahrain.	na
Jan-25	NCLE announces the purchase of land in the Ishbiliyah District (Riyadh) with a total area of 9,025 m2 to construct and operate an educational complex.	14.7m
Jan-25	NCLE announces the purchase of a plot of land in Al-Rabie District (Riyadh), with a total area of 9,450 m2, to construct and operate an educational complex.	35.7m
Feb-25	NCLE announces the purchase of a plot of land in North Obhur District (Jeddah), with a total area of 10,631m2, to construct and operate an educational complex.	27.9m
May-25	NCLE announces the project to establish Tarbyh Namouthajiyah schools complex in Al-Rabie District (Riyadh) with an estimated capacity of 2.1k . Operations at the educational complex to start from Q1 2026/27	57m
Jun-25	NCLE signs a land lease contract with Tatweer Buildings Company in Dhahrat Laban (Riyadh) to develop and operate an educational complex.	68.7m
Jul-25	Knowledge Economic City Company signs a development and leasing agreement with Riyadh Schools Holding (a MiSK Foundation subsidiary) to establish an educational complex in Knowledge Economic City, Madinah.	399.3m
Jul-25	Ataa's wholly-owned subsidiary, Arabian Education and Training Group Holding Company, has signed a sale and purchase agreement with Qiyam Real Estate Company to sell its branch, represented by Al-Faisal International Academy for Training.	40m
Sep-25	The Deputy Minister of Education for Investment, Abdulrahman Al-Hajri, announces that the Ministry has completed 75 new construction projects.	920m
Oct-25	NCLE's Board approves the project to establish Tarbyh Namouthajiyah schools complex with an estimated capacity of 3.3k students on the land located in Dhahrat Laban district (Riyadh). Operations at the educational complex to start from Q1 2027/28	64m

Source: Tadawul, News sources, Arqaam Capital Research

Exhibit 87: Regional education investments

Date	Country	Initiative
Feb-25	Egypt	**Five St. Anthony International Schools:** A coalition of Egyptian investors is investing USD 100m to establish five St. Anthony International Schools across Cairo and coastal regions over the next five years to strengthen Egypt's position as a regional education hub.
May-2025	Egypt	**Egypt-Germany financial cooperation agreement:** This encompasses various fields, including a financial support agreement for the Comprehensive Technical Education Initiative. This initiative, benefiting the Ministry of Education and Technical Education, includes a EUR 32m grant to support the establishment of 25 Egyptian Centers of Excellence (specialized training centers and applied technology schools), by constructing around three sector-focused centers of excellence.
May-2025	Egypt	**Uptown 6 October & GSM International School project**: Launch of a new international school in 6th October City with modern infrastructure and global-standard education programs (>EGP 1.3bn).
May-2025	Egypt	**FY 2025/26 public education plan**: Government allocation of EGP 63.4bn for FY 2025/26 to expand and upgrade infrastructure through building +17k new classrooms, rehabilitating +1.8k schools, and renewing +12.5k classrooms.
Jul-25	UK	**Brightstar Capital Partners to acquire 50% stake in Arden University**, a UK-based blended and online higher education institution, aiming to expand global online learning and AI-focused programs (> USD 1bn).
Oct-2025	Netherlands/Global	**CVC acquires 20% stake in International Schools Partnership (ISP):** Amsterdam-listed private equity firm CVC to acquire a 20% stake in ISP, valuing the company at EUR 7bn (c.USD 8.21bn).

Source: News sources, Arqaam Capital Research

 © Copyright 2025, Arqaam Capital Limited. All Rights Reserved. See Important Notice.

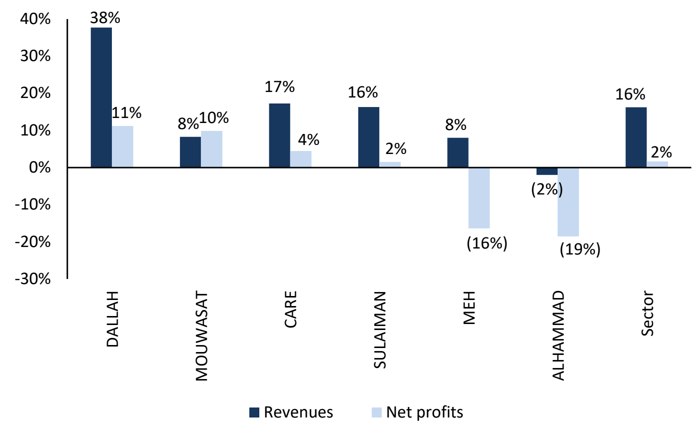
Healthcare preview

KSA Hospitals- Q4/FY 25e estimates

- **Consolidated sector revenues grow c.16% y/y on sustained momentum in patient volumes driven by ramp up in expanded networks, driving 2% notch up in net profits, implying 2.3ppt NPm compression led by all players with the exception of Mouwasat. Sequentially, we pencil in 5% rebound in revenues on seasonal activity pickup in Q4.**
- **Dallah leads peers with 11% y/y profit growth largely supported by full consolidation of Dallah Khobar (previously Al Salam, net breakeven in FY 26e) and Dallah Al Ahsa (mature A+ business) driving 38% top line growth, diluted by 2.7ppt net margin compression.**
- **Net profits at Mouwasat expand 10% y/y to c.SAR 190m primarily driven by second round of insurance contract upward repricing of 3% in FY 25e, and larger inpatient admissions (new subspecialties) boosting top line by 8% y/y. Sequentially, earnings decline 5% from a high base due to recoveries of SAR 19m during Q3 25A.**
- **Robust 17% y/y (+6% q/q) top line growth at CARE (ramp up at expanded network including Al Salam post 41% y/y growth in patient count in 9M 25A) further supported by normalization in provision charges from a high base in Q4 24A and Q3 25A, partially offset by SAR 5m in Zakat charges, resulting in 4% y/y net profit growth (+11% rebound q/q).**
- **Top line momentum at Sulaiman Habib remains solid at 16% y/y (+5% q/q) driving c.2% EPS notch up (+3% q/q) as we pencil in 2.5ppt compression in NPm (-26bps q/q) due to cost proliferation from recently launched/expanded projects including Al Kharj (May 2025), and North-Jeddah (Jun 2025), along with continued ramp up at South-West Jeddah (expanded operations to full capacity earlier this year), and North Riyadh (launched second 30% round), concurrently driving net finance charges up 17% to c.SAR 85m (8x interest coverage).**
- **Net earnings at MEH drop 16% y/y to SAR 52m (+28% q/q) as (i) 8% y/y top line growth (+5% q/q) is largely offset by (ii) proliferation in direct costs due to retention of staff and new hires of specialized medical staff driving EBIT margins down 1.3ppt y/y to 12.3% (+89bps q/q). Solid performance across Makkah, Dammam, Asseer and Hail, continue to cover for sluggish activity in Jeddah (c.25% of group top line) which witnessed significant capacity additions over the past 2 years including Sulaiman (2 facilities), Al Salam and King's College Hospital, disrupting the competitive landscape of existing operators SGH, IMC and Fakeeh.**
- **AlHammadi earnings recede by 19% y/y to c.SAR 63m (+22% q/q) as sluggish top line (-2% y/y, +7% q/q) is further pressured by proliferation in employee costs associated with the group's strategy to expand services. Sequentially, earnings rebound 22% on 7% top line growth (seasonal activity pickup) coupled with normalization in provisions following SAR 9m in charges in Q3 25A.**

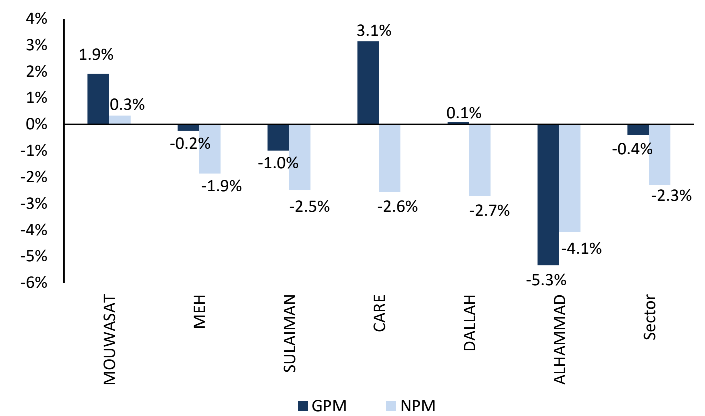
 © Copyright 2025, Arqaam Capital Limited. All Rights Reserved. See Important Notice.

Exhibit 88: Sector profits notch up 2% y/y on larger revenues…



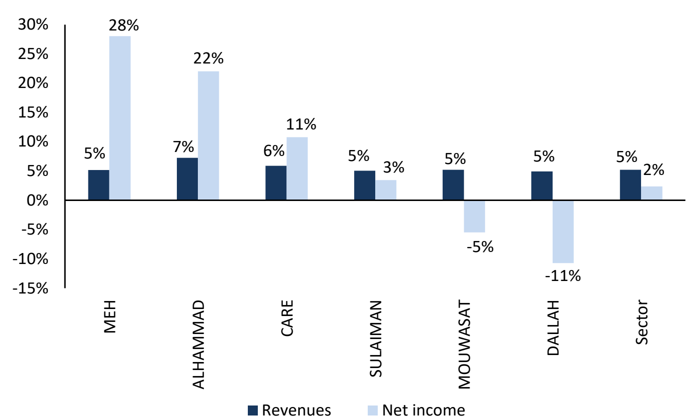
Source: Company Data, Arqaam Capital Research

Exhibit 89: …largely offset by despite c.2.3ppt NP margin compression driven by ALHAMMAD, DALLAH and CARE



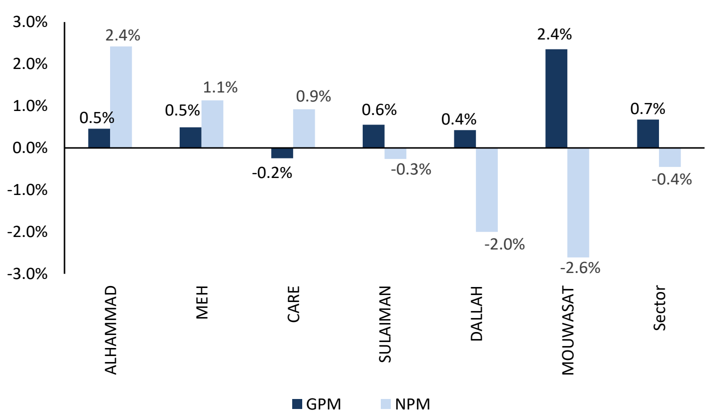
Source: Company Data, Arqaam Capital Research

Exhibit 90: Aggregate earnings grow 2% sequentially as 5% top line rebound…



Source: Company Data, Arqaam Capital Research

Exhibit 91: …is partially offset by 45bps compression in net margins



Source: Company Data, Arqaam Capital Research

 © Copyright 2025, Arqaam Capital Limited. All Rights Reserved. See Important Notice.

Exhibit 92: KSA Healthcare Q4 25e earnings preview

Healthcare							
Ticker	SULAIMAN AB	MOUWASAT AB	MEH AB*	DALLAH AB	ALHAMMAD AB	CARE AB	
Q4 25e							
Currency	SARm	SARm	SARm	SARm	SARm	SARm	
Revenues	3,638	818	809	1,114	316	437	
Gross profit	1,123	360	303	404	91	159	
EBIT	701	209	99	176	66	99	
Net income	623	189	52	127	63	91	**Average margins**
Gross margin (%)	30.9%	44.0%	37.4%	36.3%	28.6%	36.5%	34.2%
EBIT margin (%)	19.3%	25.6%	12.3%	15.8%	20.9%	22.6%	18.9%
Net margin (%)	17.1%	23.1%	6.4%	11.4%	20.0%	20.9%	16.0%
Q4 25e vs. Q4 24A							**Average growth**
Revenues	16.3%	8.2%	8.0%	37.7%	(2.0%)	17.2%	16.2%
Gross profit	12.7%	13.2%	7.3%	38.1%	(17.4%)	28.3%	14.9%
EBIT	12.3%	13.1%	(2.5%)	52.3%	(15.6%)	11.6%	13.2%
Net income	1.5%	9.8%	(16.4%)	11.2%	(18.6%)	4.4%	1.6%
Q4 25e vs. Q3 25A							**Average growth**
Revenues	5.1%	5.2%	5.2%	4.9%	7.3%	5.9%	5.2%
Gross profit	7.0%	11.1%	6.6%	6.2%	9.0%	5.2%	7.3%
EBIT	5.3%	(1.4%)	13.4%	11.5%	21.9%	9.3%	6.5%
Net income	3.5%	(5.5%)	28.0%	(10.7%)	22.0%	10.8%	2.4%
Q4 24A							
Revenues	3,129	756	749	809	323	373	
Gross profit	997	318	282	293	110	124	
EBIT	624	185	102	115	78	89	
Net income	614	172	62	114	78	87	**Average margins**
Gross margin (%)	31.9%	42.1%	37.7%	36.2%	34.0%	33.3%	34.6%
EBIT margin (%)	19.9%	24.5%	13.6%	14.3%	24.3%	23.8%	19.4%
Net margin (%)	19.6%	22.7%	8.2%	14.1%	24.1%	23.4%	18.3%
Q3 25A							
Revenues	3,463	777	769	1,061	295	412	
Gross profit	1,050	324	284	381	83	151	
EBIT	666	212	87	158	54	90	
Net income	602	200	40	142	52	82	**Average margins**
Gross margin (%)	30.3%	41.6%	36.9%	35.9%	28.2%	36.7%	33.5%
EBIT margin (%)	19.2%	27.3%	11.4%	14.8%	18.4%	21.9%	18.7%
Net margin (%)	17.4%	25.7%	5.2%	13.4%	17.6%	19.9%	16.5%

Source: Company Data, Arqaam Capital Research **Q4 2024 adjusted for one-off Zakat restatement*

 © Copyright 2025, Arqaam Capital Limited. All Rights Reserved. See Important Notice.

Exhibit 93: KSA Healthcare FY 25e earnings preview

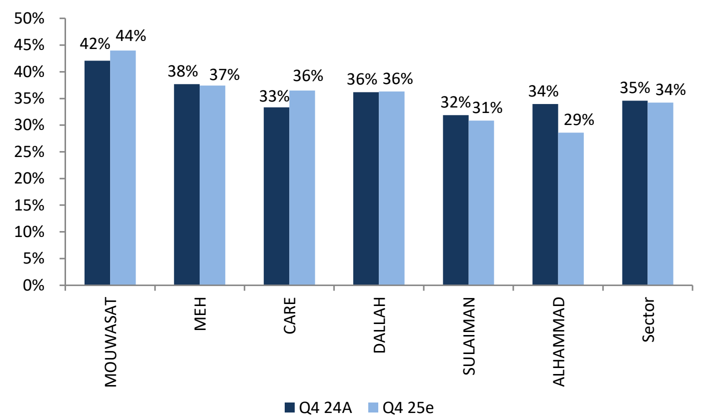
Healthcare							
Ticker	SULAIMAN AB	MOUWASAT AB	MEH AB*	DALLAH AB	ALHAMMAD AB	CARE AB	
FY 25e							
Currency	SARm	SARm	SARm	SARm	SARm	SARm	
Revenues	13,644	3,174	3,103	4,070	1,211	1,632	
Gross profit	4,267	1,396	1,178	1,458	363	601	
EBIT	2,638	841	400	666	261	371	
Net income	2,374	775	316	548	251	339	**Average margins**
Gross margin (%)	31.3%	44.0%	38.0%	35.8%	30.0%	36.8%	34.5%
EBIT margin (%)	19.3%	26.5%	12.9%	16.4%	21.6%	22.8%	19.3%
Net margin (%)	17.4%	24.4%	10.2%	13.5%	20.7%	20.7%	17.2%
FY 25e vs. FY 24A							**Average growth**
Revenues	21.8%	10.2%	7.6%	27.0%	5.0%	26.2%	18.7%
Gross profit	14.0%	8.3%	5.8%	20.8%	(5.1%)	32.4%	13.1%
EBIT	11.9%	16.2%	(9.4%)	17.5%	(28.6%)	25.1%	9.0%
Net income	2.5%	20.1%	33.4%	16.4%	(25.9%)	13.6%	6.9%
FY 24A							
Revenues	11,200	2,879	2,883	3,206	1,154	1,294	
Gross profit	3,744	1,289	1,114	1,207	382	454	
EBIT	2,356	724	441	567	366	297	
Net income	2,315	646	237	471	339	298	**Average margins**
Gross margin (%)	33.4%	44.8%	38.6%	37.6%	33.1%	35.1%	36.2%
EBIT margin (%)	21.0%	25.2%	15.3%	17.7%	31.7%	22.9%	21.0%
Net margin (%)	20.7%	22.4%	8.2%	14.7%	29.4%	23.0%	19.0%

Source: Company Data, Arqaam Capital Research **FY 2024 adjusted for one-off Zakat restatement*

 © Copyright 2025, Arqaam Capital Limited. All Rights Reserved. See Important Notice.

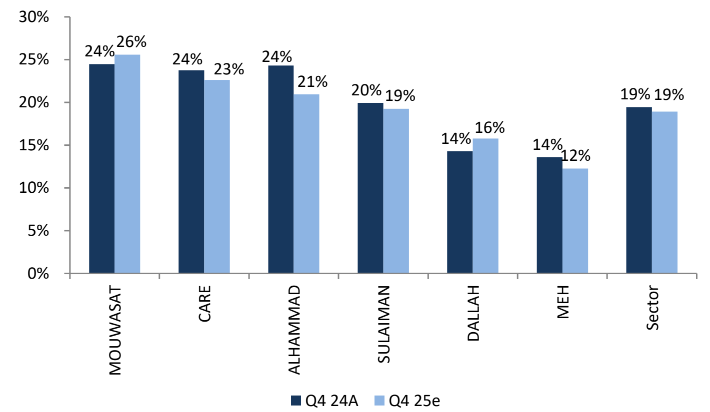
Q4 25e: Profitability and returns

Exhibit 94: Q4 25e GPm



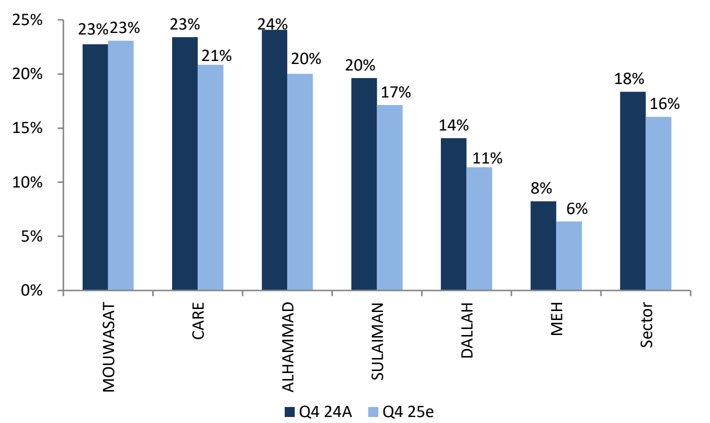
Source: Company data, Arqaam Capital Research

Exhibit 95: Q4 25e EBITm



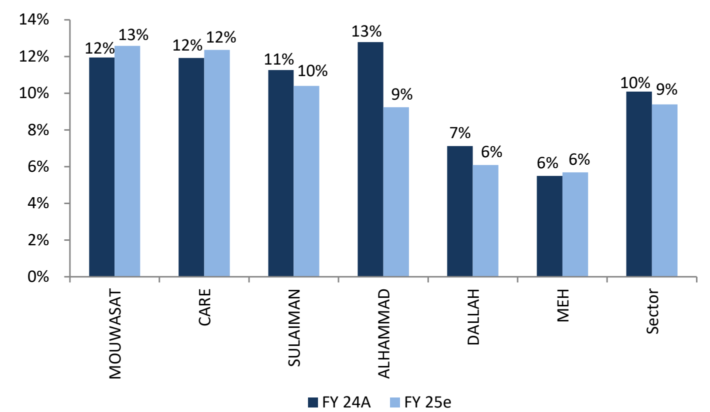
Source: Company data, Arqaam Capital Research

Exhibit 96: Q4 25e NPm



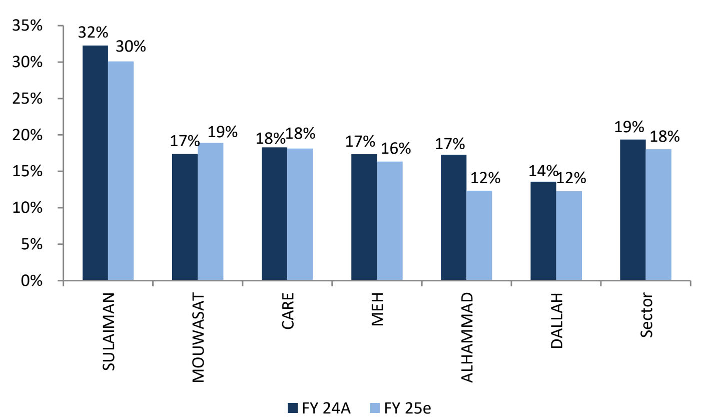
Source: Company data, Arqaam Capital

Exhibit 97: FY 25e RoA



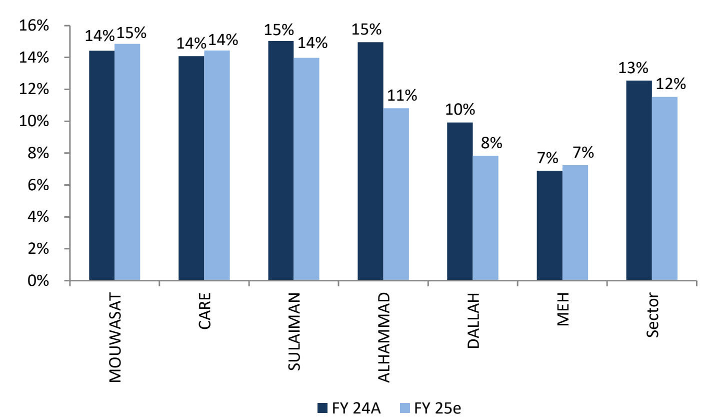
Source: Company data, Arqaam Capital Research

Exhibit 98: FY 25e RoE



Source: Company data, Arqaam Capital Research

Exhibit 99: FY 25e RoIC



Source: Company data, Arqaam Capital Research

 © Copyright 2025, Arqaam Capital Limited. All Rights Reserved. See Important Notice.

PureHealth- Q4 25e estimates

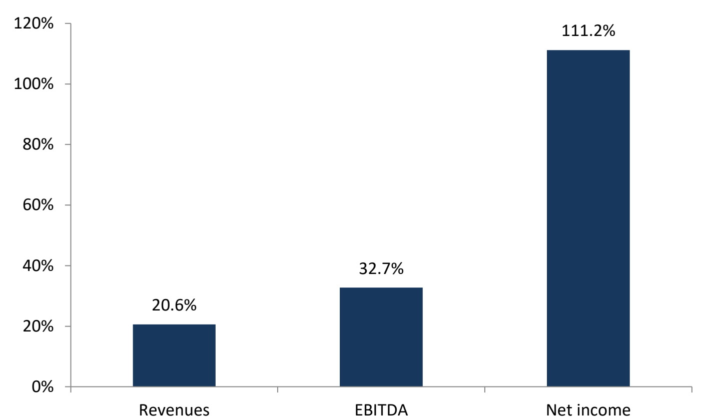
- **Net income grows c.2x y/y (+9% q/q) to AED 588m in Q4 25e, driven by improved operational execution across both Care and Cover verticals; operating leverage and the impact of enhanced service quality within the hospital network and Daman's enhanced cost management and preserved investment strategy momentum. Net margin improves to 7.1% (-31bps q/q, +303bps y/y) in Q4 25e.**
- **Revenues increase c.21% y/y to AED 8.3bn (+c.14% q/q) in Q4 25e, driven mainly by higher patient volumes (IP +10% y/y, OP +4% y/y in FY 25e) across the UAE and UK, while Daman continues to deliver strong top line from higher membership (+6% y/y in FY 25e).**
- **EBITDA increases c.33% y/y to AED 1.3bn (+c.8% q/q), with margin at 15.9% (-89bps q/q, +145bps y/y), reflecting operational efficiency gains and continued services enhancements across the network witnessed in Q3 25A.**

Exhibit 100: PureHealth- Q4 25e preview

AEDm	Q4 25e	Q4 24A	y/y	Q3 25A	q/q
Revenues	8,312	6,892	20.6%	7,308	13.7%
EBITDA	1,318	993	32.7%	1,224	7.7%
Net income	588	279	111.2%	540	9.0%
EBITDA margin	15.9%	14.4%	145 bps	16.7%	(89 bps)
Net margin	7.1%	4.0%	303 bps	7.4%	(31 bps)

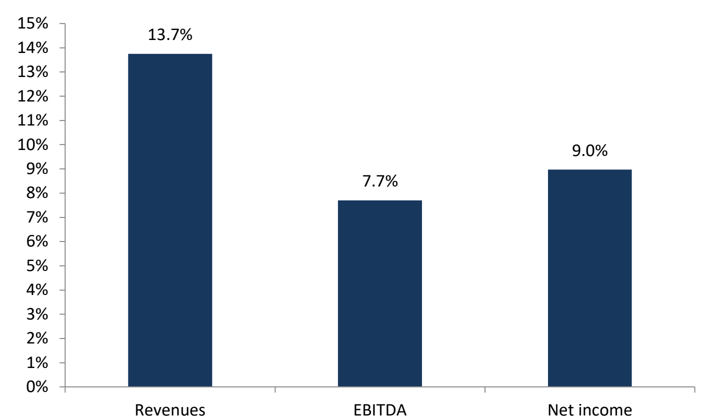
Source: Company Data, Arqaam Capital Research

Exhibit 101: Bottom line +c.2x y/y…



Source: Company Data, Arqaam Capital Research

Exhibit 102: And +9% q/q driven by solid top line growth, operational efficiencies & enhanced service quality



Source: Company Data, Arqaam Capital Research

 © Copyright 2025, Arqaam Capital Limited. All Rights Reserved. See Important Notice.

Rameda- Q4 25e estimates

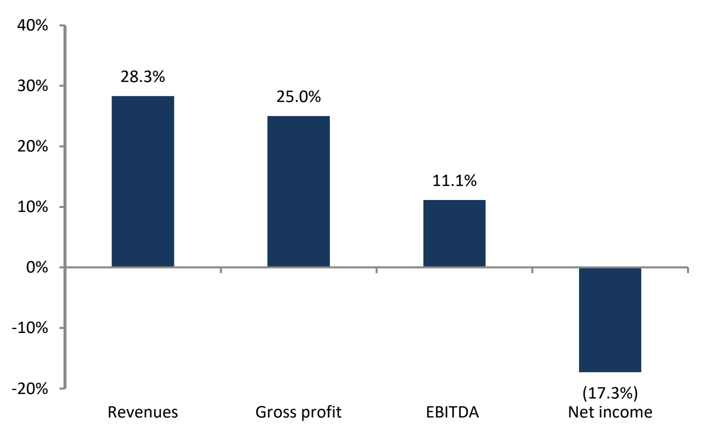
- **Net income declines 17% y/y to EGP 131m in Q4, on continued pressure from financing costs, implying 5.7ppt NP margin contraction to c.10%. Sequentially, earnings grow 37% supported by strong top line growth.**
- **Revenues increase 28% y/y to EGP c.1.3bn (+c.11% q/q) in Q4, supported by c.21% y/y growth in private sales volumes in FY 25e, sustained export momentum and a notable pickup in tender activity following the Unified Procurement Authority (UPA)'s resumption of procurement and settlement of accumulated payables. Export sales continue to benefit from Iraq's ongoing recovery, steady demand from Sudan, improved regional liquidity and smoother logistics routes.**
- **Gross profit rises 25% y/y to EGP 585m (+13% q/q), implying a GP margin of c.46% (-122bps y/y, +83bps q/q).**
- **EBITDA grows 11% y/y (+c.15% q/q) to EGP 345m, with the EBITDA margin contracting 421bps y/y (+98bps q/q).**

Exhibit 103: Rameda- Q4 25e preview

EGPm	Q4 25e	Q4 24A	y/y	Q3 25A	q/q
Revenues	1,262	984	28.3%	1,135	11.2%
Gross profit	585	468	25.0%	517	13.3%
EBITDA	345	310	11.1%	299	15.4%
Net income	131	158	(17.3%)	96	36.8%
GPm	46.3%	47.6%	(122 bps)	45.5%	83 bps
EBITDA margin	27.3%	31.5%	(421 bps)	26.3%	98 bps
Net margin	10.3%	16.1%	(571 bps)	8.4%	193 bps

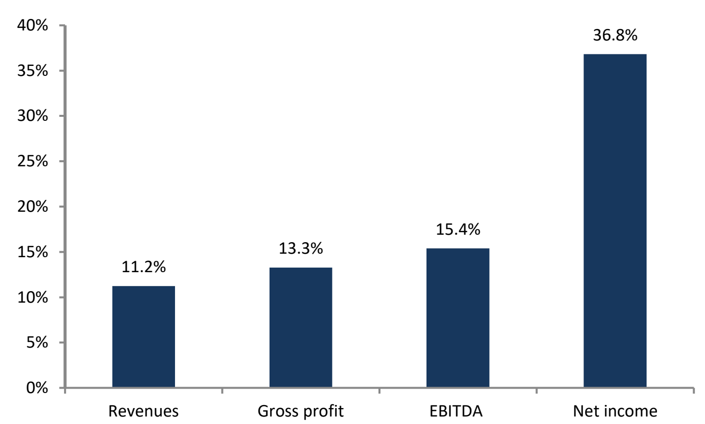
Source: Company Data, Arqaam Capital Research

Exhibit 104: Bottom line declines 17% y/y on elevated finance costs…



Source: Arqaam Capital Research

Exhibit 105: …but surges c.37% q/q supported by robust revenue growth



Source: Arqaam Capital Research

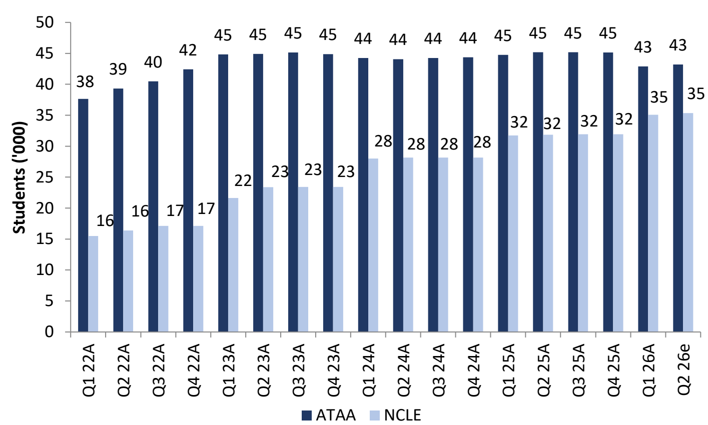
 © Copyright 2025, Arqaam Capital Limited. All Rights Reserved. See Important Notice.

Education preview

KSA Schools- Q2 26e estimates

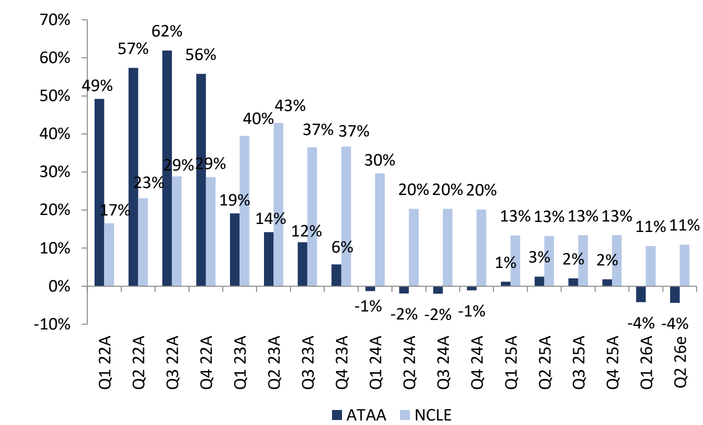
- **We pencil in modest c.1% aggregate sequential enrolment growth to 79k students after Saudi K-12 operators kick off academic year 2025/26 with c.2% y/y growth in registrations, as 11% y/y increase at NCLE is largely offset by c.4% decline in registrations at ATAA following c.10% avg tuition fee hike.**
- **We pencil in c.11% student growth at NCLE to 35k, boosting occupancy to c.78% over constant capacity of 45.3k (first year of no expansion since 2020), driving SAR 56m in net profits for the quarter (+39% y/y, +57% q/q) primarily supported by new IFRS 15 accounting recognizing revenues proportionally over the number of days within the academic year which are highest in Q2/Q3. Group pipeline of expansion projects further boost capacity by 18% in FY 27-28e (+8.3k seats) through Ishbiliyah, Al Rabie, Obhur and Laban.**
- **Preliminary numbers suggest c.4% y/y dip in ATAA student count in AY 25/26 to c.43k students resulting from continued upward tuition fee adjustments. Nevertheless, we pencil in c.4% y/y top line growth fully supported by tuition hike, partially offset by weaker volumes, driving c.18% increase in consolidated bottom line to c.SAR 25m implying flat NP margins of 14%. Group leverage improves with net debt down 8% y/y to 1.0x equity as of Q1 26A, implying 2.3x interest coverage in FY 26e.**

Exhibit 106: ATAA and NCLE account for c.16% of Riyadh's private education market (FY 25A)



Source: Company data, Arqaam Capital Research

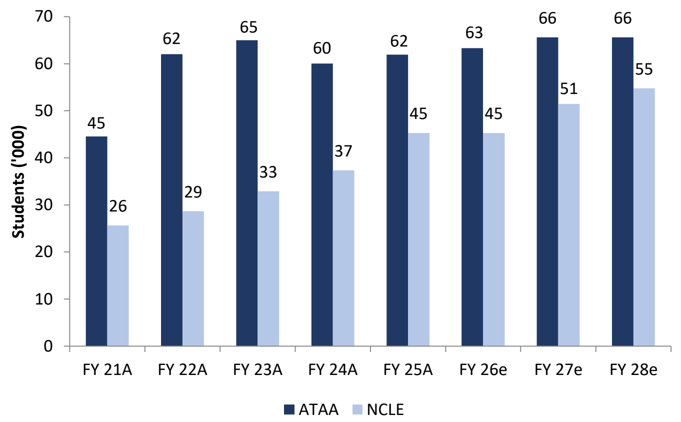
Exhibit 107: NCLE grows enrolments while ATAA student count drops 4% as of Oct 2025



Source: Company data, Arqaam Capital Research

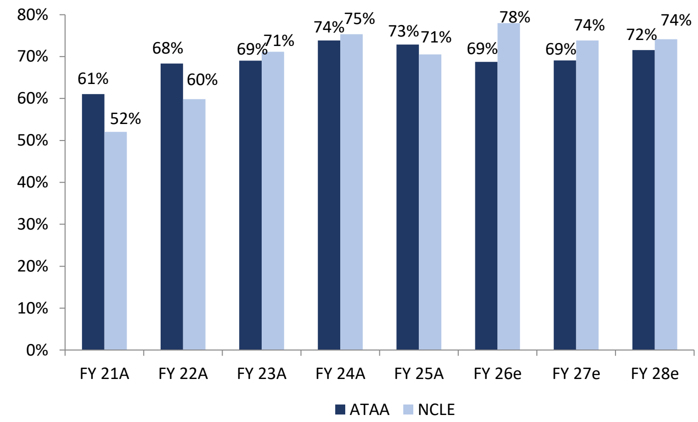
 © Copyright 2025, Arqaam Capital Limited. All Rights Reserved. See Important Notice.

Exhibit 108: Combined networks to grow by further 12% in FY 26-28e to 120k students…



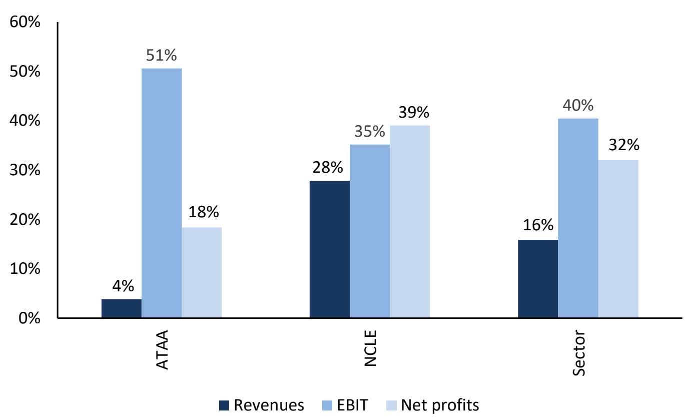
Source: Company data, Arqaam Capital Research

Exhibit 109: …with utilization averaging c.73%



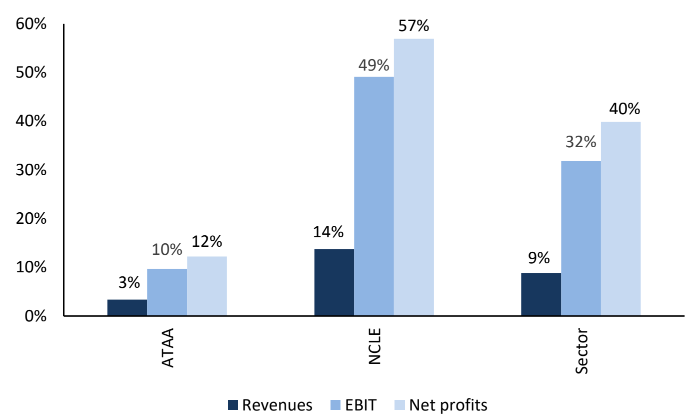
Source: Company data, Arqaam Capital Research

Exhibit 110: Aggregate sector earnings rise 32% y/y dually driven by ATAA (higher tuition fees) and NCLE (occupancy ramp up)



Source: Company data, Arqaam Capital Research

Exhibit 111: Profits jump 40% sequentially supported by the new IFRS 15 accounting recognizing revenues proportionally over number of academic days

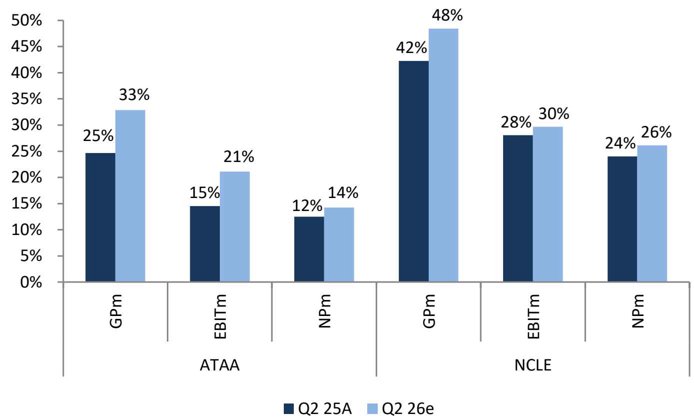


Source: Company data, Arqaam Capital Research

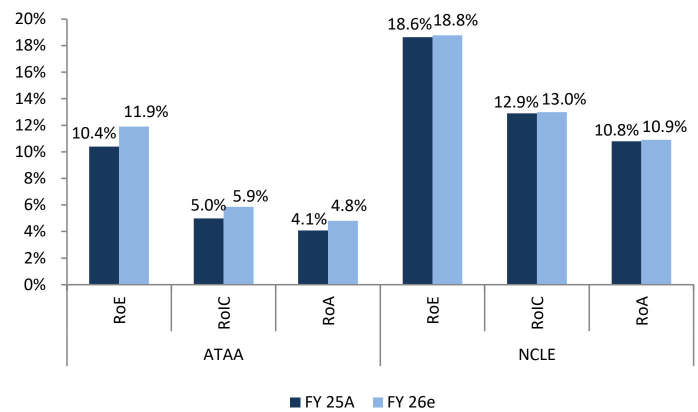
Exhibit 112: Gradual widening in operating margins as networks ramp up

Exhibit 113: Returns at ATAA improve from a weak base following exit of non-core business

 © Copyright 2025, Arqaam Capital Limited. All Rights Reserved. See Important Notice.



Source: Company data, Arqaam Capital Research



Source: Company data, Arqaam Capital Research

 © Copyright 2025, Arqaam Capital Limited. All Rights Reserved. See Important Notice.

Exhibit 114: KSA Education Q2 25e preview

Education			
Ticker	ATAA AB	NCLE AB	
Q2 26e			
Currency	SARm	SARm	
Revenues	173	213	
Gross profit	57	103	
EBIT	37	63	
Net income	25	56	**Average margins**
Gross margin (%)	32.9%	48.4%	41.5%
EBIT margin (%)	21.1%	29.7%	25.8%
Net margin (%)	14.2%	26.1%	20.8%
Q2 26e vs. Q2 25A			**Average growth**
Revenues	3.9%	27.8%	15.8%
Gross profit	38.6%	46.6%	43.6%
EBIT	50.6%	35.2%	40.4%
Net income	18.4%	39.0%	32.0%
Q2 26e vs. Q1 26A			**Average growth**
Revenues	3.4%	13.7%	8.8%
Gross profit	4.0%	25.3%	16.8%
EBIT	9.7%	49.1%	31.8%
Net income	12.2%	56.9%	39.9%
Q2 25A			
Revenues	167	167	
Gross profit	41	71	
EBIT	24	47	
Net income	21	40	**Average margins**
Gross margin (%)	24.6%	42.2%	33.4%
EBIT margin (%)	14.5%	28.1%	21.3%
Net margin (%)	12.5%	24.0%	18.2%
Q1 26A			
Revenues	168	188	
Gross profit	55	83	
EBIT	33	42	
Net income	22	36	**Average margins**
Gross margin (%)	32.7%	44.0%	38.6%
EBIT margin (%)	19.9%	22.6%	21.3%
Net margin (%)	13.1%	18.9%	16.2%

Source: Company Data, Arqaam Capital Research

 © Copyright 2025, Arqaam Capital Limited. All Rights Reserved. See Important Notice.

Taaleem Holdings- Q1 26e estimates

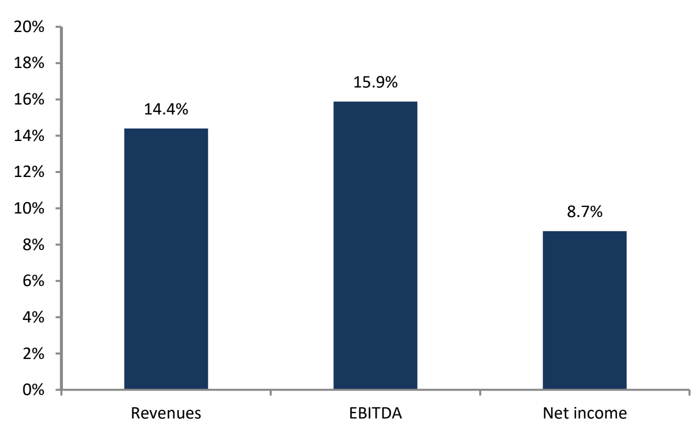
- **Premium network enrollment projected to reach 18.8k students in AY 25/26, reflecting 12% y/y growth, driven by continued demand for the British curriculum and the successful launch of DBS Mira and DBS Islands in August 2025. Premium network capacity is expected to expand to c.24k seats (+c.10% y/y).**
- **We expect Q1 26e revenues to grow c.14% y/y to AED 350m, supported by strong registration momentum and incremental capacity from DBS Mira and DBS Islands, which together add c.2.2k new seats.**
- **Net earnings rise c.9% y/y to c.AED 74m, implying 1.1ppt y/y NP margin compression to c.21% due to higher finance costs linked to increased borrowings expected in FY 26e (including funding related to the new Ghaf Woods campus).**

Exhibit 115: Taaleem- Q1 26e preview

AEDm	Q1 26e	Q1 25A	y/y	Q4 25A	q/q
Revenues	350.1	306	14.4%	151.3	131.4%
EBITDA	125.2	108	15.9%	(61.0)	nm
Net income	74.2	68	8.7%	(77.8)	nm
EBITDA margin	35.7%	35.3%	46 bps	(40.3%)	nm
Net margin	21.2%	22.3%	(110 bps)	(51.4%)	nm

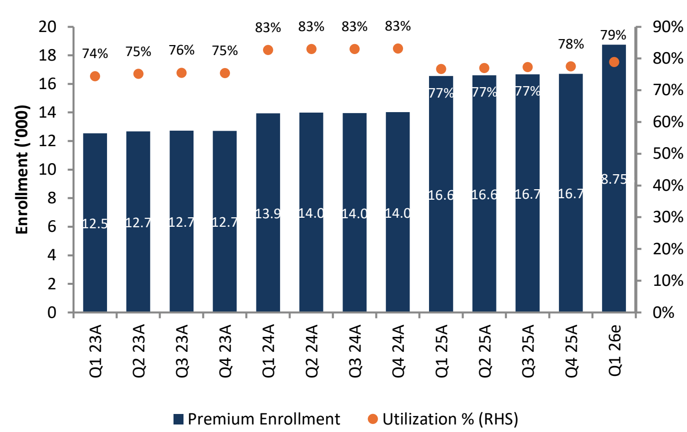
Source: Company Data, Arqaam Capital Research

Exhibit 116: Solid y/y P&L growth in Q1 26e on higher student count…



Source: Company data, Arqaam Capital Research

Exhibit 117: …as DBS Mira & EH Islands join the premium schools network



Source: Company data, Arqaam Capital Research

 © Copyright 2025, Arqaam Capital Limited. All Rights Reserved. See Important Notice.

Humansoft- Q4/FY 25e estimates

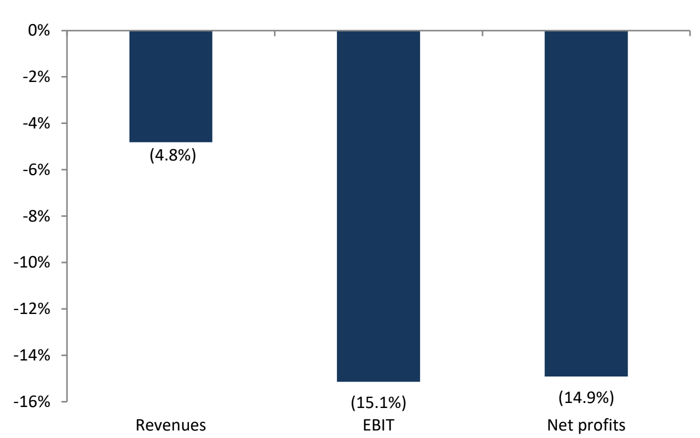
- **Humansoft announced the acceptance of 3,177 new students in Fall 2025 (+18% y/y, split 2,498 AUM/679 ACM). Nevertheless, total student count declined 2% y/y to 12,924 for the academic year 2025/26 (-2% AUM, -1% ACM).**
- **We expect quarterly revenues to decline c.5% y/y to KWD 20m, on lower student count coupled with changing student mix (AUM/ACM, Undergrad/Grad students), as group books revenues from 60% of Fall (in line with last year), and vs. 100% Summer/20% Fall in Q3 25A.**
- **The PUC's 77% reduction in student services fees remains in effect for the coming semesters.**
- **Profits drop c.15% y/y to c.KwD 9.2m (+28% q/q), implying NP margin of c.46%.**

Exhibit 118: Humansoft Q4/FY 25e preview

KWDm	Q4 25e	Q4 24A	y/y	Q3 25A	q/q	FY 25e	FY 24A	y/y
Revenues	20.1	21.1	(4.8%)	17.4	15.7%	76.4	79.2	(3.4%)
Gross profit	15.8	16.4	(3.6%)	14.3	10.6%	59.2	62.4	(5.1%)
EBIT	9.2	10.9	(15.1%)	7.2	29.3%	34.1	39.7	(13.9%)
Net income	9.2	10.8	(14.9%)	7.2	27.5%	34.2	40.0	(14.5%)
GPM	78.5%	77.6%	97 bps	82.2%	(363 bps)	77.5%	78.8%	(134 bps)
EBIT margin	46.1%	51.7%	(560 bps)	41.2%	486 bps	44.7%	50.1%	(545 bps)
Net margin	46.0%	51.4%	(545 bps)	41.7%	428 bps	44.7%	50.5%	(577 bps)

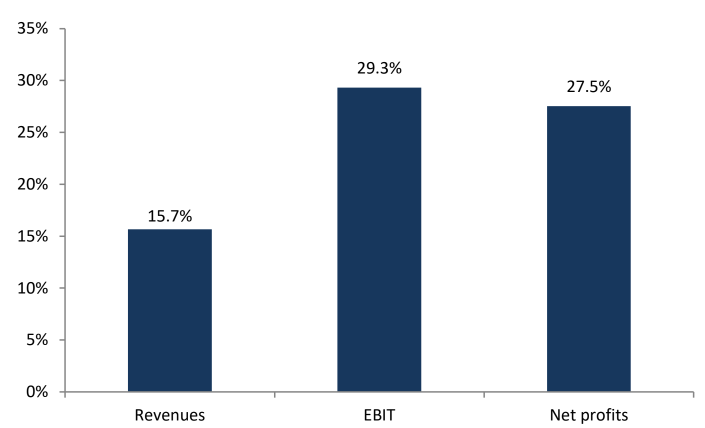
Source: Company Data, Arqaam Capital Research

Exhibit 119: Profits decline 15% y/y on 2% lower student count and normalized cost base…



Source: Company data, Arqaam Capital Research

Exhibit 120: …while rising c.28% sequentially on larger revenues during Fall vs. Summer



Source: Company data, Arqaam Capital Research

 © Copyright 2025, Arqaam Capital Limited. All Rights Reserved. See Important Notice.

Christine Kalindjian, CFA
christine.kalindjian@arqaamcapital.com

Al Hammadi Holding

Short-term P&L outlook remains subdued on structurally lower margins. Hold.

- **Consolidated FY 26e revenues grow 8% y/y dually supported by medical (c.3% improvement in avg claim per patient and 2% growth in volumes led by inpatients) and pharma segments.**
- **We expect EBITDAm to average c.29% in FY 26e before renewed pressure ahead of Olaya launch (by Q1 27e), followed by greenfield hospitals in Narjis and Mansiyah.**
- **Maintain Hold- ALHAMMAD trades 3% below peers at 15.9x FY 26-27e P/E following 27% share derate YtD. Renewed dividend policy (next 4 years starting Q3 2025) to pay at least 60% of net profits on a quarterly basis yields 4% on CMP in FY 26-27e.**

Single digit P&L growth in FY 26e on continued subdued volume growth following insurance price revisions with (i) 8% larger top line (increasing average claim per patient thanks to new services, second round of insurance price hikes of 5%, 2% larger patient count, increasing pharmacy sales at lower margins with products marketed to private sector, continued contribution from 35%-share in Sudair with local insulin production ahead of potential listing), and (ii) 3% growth in associate income with the introduction of homecare through Wareed. This is partially diluted by (iii) increasing OpEx (new hires) and (iv) higher finance charges financing 50% of expansion projects. All in, net profits arrive at c.SAR 264m, implying 20% NPm (-40bps y/y).

Group nominal bed capacity doubles in the medium-term through 3 greenfield projects each housing 200 inpatient rooms and 120 clinics including Olaya (YE 26e), Narjis (Q1 28e, construction work start by YE 25e), with a fifth facility in Mansiyah (launch TBA) enabling the group to tap into North Riyadh's underserved market. Management guides for SAR 900m in growth CapEx, 50% of which will be financed through loans.

Free cash flow margin averages 8% in FY 26-28e on subdued 21% EBIT margins at c.150 conversion days (wider vs. FY 24A levels due to collection delays) covering for SAR 200m+ in CapEx per annum driven by 3 upcoming projects.

Hold at SAR 42/share: We pencil in 7% EPS CAGR in FY 24-30e (from an adjusted FY 24A base excluding one-off gains on sale of land) on 11% top line growth largely offset by 10ppt compression in EBITm to 21% levels. We maintain our Hold recommendation with stock trading 3% below peers (excl. SULAIMAN) at 15.9x FY 26-27e P/E.

HOLD — SAR 42.0

Healthcare and Pharmaceuticals / Saudi Arabia

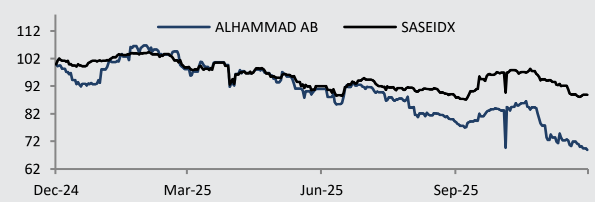
Bloomberg code	ALHAMMAD AB
Market index	SASEIDX
Target Price	42.0
Upside (%)	50.4

Market data 12/16/2025

Last closing price	27.9
52 Week range	27.9-44.6
Market cap (SAR m)	4,467
Market cap (USD m)	1,191
Average Daily Traded Value (SAR m)	10.0
Average Daily Traded Value (USD m)	2.7
Free float (%)	70%

Year-end (local m)	2024	2025e	2026e	2027e
Revenues	1,154	1,211	1,305	1,494
EBITDA	463	361	379	420
Net income	339	251	265	300
EPS	2.12	1.57	1.66	1.87
P/E (current price)	13.2	17.8	16.8	14.9
BVPS	12.3	12.7	13.3	14.1
P/B (current price)	2.28	2.19	2.10	1.99
EV/EBITDA (x)	10.0	12.8	12.2	11.0
Div. yield (%)	5.0	3.9	3.9	3.9
FCF margin (%)	32.8	12.6	15.0	0.1
Net Debt/EBITDA (x)	0.1	0.2	0.2	0.6
Net Debt/Capital (%)	-	-	-	0.1
Interest cover (x)	20.7	13.3	12.9	12.5
RoAA (%)	12.9	9.4	9.5	10.1
RoAE (%)	17.8	12.6	12.7	13.7
RoIC (%)	15.0	10.8	10.8	11.3

Price Performance



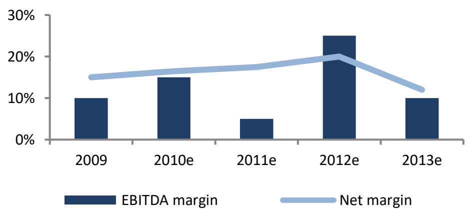
© Copyright 2025, Arqaam Capital Limited. All Rights Reserved.
See Important Notice.

December 17 2025

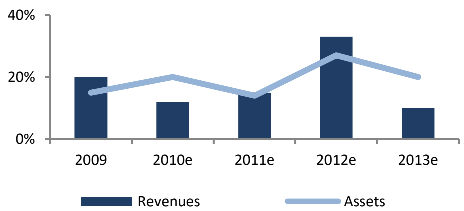
Abacus

Arqaam Capital Fundamental Data

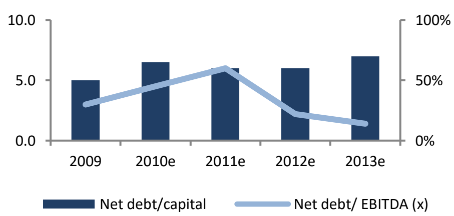
Profitability



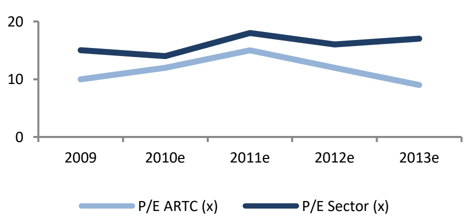
Growth



Gearing



Valuation



AL Hammadi Holding

Year-end	2023	2024	2025e	2026e	2027e	2028e
Financial summary						
Reported EPS	1.90	2.12	1.57	1.66	1.87	2.16
Diluted EPS	1.90	2.12	1.57	1.66	1.87	2.16
DPS	1.04	1.40	1.10	1.10	1.10	1.40
BVPS	11.53	12.26	12.73	13.29	14.06	14.81
Weighted average shares	160	160	160	160	160	160
Average market cap	10,977	10,977	10,977	10,977	10,977	10,977

Year-end	2023	2024	2025e	2026e	2027e	2028e
Valuation metrics						
P/E (x) (current price)	14.7	13.2	17.8	16.8	14.9	13.0
P/E (x) (target price)	22.2	19.8	26.8	25.3	22.4	19.5
EV/EBITDA (x) (current price)	10.5	10.0	12.8	12.2	11.0	9.6
EV/EBITDA (x) (target price)	15.2	14.6	18.7	17.8	16.1	14.0
EV/FCF (x)	15.6	12.2	30.5	23.6	3,666.3	33.9
Free cash flow yield (%)	6.7	8.5	3.4	4.4	-	3.1
Dividend yield (%)	3.7	5.0	3.9	3.9	3.9	5.0

Year-end	2023	2024	2025e	2026e	2027e	2028e
Growth (%)						
Revenues	4.8	(1.9)	5.0	7.7	14.5	17.2
EBITDA	12.9	4.5	(21.9)	4.9	10.9	15.1
EBIT	17.4	6.7	(28.6)	6.2	14.3	16.3
Net income	17.9	11.7	(25.9)	5.6	13.0	15.1

Year-end	2023	2024	2025e	2026e	2027e	2028e
Margins (%)						
EBITDA	37.6	40.1	29.8	29.0	28.1	27.6
EBIT	29.1	31.7	21.6	21.2	21.2	21.0
Net	25.8	29.4	20.7	20.3	20.1	19.7

Year-end	2023	2024	2025e	2026e	2027e	2028e
Returns (%)						
RoAA	12.0	12.9	9.4	9.5	10.1	10.9
RoAE	17.1	17.8	12.6	12.7	13.7	14.9
RoIC	14.0	15.0	10.8	10.8	11.3	12.2
FCF margin	25.3	32.8	12.6	15.0	0.1	7.8

Year-end	2023	2024	2025e	2026e	2027e	2028e
Gearing (%)						
Net debt/Capital	8.7	2.6	3.6	2.6	9.0	11.4
Net debt/Equity	10.2	3.0	4.1	3.0	10.6	13.7
Interest cover (x)	13.3	20.7	13.3	12.9	12.5	12.4
Net debt/EBITDA (x)	0.4	0.1	0.2	0.2	0.6	0.7

© Copyright 2025, Arqaam Capital Limited. All Rights Reserved. See Important Notice.

arqaam CAPITAL

December 17 2025

Abacus *Arqaam Capital Fundamental Data*

Company profile

Al Hammadi was founded in 1985 as a single 50-bed Al Olaya hospital. The company currently runs a network of c.500 operational beds spanning across 2 hospitals in Riyadh (Suwaidi and Nuzha), with upcoming projects in Olaya (replacement hospital, FY 27e) and Narjis (FY 28e), and Mansiyah each with a capacity of 200 beds and 120 clinics.

Ownership & Management

Major Shareholders	%
Dr. Abdulaziz Al Hamadi	10.0
Saleh Al Hammadi	10.0

Management	
Chairman	Saleh Al Hammadi
CEO	Mohammed Bin Saleh Al Hammadi
CFO	Mohammed Saeed Sulaiman Al-Saafeen

Al Hammadi Holding

Year-end	2023	2024	2025e	2026e	2027e	2028e
Income statement (SARm)						
Sales revenue	1,177	1,154	1,211	1,305	1,494	1,752
Cost of sales	(744)	(771)	(848)	(912)	(1,044)	(1,227)
Gross profit	**433**	**382**	**363**	**394**	**450**	**525**
SG&A	(91)	(17)	(102)	(116)	(133)	(156)
EBIT	**343**	**366**	**261**	**277**	**317**	**369**
Net interest income(expense)	(26)	(18)	(20)	(22)	(25)	(30)
Associates/affiliates	**4**	**7**	**26**	**26**	**27**	**28**
Exceptionals/extraordinaries	-	-	-	-	-	-
Other pre-tax income/(expense)	-	-	-	-	-	-
Profit before tax	321	355	267	282	319	367
Taxes	(18)	(16)	(16)	(17)	(19)	(22)
Other post-tax income/(expense)	**-**	**-**	**-**	**-**	**-**	**-**
Net profit (group)	303	339	251	265	300	345
Minorities	-	-	-	-	-	-
Net profit (parent)	**303**	**339**	**251**	**265**	**300**	**345**
Arqaam adjustments (including dilution)	-	-	-	-	-	-
Arqaam Net profit	**303**	**339**	**251**	**265**	**300**	**345**

Year-end	2023	2024	2025e	2026e	2027e	2028e
Balance sheet (SARm)						
Cash and equivalents	125	245	204	275	161	143
Receivables	561	434	499	538	616	722
Inventories	57	61	74	80	92	108
Tangible fixed assets	1,659	1,710	1,740	1,771	1,992	2,093
Other assets including goodwill	193	200	201	201	202	204
Total assets	**2,594**	**2,651**	**2,718**	**2,865**	**3,062**	**3,270**
Payables	75	66	74	80	92	108
Interest bearing debt	314	304	287	338	398	468
Other liabilities	360	319	320	322	323	324
Total liabilities	**750**	**690**	**682**	**739**	**813**	**900**
Shareholders equity	1,845	1,961	2,036	2,126	2,249	2,370
Minorities	-	-	-	-	-	-
Total liabilities & shareholders equity	**2,594**	**2,651**	**2,718**	**2,865**	**3,062**	**3,270**

Year-end	2023	2024	2025e	2026e	2027e	2028e
Cash flow (SARm)						
Cashflow from operations	**351**	**464**	**282**	**329**	**326**	**355**
Net capex	(53)	(85)	(130)	(133)	(325)	(218)
Free cash flow	**297**	**379**	**152**	**196**	**1**	**137**
Equity raised/(bought back)	-	-	-	-	-	-
Dividends paid	(167)	(225)	(176)	(176)	(176)	(224)
Net inc/(dec) in borrowings	(60)	(35)	(17)	51	61	70
Other investing/financing cash flows	-	-	-	-	-	-
Net cash flow	**65**	**120**	**(41)**	**71**	**(114)**	**(18)**
Change in working capital	(134)	27	(70)	(39)	(78)	(106)

Christine Kalindjian, CFA
christine.kalindjian@arqaamcapital.com

 © Copyright 2025, Arqaam Capital Limited. All Rights Reserved. See Important Notice.

Exhibit 121: Al Hammadi Holding valuation (SARm)

Year-end	FY 25e	FY 26e	FY 27e	FY 28e	FY 29e	FY 30e	FY 31e	FY 32e	FY 33e	FY 34e
EBIT (1-τ)	**245**	**261**	**298**	**346**	**391**	**435**	**487**	**537**	**584**	**629**
Depreciation & Amortization	100	101	103	115	120	117	115	113	111	107
EBITDA	**345**	**362**	**401**	**461**	**512**	**552**	**602**	**650**	**696**	**736**
Working capital changes	(70)	(39)	(78)	(106)	(75)	(91)	(82)	(83)	(76)	(67)
Operating cash flow	275	323	323	355	436	462	520	566	620	668
Purchase of PPE	**(130)**	**(133)**	**(325)**	**(218)**	**(224)**	**(72)**	**(78)**	**(85)**	**(91)**	**(97)**
Free cash flow to firm	**145**	**190**	**(2)**	**137**	**212**	**390**	**442**	**481**	**529**	**572**
Discount factor using WACC at 8.1%	1.0	0.9	0.8	0.8	0.7	0.6	0.6	0.5	0.5	0.4
PV of Visible FCFF	6	173	(2)	103	146	244	252	250	251	247
Terminal value										5,080
Equity valuation								**WACC parameters**		
PV of visible FCFF	1,670							Rf		5.3%
PV of terminal value	5,080							EMRP		6.0%
Enterprise value	**6,750**							Adjusted Beta		1.0
								Cost of Equity		**11.3%**
Cash & cash equivalents	124									
Less: Net (debt) funds	(289)							Marginal tax rate		--%
Add: JV and associates	135									
								Cost of Debt		6.1%
Equity value	**6,720**							D/C (market)		30.0%
NOSH	160							**WACC**		**9.7%**
Equity value per Share	**42.0**							Perpetual growth		4.7%
Implied multiples										
EV/EBITDA	18.7	17.8	16.1	14.0	12.6	11.6	10.7	9.9	9.2	8.7
P/E	26.8	25.3	22.4	19.5	17.4	15.5	13.5	12.2	11.3	10.5
P/B	3.3	3.2	3.0	2.8	2.7	2.5	2.3	2.1	1.9	1.8
Current multiples										
EV/EBITDA	12.8	12.2	11.0	9.6	8.6	8.0	7.3	6.8	6.3	6.0
P/E	17.8	16.8	14.9	13.0	11.6	10.3	9.0	8.1	7.5	7.0
P/B	2.2	2.1	2.0	1.9	1.8	1.6	1.5	1.4	1.3	1.2

Source: Arqaam Capital Research

 © Copyright 2025, Arqaam Capital Limited. All Rights Reserved. See Important Notice.

Company Update

December 17 2025

Christine Kalindjian, CFA
christine.kalindjian@arqaamcapital.com

Ataa Education Company

Improved profitability outlook fairly priced in.

- **Sale of non-core training and recruitment assets boosts GP margins by 1.5ppt to c.32% in FY 26e, further supported by tuition fee adjustments.**
- **Group profits set for 24%+ growth in FY 26e driven by 5% top line growth (tuition fee hike covering for lower student count), margin expansion and reduced finance charges.**
- **Current multiples fairly reflect growth prospects with stock at 22.8x FY 26-27e P/E post 16% derate YtD.**

Aggregate earnings to grow c.24% to exceed the SAR 100m mark for the first time in FY 26e supported by (i) 5% top line growth (c.10% upward tuition adjustments, partially offset by c.4% dip in student count and removal of training and recruitment contribution), (ii) 1.9% EBIT margin expansion to c.25% primarily boosted by the offloading of non-core assets, and (iii) c.3% notch down in finance costs implying 2.9x interest coverage in FY 26e thanks to benchmark rate cuts with c.95% of group lending priced over SIBOR.

Quarterly P&L impacted by new IFRS 15 accounting with revenue from educational services along with cost of academic staff now recognized proportionally over the number of days within the academic year (vs. financial year previously). Revenues in Q1 26A decline c.4% y/y as the boost from tuition fee hikes is more than offset by cessation of training and recruitment activities along with lower school day count (81 vs. 87 days in Q1 25A) resulting from later start of the current academic year. No impact on full year results.

ATAA management still targets 65k enrolments by 2028 (+44% vs. FY 25A), with growth through organic (30%) and inorganic (70%) ventures, and plans to expand offering in the North of Riyadh, and potentially Jeddah. We conservatively pencil in 1% enrolment CAGR in FY 25-28e with recent/upcoming expansions including (i) Tahlia project (2.8k capacity, FY 25-26e)- building (now used for Sulaimaniya French curriculum) and land to establish new American school. (ii) Arqa project (+1.4k capacity, FY 26e)- Fikr to be moved to new bldg. This follows Al Wasat (+1.7k capacity) moving to an educational bldg. beginning AY 25A.

Hold on fair multiples: Stock is down 27% since we took profits and downgraded to Hold on October 17th 2024 (*Download Report*). ATAA trades at 22.8x FY 26-27e P/E adequately reflecting c.18% EPS CAGR in FY 25-28e, with solid LT fundamentals supported by larger network with improved occupancy (vs. current c.70%).

HOLD SAR 72.0

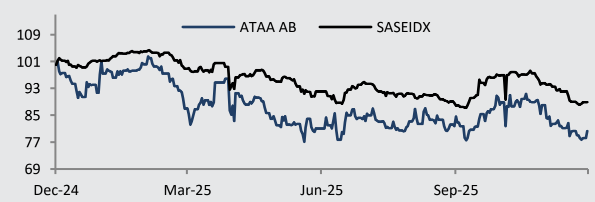
Education / Saudi Arabia

Bloomberg code	ATAA AB
Market index	SASEIDX
Target Price	72.0
Upside (%)	19.8

Market data	**12/16/2025**
Last closing price	60.1
52 Week range	58.0-78.7
Market cap (SAR m)	2,529
Market cap (USD m)	674
Average Daily Traded Value (SAR m)	3.0
Average Daily Traded Value (USD m)	0.7
Free float (%)	47%

Year-end (local m)	2025	2026e	2027e	2028e
Revenues	650	681	711	739
EBITDA	233	247	256	264
Net income	86	103	120	134
EPS	2.05	2.45	2.84	3.19
EPS growth (%)	18.2	19.6	16.3	12.3
P/E (current price)	29.4	24.6	21.1	18.8
DPS	1.29	1.55	1.81	2.07
Div. yield (%)	2.2	2.6	3.0	3.4
FCF/share	3.2	4.6	4.9	5.0
FCF yield (%)	5.3	7.7	8.1	8.3
CAPEX	38	41	43	44
CAPEX/sales (%)	5.8	6.0	6.0	6.0
Net Debt/EBITDA (x)	4.4	3.9	3.5	3.1
EV/EBITDA (x)	15.0	14.2	13.7	13.3
RoAE (%)	10.6	12.2	13.5	14.4
RoIC (%)	5.0	5.9	7.0	7.7

Price Performance

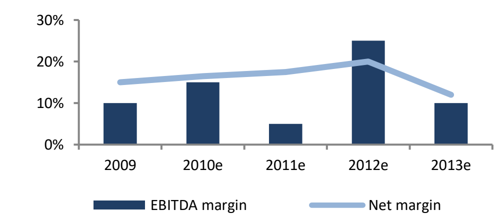


© Copyright 2025, Arqaam Capital Limited. All Rights Reserved.
See Important Notice.

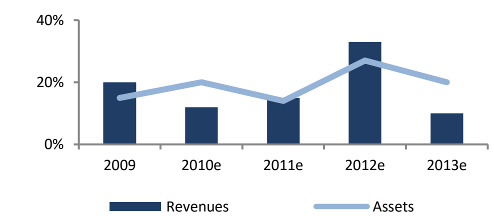
Abacus

Arqaam Capital Fundamental Data

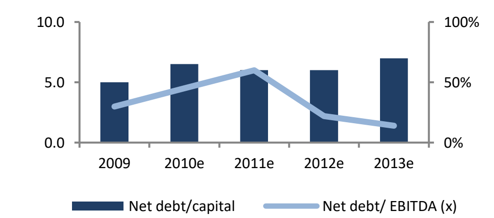
Profitability



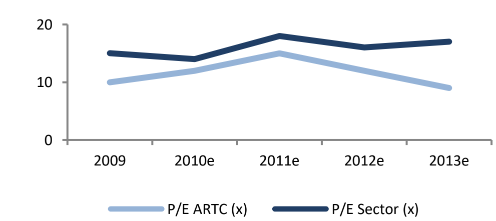
Growth



Gearing



Valuation



Ataa Education Company

Year-end	2024	2025	2026e	2027e	2028e	2029e
Financial summary						
Reported EPS	1.73	2.05	2.45	2.84	3.19	3.75
Diluted EPS	1.73	2.05	2.45	2.84	3.19	3.75
DPS	1.10	1.29	1.55	1.81	2.07	2.07
BVPS	19.04	19.66	20.56	21.59	22.71	24.39
Weighted average shares	42.09	42.09	42.09	42.09	42.09	42.09
Average market cap	1,771.33	1,771.33	1,771.33	1,771.33	1,771.33	1,771.33

Year-end	2024	2025	2026e	2027e	2028e	2029e
Valuation metrics						
P/E (x) (current price)	34.7	29.4	24.6	21.1	18.8	16.0
P/E (x) (target price)	41.6	35.2	29.4	25.3	22.5	19.2
EV/EBITDA (x) (current price)	15.8	15.0	14.2	13.7	13.3	12.8
EV/EBITDA (x) (target price)	18.1	17.2	16.2	15.6	15.2	14.6
EV/FCF (x)	51.1	26.3	18.1	17.1	16.6	16.1
Free cash flow yield (%)	2.7	5.3	7.7	8.1	8.3	8.6
Dividend yield (%)	1.8	2.2	2.6	3.0	3.4	3.4

Year-end	2024	2025	2026e	2027e	2028e	2029e
Growth (%)						
Revenues	(4.7)	0.2	4.8	4.5	3.9	4.3
EBITDA	15.3	5.5	5.9	3.7	2.8	4.0
EBIT	29.9	6.6	13.7	7.9	7.8	9.6
Net income	7.5	18.2	19.6	16.3	12.3	17.3

Year-end	2024	2025	2026e	2027e	2028e	2029e
Margins (%)						
EBITDA	34.1	35.9	36.3	36.0	35.7	35.6
EBIT	21.4	22.7	24.7	25.5	26.4	27.8
Net	11.2	13.3	15.1	16.8	18.2	20.5

Year-end	2024	2025	2026e	2027e	2028e	2029e
Returns (%)						
RoAA	3.4	4.0	4.8	5.6	6.4	7.5
RoAE	9.2	10.6	12.2	13.5	14.4	15.9
RoIC	4.5	5.0	5.9	7.0	7.7	9.2
FCF margin	10.6	20.5	28.5	28.8	28.5	28.3

Year-end	2024	2025	2026e	2027e	2028e	2029e
Gearing (%)						
Net debt/Capital	54.6	53.5	49.3	46.7	42.8	39.5
Net debt/Equity	133.0	124.0	111.0	98.0	86.2	72.5
Interest cover (x)	2.3	2.4	2.9	3.3	3.7	4.5
Net debt/EBITDA (x)	4.8	4.4	3.9	3.5	3.1	2.7

 © Copyright 2025, Arqaam Capital Limited. All Rights Reserved. See Important Notice.

Abacus *Arqaam Capital Fundamental Data*

Company Profile

Established in 1992 and listed on Tadawul in July 2019, ATAA currently operates the largest private school network in Riyadh through 22 schools with a total capacity of c.63.3k students (c.68% utilized), split 42/58 between National and International (US, UK, French and Indian) curricula. Arabian Education and Training Group (AETG) is ATAA's largest acquisition to date including a network of 6 schools, with a total capacity of 17k students, in addition to training and employment centers.

Ownership & Management

Major Shareholders	%
National Advanced Creativ Trad	19.0
Razm LTD Co	18.7
Al-Mutaeb Ahmed Nasser	14.4

Management	
Chairman	Eng. Tarek AlKasabi
Vice Chairman	Dr. Ahmed AlMuteb
CEO	Dr. Fahad Altuwaijry
CFO	Adel Nader

Ataa Education Company

Year-end	2024	2025	2026e	2027e	2028e	2029e
Income statement (SARm)						
Sales revenue	648	650	681	711	739	771
Cost of sales	(448)	(450)	(460)	(476)	(488)	(500)
Gross profit	**200**	**200**	**221**	**235**	**250**	**271**
SG&A	(1)	7	9	9	9	9
EBITDA	**221**	**233**	**247**	**256**	**264**	**274**
Depreciation	(83)	(86)	(79)	(75)	(68)	(60)
EBIT	**139**	**148**	**168**	**181**	**195**	**214**
Interest expense	(61)	(61)	(59)	(54)	(53)	(47)
Share of results of associates & JV	-	-	-	-	-	-
Profit before tax	78	87	109	127	142	167
Taxes	(2)	(3)	(3)	(3)	(3)	(4)
Other post-tax income/(expense)	-	-	-	-	-	-
Net profit (group)	76	85	106	124	139	163
Minorities	(3)	1	(3)	(4)	(4)	(5)
Net profit (parent)	**73**	**86**	**103**	**120**	**134**	**158**
Arqaam adjustments (including dilution)	-	-	-	-	-	-
Arqaam Net profit	**73**	**86**	**103**	**120**	**134**	**158**

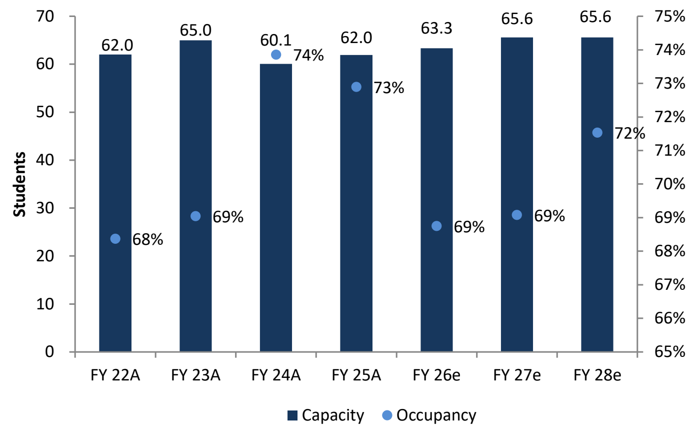
Year-end	2024	2025	2026e	2027e	2028e	2029e
Balance sheet (SARm)						
Cash and equivalents	86	63	121	108	145	115
Receivables	95	93	101	106	110	114
Inventories	7	4	4	5	5	5
Tangible fixed assets	889	901	906	913	921	931
Other assets including goodwill	1,099	1,045	1,006	971	944	925
Total assets	**2,175**	**2,107**	**2,139**	**2,102**	**2,124**	**2,090**
Payables	10	4	4	4	4	4
Interest bearing debt	1,152	1,089	1,082	998	969	860
Other liabilities	149	126	125	124	123	123
Total liabilities	**1,310**	**1,219**	**1,211**	**1,126**	**1,096**	**986**
Shareholders equity	801	828	865	909	956	1,026
Minorities	64	60	64	67	72	77
Total liabilities & shareholders equity	**2,175**	**2,107**	**2,139**	**2,102**	**2,124**	**2,090**

Year-end	2024	2025	2026e	2027e	2028e	2029e
Cash flow (SARm)						
Cashflow from operations	**191**	**173**	**235**	**248**	**255**	**265**
Net capex	(121)	(38)	(41)	(43)	(44)	(46)
Free cash flow	**69**	**133**	**194**	**205**	**211**	**218**
Equity raised/(bought back)	-	-	-	-	-	-
Dividends paid	(46)	(54)	(65)	(76)	(87)	(87)
Net inc/(dec) in borrowings	24	(101)	(12)	(88)	(33)	(114)
Other investing/financing cash flows	-	-	-	-	-	-
Net cash flow	**46**	**(22)**	**58**	**(14)**	**37**	**(30)**
Change in working capital	(32)	(60)	(8)	(5)	(4)	(5)

Christine Kalindjian, CFA
christine.kalindjian@arqaamcapital.com

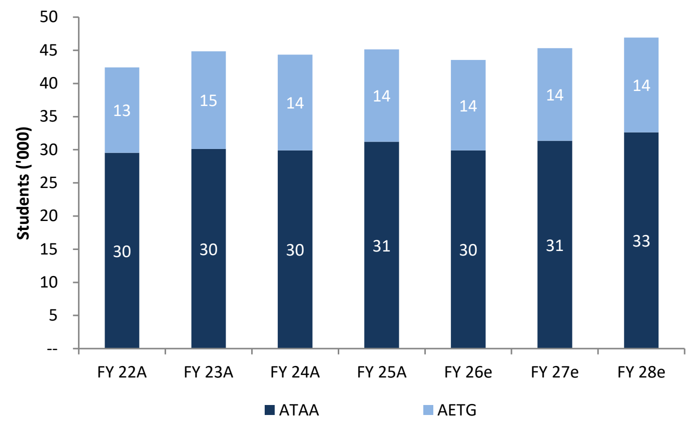
© Copyright 2025, Arqaam Capital Limited. All Rights Reserved. See Important Notice.

Exhibit 122: Group capacity expands 6% by AY 27e



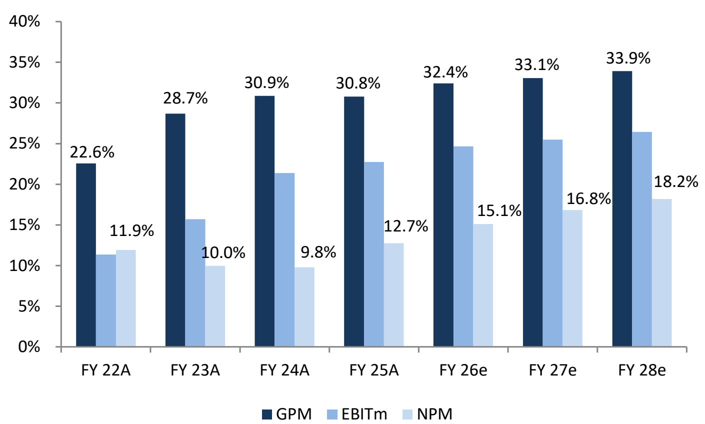
Source: Company Data, Arqaam Capital Research

Exhibit 123: Registrations at ATAA schools to grow at 2% CAGR in FY 25-28e vs. 1% for AETG facilities



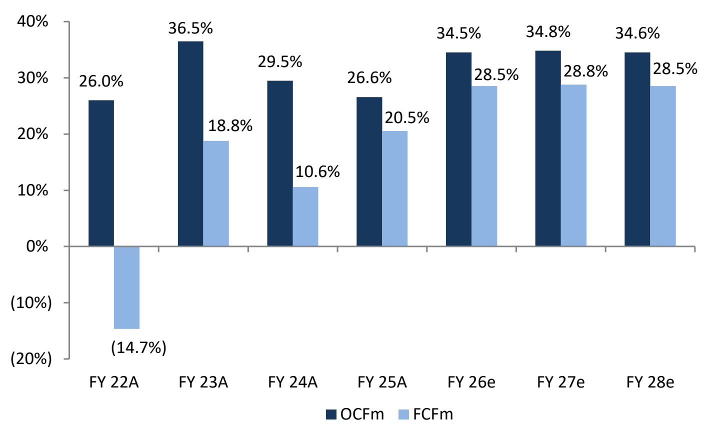
Source: Company Data, Arqaam Capital Research

Exhibit 124: Profit margins to improve in FY 26e…



Source: Company Data, Arqaam Capital Research

Exhibit 125: Solid OCF and widening FCF margins



Source: Company Data, Arqaam Capital Research

© Copyright 2025, Arqaam Capital Limited. All Rights Reserved. See Important Notice.

Exhibit 126: ATAA valuation (SARm)

Year-end	FY 26e	FY 27e	FY 28e	FY 29e	FY 30e	FY 31e
EBIT (1-τ)	**151**	**163**	**177**	**195**	**211**	**220**
Depreciation & Amortization	79	75	68	60	53	53
EBITDA	**230**	**238**	**245**	**255**	**264**	**274**
Working Capital Changes	(8)	(5)	(4)	(5)	(5)	(5)
Operating Cash Flow	222	234	241	250	260	269
Purchase of PPE	(41)	(43)	(44)	(46)	(48)	(50)
Free Cash Flow to Firm	**181**	**191**	**197**	**204**	**211**	**218**
Discount Factor	0.95	0.87	0.79	0.73	0.67	0.61
PV of Visible FCFF	106	166	156	148	141	133
Terminal Value						3,158
Equity Valuation			**WACC parameters**			
PV of Visible FCFF	850		Rf			5.1%
PV of Terminal Value	3,158		EMRP			5.6%
Enterprise Value	**4,007**		Adjusted Beta			1
Cash & Cash Equivalents	110		**Cost of Equity**			**10.7%**
Less: Net (Debt) Funds	1,026					
Less: Minorities	60		Marginal tax rate			--%
			Cost of Debt			**5.9%**
Equity Value	**3,031**		D/C (market)			30.0%
NOSH	42		**WACC**			**9.2%**
Equity Value per Share	**72.0**		Perpetual growth			4.8%
Implied multiples						
EV/EBITDA	16.2	15.6	15.2	14.6	14.1	13.6
P/E	29.4	25.3	22.6	19.2	17.5	16.6
P/B	3.5	3.3	3.2	3.0	2.7	2.5
Current multiples						
EV/EBITDA	14.2	13.7	13.3	12.8	12.3	11.9
P/E	24.6	21.1	18.8	16.0	14.6	13.9
P/B	2.9	2.8	2.6	2.5	2.3	2.1

Source: Arqaam Capital Research

© Copyright 2025, Arqaam Capital Limited. All Rights Reserved. See Important Notice.

Company Update

December 17 2025

Christine Kalindjian, CFA
christine.kalindjian@arqaamcapital.com

Care Medical Company

Strategy refresh in 2026. Upgrade to Core Buy.

- **Insurance contract repricing on select services by Q1 26e with prices applied retrospectively as of Oct 2025.**
- **Consolidated profits grow 14% y/y in FY 26e driven by 11% top line growth (ramp up of existing network with Al Salam expected to turn profitable, insurance repricing) supporting 1.3ppt widening in operating margins.**
- **Attractive re-entry post sharp 25% derate since we took profits on the name on November 3rd (*Download Report*). Stock trades 10% below peers on FY 26-27e P/E of 14.7x, despite wider margins (NPm 22%) driving higher FCF yield (3.6%).**

We pencil in 12% EPS CAGR in FY 24-30e, with upside risk to our estimates from further M&A/greenfield projects in the pipeline: P&L driven by (i) optimization of existing network (ongoing expansion of ReLib mental platform, ramp up at Al Salam turning profitable in FY 26e, further reduction in ALOS post 11% y/y decline in Q3 25A), (ii) upcoming price revisions on select services (last revision in 2017, worked on enhancing service mix since, after reaching pricing caps with MoH thanks to HIMSS and AABB accreditations), along with (iii) 21% capacity expansion in the medium-term through the first phase of Narjes greenfield hospital (400-bed VIP/A class facility). Rawabi remains the primary revenue contributor with 45% share of top line, followed by Malaz (39%), while Al Salam (8%), AlBalad (7%), Haram (c.0.8%) and Mental Health facility ReLib (c.1%) combined generate c.16% of group top line in 9M 25A.

Strategy refresh in Q1 26e with focus on Riyadh/Western province for both organic growth and M&A. The group remains a fundamentally solid B-class operator (sweet spot vs. crowded premium category), best positioned to benefit from upward repricing under Value-Based Healthcare given the complexity of government cases, led by an experienced management team with support from GOSI shareholding structure.

Upgrade to Core Buy at constant TP pf SAR 195/share: Recent derate positions the stock at a 10% discount to peers, valuation levels we find unjustified given the group's superior margin profile (EBITm 24% vs. sector at 20% in FY 26-27e), supporting higher profitability (RoIC 13% vs. 11%) and double digit FCF margin of 13% despite uptick in collection cycle driving receivable days up to 200 in FY 25e (vs. 165 days in FY 23-24A, but still lower than historical levels exceeding 260 days).

Core BUY SAR 195.0

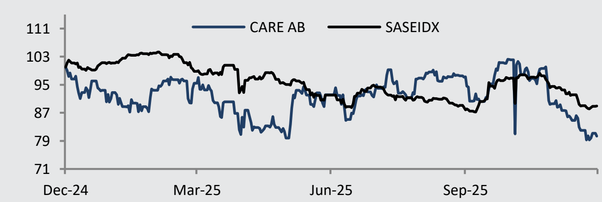
Healthcare and Pharmaceuticals / Saudi Arabia

Bloomberg code	CARE AB
Market index	SASEIDX
Target Price	195.0
Upside (%)	45.2

Market data	**12/16/2025**
Last closing price	134.3
52 Week range	133.0-183.5
Market cap (SAR m)	6,023
Market cap (USD m)	1,606
Average Daily Traded Value (SAR m)	14.0
Average Daily Traded Value (USD m)	3.6
Free float (%)	51%

Year-end (local m)	2024	2025e	2026e	2027e
Revenues	1,293.7	1,632.3	1,817.4	1,979.2
EBITDA	377.4	449.5	517.5	567.5
Net income	298.2	338.6	387.4	433.7
EPS	6.65	7.55	8.64	9.67
P/E (current price)	20.2	17.8	15.5	13.9
BVPS	36.3	41.6	47.8	54.4
P/B (current price)	3.7	3.2	2.8	2.5
EV/EBITDA (current price)	16.1	13.5	11.7	10.7
Div. yield (%)	1.5	1.7	1.9	2.2
FCF margin (%)	(2.3)	-	12.0	14.2
Net debt/EBITDA (x)	(0.2)	0.1	(0.1)	(0.3)
Net debt/Capital (%)	(3.7)	2.1	(1.1)	(4.9)
Interest cover (x)	91.2	38.0	17.8	21.5
RoAA (%)	12.6	12.9	12.8	12.4
RoAE (%)	19.3	19.4	19.3	18.9
RoIC (%)	14.1	14.4	13.4	13.5

Price Performance

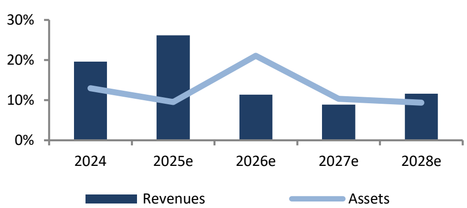


© Copyright 2025, Arqaam Capital Limited. All Rights Reserved.
See Important Notice.

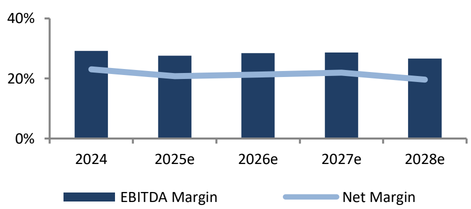
Abacus

Arqaam Capital Fundamental Data

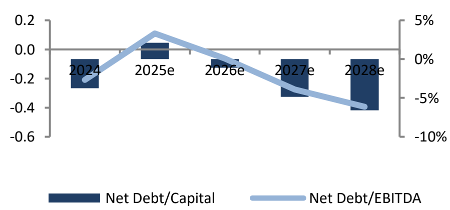
Profitability



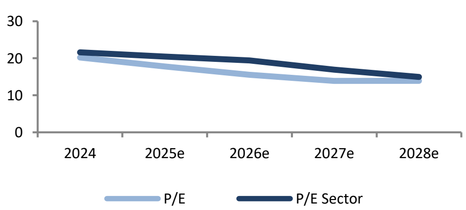
Growth



Gearing



Valuation



Care Medical Company

Year-end	2023	2024	2025e	2026e	2027e	2028e
Financial summary						
Reported EPS	5.37	6.65	7.55	8.64	9.67	9.66
Diluted EPS	5.37	6.65	7.55	8.64	9.67	9.66
DPS	1.00	2.00	2.25	2.50	3.00	4.00
BVPS	32.41	36.33	41.63	47.77	54.44	60.10
Weighted average shares	44.85	44.85	44.85	44.85	44.85	44.85
Average market cap	2,385.57	2,385.57	2,385.57	2,385.57	2,385.57	2,385.57

Year-end	2023	2024	2025e	2026e	2027e	2028e
Valuation metrics						
P/E (x)	25.0	20.2	17.8	15.5	13.9	13.9
P/BV (x)	4.1	3.7	3.2	2.8	2.5	2.2
EV/Sales (x)	5.6	4.7	3.7	3.3	3.1	2.8
EV/EBITDA (x)	20.1	16.1	13.5	11.7	10.7	10.3
EV/FCF (x)	14.7	(202.7)	(8,861.3)	27.9	21.6	21.7
EV/Invested capital (x)	4.9	4.2	3.8	3.0	2.7	2.5
Dividend yield (%)	0.7	1.5	1.7	1.9	2.2	3.0

Year-end	2023	2024	2025e	2026e	2027e	2028e
Growth (%)						
Revenues	17.8	19.6	26.2	11.3	8.9	11.6
EBITDA	23.5	25.1	19.1	15.1	9.6	3.8
EBIT	24.3	20.3	25.1	17.8	10.3	0.1
Net income	41.7	23.8	13.6	14.4	12.0	(0.1)

Year-end	2023	2024	2025e	2026e	2027e	2028e
Margins (%)						
EBITDA	27.9	29.2	27.5	28.5	28.7	26.7
EBIT	22.8	22.9	22.8	24.1	24.4	21.9
Net	22.3	23.0	20.7	21.3	21.9	19.6

Year-end	2023	2024	2025e	2026e	2027e	2028e
Returns (%)						
RoAA	12.3	12.6	12.9	12.8	12.4	11.3
RoAE	17.7	19.3	19.4	19.3	18.9	16.9
RoIC	13.5	14.1	14.4	13.4	13.5	12.3
FCF margin	38.2	(2.3)	-	12.0	14.2	12.7

Year-end	2023	2024	2025e	2026e	2027e	2028e
Gearing (%)						
Net debt/Capital	(20.4)	(3.7)	2.1	(1.1)	(4.9)	(6.6)
Net debt/Equity	(25.0)	(4.8)	2.6	(1.5)	(6.4)	(8.6)
Interest cover (x)	(13.8)	91.2	38.0	17.8	21.5	19.4
Net debt/EBITDA (x)	(1.2)	(0.2)	0.1	(0.1)	(0.3)	(0.4)

© Copyright 2025, Arqaam Capital Limited. All Rights Reserved. See Important Notice.

Abacus *Arqaam Capital Fundamental Data*

Company profile

Care was established in 2003 by the General Organization for Social Insurance (GOSI) and other private players. The group owns and operates two hospitals in Riyadh with a combined bed exposure of 655 beds and 180 outpatient facilities. Care further generates revenues through its pharmaceutical dispensaries.

Ownership & Management

Major Shareholders	%
Saudi Medical Care Group	49.2

Management	
Chairman	Saad Al Fadly
CEO	Dr Abdulaziz Saleh Alobaid
CFO	Jahanzeb Ahmed Khan

Care Medical Company

Year-end	2023	2024	2025e	2026e	2027e	2028e
Income statement (SARm)						
Sales revenue	1,081.8	1,293.7	1,632.3	1,817.4	1,979.2	2,208.6
Cost of sales	(712.2)	(839.6)	(1,031.0)	(1,137.3)	(1,235.3)	(1,417.3)
Gross profit	**369.6**	**454.1**	**601.3**	**680.1**	**743.8**	**791.3**
SG&A	(122.9)	(157.2)	(229.9)	(242.5)	(261.2)	(308.2)
EBIT	**246.7**	**296.9**	**371.4**	**437.6**	**482.6**	**483.0**
Net interest income(expense)	17.9	(3.3)	(9.8)	(24.6)	(22.4)	(24.8)
Associates/affiliates	-	-	-	-	-	-
Exceptionals/extraordinaries	-	-	-	-	-	-
Other pre-tax income/(expense)	-	-	-	-	-	-
Profit before tax	264.6	293.6	361.6	413.0	460.2	458.2
Taxes	(23.7)	4.5	(23.0)	(25.6)	(26.5)	(24.9)
Other post-tax income/(expense)	-	-	-	-	-	-
Net profit (group)	240.9	298.2	338.6	387.4	433.7	433.3
Minorities	-	-	-	-	-	-
Net profit (parent)	**240.9**	**298.2**	**338.6**	**387.4**	**433.7**	**433.3**
Arqaam adjustments (including dilution)	-	-	-	-	-	-
Arqaam Net profit	**240.9**	**298.2**	**338.6**	**387.4**	**433.7**	**433.3**

Year-end	2023	2024	2025e	2026e	2027e	2028e
Balance sheet (SARm)						
Cash and equivalents	693.7	566.7	428.6	787.1	927.0	1,057.4
Receivables	502.5	572.2	894.4	970.9	1,030.3	1,137.6
Inventories	53.0	57.6	70.7	78.0	84.7	97.2
Tangible fixed assets	730.7	940.6	1,001.3	1,153.9	1,303.0	1,408.0
Other assets including goodwill	234.4	365.0	345.3	327.5	314.3	302.2
Total assets	**2,214.4**	**2,502.2**	**2,740.4**	**3,317.5**	**3,659.2**	**4,002.4**
Payables	49.5	75.7	70.6	77.9	84.6	97.1
Interest bearing debt	330.2	487.7	478.0	755.2	771.2	825.4
Other liabilities	381.1	309.3	324.6	342.1	361.9	384.5
Total liabilities	**760.9**	**872.7**	**873.2**	**1,175.1**	**1,217.7**	**1,306.9**
Shareholders equity	1,453.4	1,629.5	1,867.2	2,142.4	2,441.5	2,695.4
Minorities	-	-	-	-	-	-
Total liabilities & shareholders equity	**2,214.4**	**2,502.2**	**2,740.4**	**3,317.5**	**3,659.2**	**4,002.4**

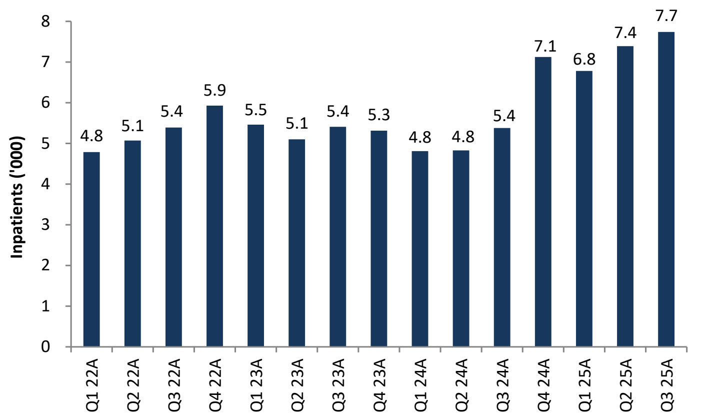
Year-end	2023	2024	2025e	2026e	2027e	2028e
Cash flow (SARm)						
Cashflow from operations	**466.7**	**244.7**	**118.4**	**432.9**	**501.4**	**479.3**
Net capex	(54.0)	(274.6)	(119.1)	(214.9)	(220.6)	(198.8)
Free cash flow	**412.7**	**(30.0)**	**(0.7)**	**218.0**	**280.8**	**280.5**
Equity raised/(bought back)	-	-	-	-	-	-
Dividends paid	(44.9)	(89.7)	(100.9)	(112.1)	(134.6)	(179.4)
Net inc/(dec) in borrowings	182.5	26.9	(18.9)	284.7	23.2	61.1
Other investing/financing cash flows	-	-	-	-	-	-
Net cash flow	**364.5**	**(126.9)**	**(138.1)**	**358.5**	**139.9**	**130.4**
Change in working capital	157.5	(97.1)	(340.4)	(76.5)	(59.3)	(107.3)

Christine Kalindjian, CFA

christine.kalindjian@arqaamcapital.com

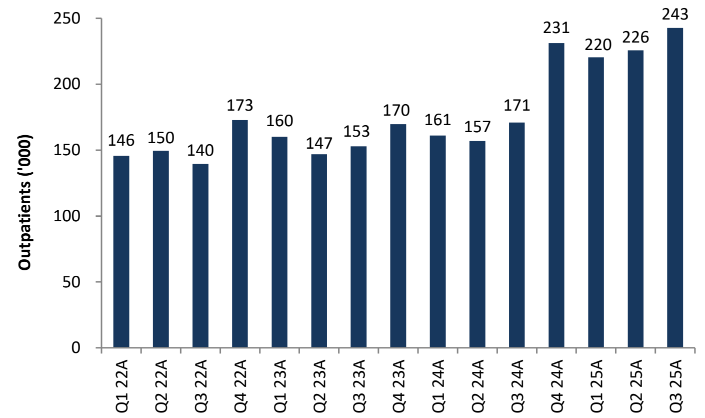
© Copyright 2025, Arqaam Capital Limited. All Rights Reserved. See Important Notice.

Exhibit 127: Group inpatient visits grow 44% y/y (+14% LfL) and +5% q/q...



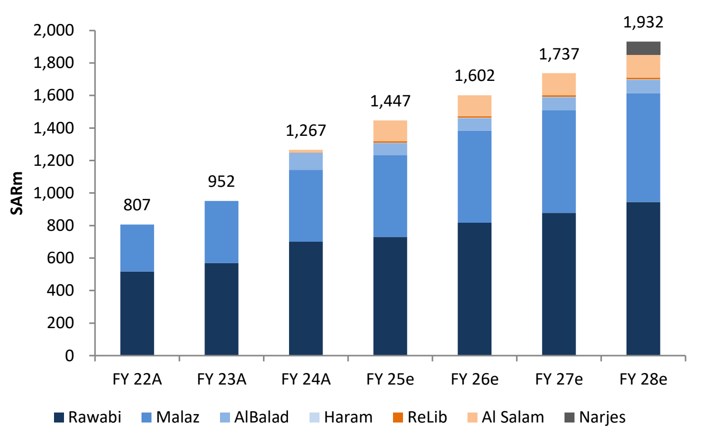
Source: Company data, Arqaam Capital Research

Exhibit 128: ...while outpatient numbers rise 42% y/y (+16% LfL), and +8% q/q supported by existing network along with consolidation of Al Salam (Q4 24A)



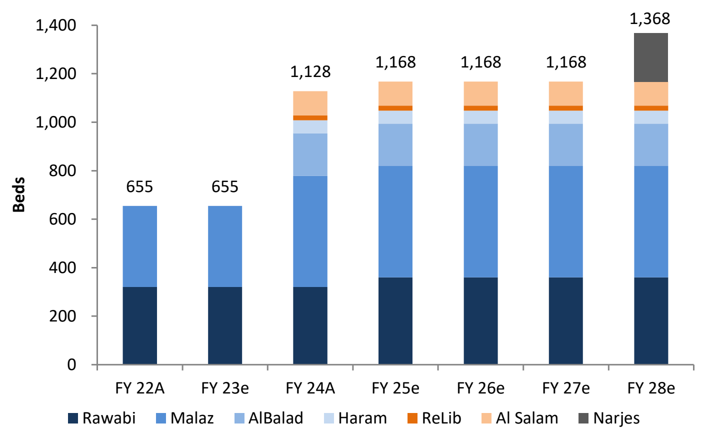
Source: Company data, Arqaam Capital Research

Exhibit 129: Group top line grows at 11% FY 24-28e CAGR...



Source: Company data, Arqaam Capital Research

Exhibit 130: ...on improved utilization of 5% wider network



Source: Company data, Arqaam Capital Research

 © Copyright 2025, Arqaam Capital Limited. All Rights Reserved. See Important Notice.

Exhibit 131: Care Medical valuation (SARm)

Year-end	FY 25e	FY 26e	FY 27e	FY 28e	FY 29e	FY 30e	FY 31e
EBIT (1-τ)	**348**	**412**	**456**	**458**	**528**	**602**	**680**
Depreciation & Amortization	78	80	85	106	98	94	94
EBITDA	**426**	**492**	**541**	**564**	**626**	**696**	**774**
Working Capital Changes	(340)	(77)	(59)	(107)	(92)	(101)	(102)
Operating Cash Flow	86	415	482	457	534	595	672
Purchase of PPE	**(119)**	**(215)**	**(221)**	**(199)**	**(86)**	**(94)**	**(103)**
Free Cash Flow to Firm	**(33)**	**201**	**261**	**258**	**448**	**501**	**569**
Discount Factor using WACC	1.00	0.91	0.83	0.76	0.69	0.63	0.58
PV of Visible FCFF	(1)	183	217	196	311	317	330
Terminal Value							7,246
Equity Valuation				**WACC parameters**			
PV of Visible FCFF	1,552			Rf			5.3%
PV of Terminal Value	7,246			EMRP			5.6%
Enterprise Value	**8,798**			Adjusted Beta			1
Cash & Cash Equivalents	374			**Cost of Equity**			**10.9%**
Less: Debt	(426)						
				Marginal tax rate			--%
				Cost of Debt			6.1%
Equity Value	**8,746**			D/C (market)			30.0%
NOSH	45			**WACC**			**9.5%**
Equity Value per Share	**195.0**			Perpetual growth			4.7%
Implied multiples							
EV/EBITDA	19.6	17.0	15.5	14.9	13.5	12.2	11.0
P/E	25.8	22.6	20.2	20.2	17.1	14.9	13.1
P/B	4.7	4.1	3.6	3.2	2.9	2.6	2.3
Current multiples							
EV/EBITDA	13.5	11.7	10.7	10.3	9.3	8.4	7.6
P/E	17.8	15.5	13.9	13.9	11.8	10.2	9.1
P/B	3.2	2.8	2.5	2.2	2.0	1.8	1.6

Source: Arqaam Capital Research

 © Copyright 2025, Arqaam Capital Limited. All Rights Reserved. See Important Notice.

Company Update

December 17 2025

Christine Kalindjian, CFA
christine.kalindjian@arqaamcapital.com

Dallah Healthcare Holding Co.

Subdued profitability in the medium-term.

- **Strategic expansions into Al Ahsa and Khobar widen nominal bed network by 40%+ (750 beds) in FY 25e, with Alarid greenfield hospital adding another 10% (250 beds) by FY 27e.**
- **We model for 14% EPS CAGR in FY 24-31e on ramp up at expanded network (incl. Al Ahsa and Khobar) along with growing contribution from associates Dr. Mohamed AlFagih and IMC.**
- **We cut our TP by 9% to SAR 150/share and maintain our Hold recommendation with stock trading 15% above local peers at 18.8x FY 26-27e P/E, with 2.1% DY. Upside risk from SAR 1.2bn Al-Nakheel fund development.**

Focus on Riyadh, Makkah and Jeddah with high preference for M&A expansions: Dallah now runs a network of 1.8k nominal beds following full consolidation of Khobar (475 nominal, net breakeven in H1 26e), Ahsa (274-bed mature facility c.80% utilized, clinic expansions along with gradual insurance renegotiations), Kingdom (180 beds, outstanding MoU to acquire remaining 41% stake in Care Shield) hospitals, and Makkah Medical Center (134 beds). This also includes the group's equity stakes in Fagih (350 beds, outstanding non-binding offer by Fakeeh Group to acquire entire 31% stake), and IMC (307 beds). Currently, Dallah Al Arid hospital (250 beds) remains the group's sole greenfield project (expected FY 27e), along with target to open 1-2 additional Dallah clinics per annum (SAR 12-15m CapEx per rented facility) growing current network of 4. Our model excludes the SAR 1.2bn Nakheel Fund aiming to develop a mixed-use 51-month project comprising medical, commercial and hospitality facilities (more details TBA).

Consolidated FY 26e earnings grow 14% y/y on (i) 14% larger top line supported by occupancy ramp up at expanded network thanks to 6% larger visitor volumes, improved revenue per patient (price increases in line with inflation for mature facilities, slightly higher for more recent launches, case mix, higher average bill on new services), coupled with (ii) SAR 52m in income from associates (+14% y/y) lifted by improved returns at IMC (27% stake) along with positive contribution from Dr. Mohamed AlFakih hospital (31% stake). All in, we estimate the group to generate c.SAR 616m in FY 26e net profits, implying 13% NPm (-1.4ppt vs. FY 24A) as Khobar remains on track to breakeven by H1 26e.

Generating double-digit FCF margin of 14% in the medium-term on 16% EBIT margins at c.90 conversion days (stretched from c.80 levels in FY 23-24A due to lengthier receivable collection cycle) covering for c.SAR 240m in CapEx per annum driven by Alarid greenfield (SAR 350m) along with brownfield projects and maintenance spend.

Forward multiples fairly factor in EPS growth at 18.8x FY 26-27e P/E (+15% vs. peers) driven by enhanced occupancy and efficiency across its facilities including Khobar, IMC and Dr. Mohamed Al Fagih. We cut our FY 25-27e EPS estimates by 7% on revised top line (-3%) and profitability forecasts (EBITm -80bps vs. previous estimates.

HOLD SAR 150.0

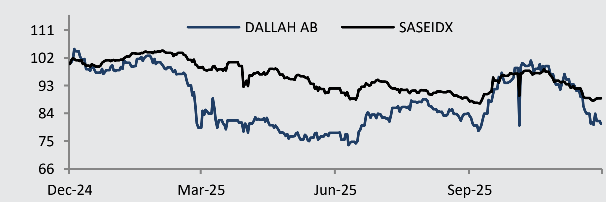
Healthcare and Pharmaceuticals / Saudi Arabia

Bloomberg code	DALLAH AB
Market index	SASEIDX
Target Price	150.0
Upside (%)	25.0

Market data	**12/16/2025**
Last closing price	120.0
52 Week range	109.0-161.2
Market cap (SAR m)	12,189
Market cap (USD m)	3,250
Average Daily Traded Value (SAR m)	9.0
Average Daily Traded Value (USD m)	2.4
Free float (%)	48%

Year-end (local m)	2024	2025e	2026e	2027e
Revenues	3,205.7	4,070.1	4,631.2	5,121.7
EBITDA	707.6	869.6	977.9	1,040.5
Net income	471.2	548.4	619.0	678.6
EPS	4.64	5.40	6.09	6.68
P/E (current price)	25.9	22.2	19.7	18.0
BVPS	34.1	43.9	47.6	51.5
P/B (current price)	3.5	2.7	2.5	2.3
EV/EBITDA (current price)	22.2	18.0	16.0	15.1
Div. yield (%)	1.7	1.7	1.9	2.1
FCF margin (%)	11.1	(14.0)	11.7	14.6
Net debt/EBITDA (x)	2.6	3.4	2.9	2.5
Net debt/Capital (%)	33.8	38.9	34.9	30.1
Interest cover (x)	5.3	4.8	5.2	5.7
RoAA (%)	7.3	7.0	6.6	6.9
RoAE (%)	14.1	13.8	13.3	13.5
RoIC (%)	9.9	7.8	8.2	8.6

Price Performance

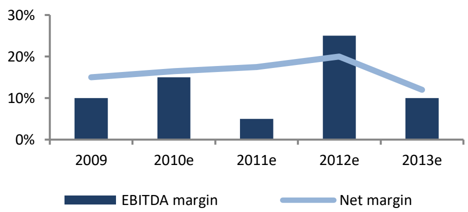


© Copyright 2025, Arqaam Capital Limited. All Rights Reserved.
See Important Notice.

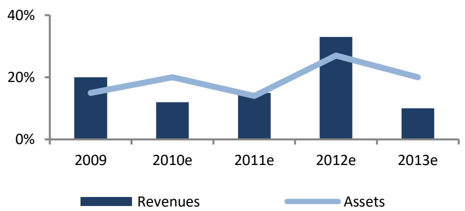
Abacus

Arqaam Capital Fundamental Data

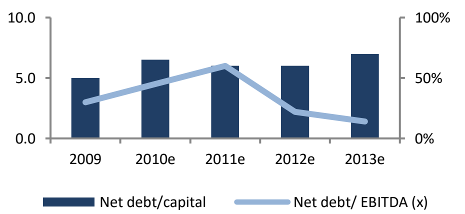
Profitability



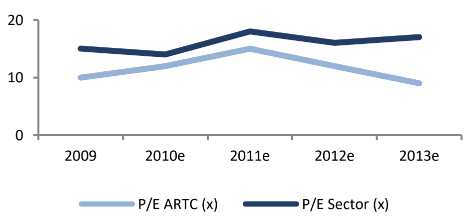
Growth



Gearing



Valuation



Dallah Healthcare Holding Co.

Year-end	2023	2024	2025e	2026e	2027e	2028e
Financial summary						
Reported EPS	3.55	4.64	5.40	6.09	6.68	7.73
Diluted EPS	3.55	4.64	5.40	6.09	6.68	7.73
DPS	2.00	2.00	2.25	2.50	3.00	3.50
BVPS	31.54	34.15	43.92	47.55	51.49	55.93
Weighted average shares	101.57	101.57	101.57	101.57	101.57	101.57
Average market cap	6,968.82	6,968.82	6,968.82	6,968.82	6,968.82	6,968.82

Year-end	2023	2024	2025e	2026e	2027e	2028e
Valuation metrics						
P/E (x) (current price)	33.8	25.9	22.2	19.7	18.0	15.5
P/E (x) (target price)	42.3	32.3	27.8	24.6	22.5	19.4
P/BV (x) (target price)	4.8	4.4	3.4	3.2	2.9	2.7
EV/EBITDA (x) (target price)	26.5	23.7	19.3	17.1	16.1	14.8
EV/FCF (x)	47.7	44.0	(27.5)	29.0	21.0	18.5
EV/Invested capital (x)	3.7	3.5	2.4	2.2	2.1	2.1
Dividend yield (%)	1.3	1.7	1.7	1.9	2.1	2.5

Year-end	2023	2024	2025e	2026e	2027e	2028e
Growth (%)						
Revenues	18.3	8.9	27.0	13.8	10.6	9.9
EBITDA	17.7	12.0	22.9	12.4	6.4	8.9
EBIT	19.9	12.0	17.5	13.4	7.4	12.0
Net income	31.2	30.8	16.4	12.9	9.6	15.7

Year-end	2023	2024	2025e	2026e	2027e	2028e
Margins (%)						
EBITDA	21.5	22.1	21.4	21.1	20.3	20.1
EBIT	17.2	17.7	16.4	16.3	15.8	16.1
Net	12.2	14.7	13.5	13.4	13.2	14.0

Year-end	2023	2024	2025e	2026e	2027e	2028e
Returns (%)						
RoAA	6.5	7.3	7.0	6.6	6.9	7.7
RoAE	13.9	14.1	13.8	13.3	13.5	14.4
RoIC	7.9	9.9	7.8	8.2	8.6	9.6
FCF margin	11.2	11.1	(14.0)	11.7	14.6	15.0

Year-end	2023	2024	2025e	2026e	2027e	2028e
Gearing (%)						
Net debt/Capital	33.6	33.8	38.9	34.9	30.1	25.5
Net debt/Equity	54.3	53.5	67.1	59.6	49.5	39.6
Interest cover (x)	4.9	5.3	4.8	5.2	5.7	6.8
Net debt/EBITDA (x)	2.8	2.6	3.4	2.9	2.5	2.0

© Copyright 2025, Arqaam Capital Limited. All Rights Reserved. See Important Notice.

Abacus *Arqaam Capital Fundamental Data*

Company profile

Established in 1987, Dallah Healthcare Holding publicly listed in December 2012 after raising SAR 540m in IPO funds. The business owns and operates a network of 6 hospitals, in addition to stakes in Meras Arabia (35%, cosmetic clinics), Dr. Mohammed Alfagih (31%) and International Medical Center (27%).

Ownership & Management

Major Shareholders	%
Dallah Al Baraka Holding	52.8
Al Faqih Mohammed Rashid	5.2

Management	
Chairman	Tarek Othman Alkasabi
CEO	Dr Ahmed Saleh Babaeer
CFO	Ali Alqahtani

Dallah Healthcare Holding Co.

Year-end	2023	2024	2025e	2026e	2027e	2028e
Income statement (SARm)						
Sales revenue	2,942.9	3,205.7	4,070.1	4,631.2	5,121.7	5,626.5
Cost of sales	(1,864.2)	(1,998.9)	(2,611.8)	(2,962.8)	(3,285.6)	(3,598.3)
Gross profit	**1,078.7**	**1,206.8**	**1,458.3**	**1,668.4**	**1,836.2**	**2,028.2**
SG&A	(572.4)	(639.7)	(792.1)	(913.1)	(1,025.3)	(1,120.0)
EBIT	**506.3**	**567.1**	**666.2**	**755.3**	**810.9**	**908.2**
Net interest income(expense)	(104.1)	(106.7)	(138.9)	(144.2)	(142.3)	(134.1)
Associates/affiliates	**(1.9)**	**43.0**	**45.5**	**52.0**	**59.4**	**67.7**
Exceptionals/extraordinaries	-	-	-	-	-	-
Other pre-tax income/(expense)	-	-	-	-	-	-
Profit before tax	400.3	503.4	572.8	663.2	728.0	841.8
Zakat	(14.9)	(18.2)	(10.0)	(22.7)	(24.3)	(27.2)
Other post-tax income/(expense)	**-**	**-**	**-**	**-**	**-**	**-**
Net profit (group)	385.4	485.2	562.8	640.5	703.7	814.6
Minorities	(25.3)	(14.0)	(14.4)	(21.5)	(25.1)	(29.2)
Net profit (parent)	**360.1**	**471.2**	**548.4**	**619.0**	**678.6**	**785.4**
Arqaam adjustments (including dilution)	-	-	-	-	-	-
Arqaam Net profit	**360.1**	**471.2**	**548.4**	**619.0**	**678.6**	**785.4**

Year-end	2023	2024	2025e	2026e	2027e	2028e
Balance sheet (SARm)						
Cash and equivalents	235.3	166.3	241.5	530.4	781.1	893.9
Receivables	721.4	775.3	1,073.6	1,218.4	1,343.9	1,472.5
Inventories	224.1	257.7	379.6	426.6	468.6	508.2
Tangible fixed assets	3,039.6	3,172.9	4,260.3	4,393.8	4,400.9	4,399.8
Other assets including goodwill	2,022.4	2,242.3	3,046.6	3,070.2	3,100.3	3,144.4
Total assets	**6,242.9**	**6,614.6**	**9,001.5**	**9,639.4**	**10,094.8**	**10,418.9**
Payables	255.0	318.4	416.0	471.9	523.3	573.1
Interest bearing debt	1,973.4	2,023.0	3,235.1	3,409.1	3,370.1	3,144.4
Other liabilities	541.8	526.2	596.3	613.8	632.2	651.5
Total liabilities	**2,770.2**	**2,867.5**	**4,247.3**	**4,494.7**	**4,525.5**	**4,368.9**
Shareholders equity	3,203.4	3,468.6	4,461.3	4,830.3	5,229.8	5,681.3
Minorities	269.3	278.5	292.9	314.4	339.5	368.7
Total liabilities & shareholders equity	**6,242.9**	**6,614.6**	**9,001.5**	**9,639.4**	**10,094.8**	**10,418.9**

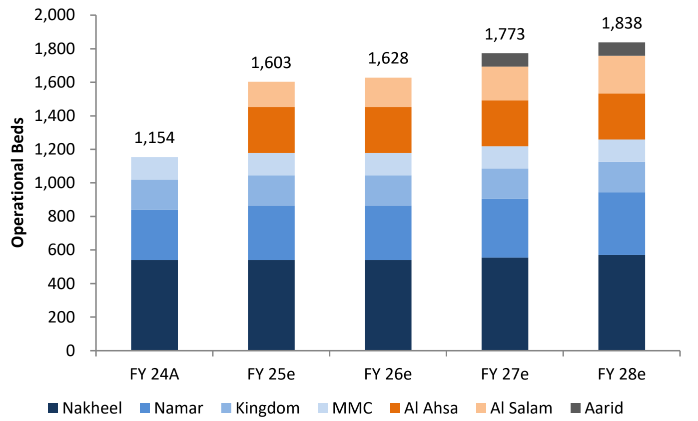
Year-end	2023	2024	2025e	2026e	2027e	2028e
Cash flow (SARm)						
Cashflow from operations	**623.9**	**721.3**	**1,250.4**	**867.4**	**952.8**	**1,045.0**
Net capex	(295.4)	(365.3)	(1,821.2)	(327.7)	(207.5)	(199.9)
Free cash flow	**328.5**	**355.9**	**(570.8)**	**539.7**	**745.3**	**845.1**
Equity raised/(bought back)	-	-	-	-	-	-
Dividends paid	(154.3)	(201.2)	(203.1)	(228.5)	(253.9)	(304.7)
Net inc/(dec) in borrowings	(63.0)	(32.3)	1,214.7	176.4	(36.6)	(223.3)
Other investing/financing cash flows	-	-	-	-	-	-
Net cash flow	**(4.5)**	**(26.0)**	**299.3**	**341.0**	**310.1**	**180.6**
Change in working capital	(43.0)	(58.5)	(322.6)	(135.9)	(116.1)	(118.4)

Christine Kalindjian, CFA

christine.kalindjian@arqaamcapital.com

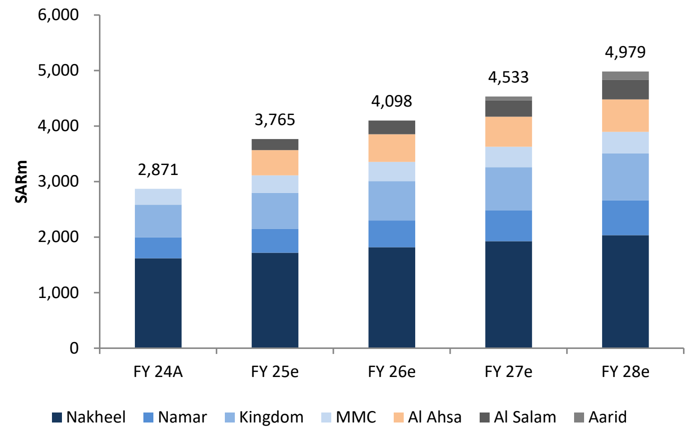
 © Copyright 2025, Arqaam Capital Limited. All Rights Reserved. See Important Notice.

Exhibit 132: Al Ahsa and Al Salam add c.37% to group operational bed count (40%+ to licensed capacity) …



Source: Company data, Arqaam Capital Research

Exhibit 133: …contributing to 17% of revenues in FY 25e (excl. pharma)



Source: Company data, Arqaam Capital Research

Exhibit 134: Summary of changes

Income statement (SARm)	FY 25e			FY 26e			FY 27e		
	New	Old	Δ	New	Old	Δ	New	Old	Δ
Revenues	4,070	4,153	*(2.0%)*	4,631	4,787	*(3.2%)*	5,122	5,361	*(4.5%)*
Gross profit	1,458	1,496	*(2.5%)*	1,668	1,724	*(3.2%)*	1,836	1,942	*(5.4%)*
EBITDA	870	898	*(3.2%)*	978	1,018	*(3.9%)*	1,041	1,140	*(8.8%)*
EBIT	666	696	*(4.2%)*	755	797	*(5.2%)*	811	918	*(11.7%)*
Net income (parent)	548	556	*(1.3%)*	619	653	*(5.2%)*	679	781	*(13.1%)*
Margins (%)									
Gross margin	35.8%	36.0%	*(19 bps)*	36.0%	36.0%	*0 bps*	35.9%	36.2%	*(37 bps)*
EBITDA margin	21.4%	21.6%	*(26 bps)*	21.1%	21.3%	*(14 bps)*	20.3%	21.3%	*(96 bps)*
EBIT margins	16.4%	16.8%	*(38 bps)*	16.3%	16.6%	*(33 bps)*	15.8%	17.1%	*(130 bps)*
Net margin	13.5%	13.4%	*9 bps*	13.4%	13.6%	*(27 bps)*	13.2%	14.6%	*(132 bps)*

Balance sheet (SARm)	FY 25e			FY 26e			FY 27e		
	New	Old	Δ	New	Old	Δ	New	Old	Δ
Receivables	1,074	1,004	*6.9%*	1,218	1,158	*5.2%*	1,344	1,296	*3.7%*
Payables	416	423	*(1.7%)*	472	488	*(3.3%)*	523	545	*(3.9%)*
Debt	3,235	3,197	*1.2%*	3,409	3,138	*8.6%*	3,370	2,975	*13.3%*
Equity	4,461	4,456	*0.1%*	4,830	4,841	*(0.2%)*	5,230	5,323	*(1.7%)*

Valuation (SARm)	New	Old	Δ
Enterprise value	16,748	18,342	*(8.7%)*
Equity value	15,235	16,760	*(9.1%)*
Fair value per share	150.0	165.0	*(9.1%)*

Source: Arqaam Capital Research

© Copyright 2025, Arqaam Capital Limited. All Rights Reserved. See Important Notice.

Exhibit 135: Dallah Healthcare valuation (SARm)

Year-end	FY 25e	FY 26e	FY 27e	FY 28e	FY 29e	FY 30e	FY 31e
EBIT (1-τ)	**656**	**733**	**787**	**881**	**980**	**1,089**	**1,201**
Depreciation & Amortization	203	223	230	225	226	221	224
EBITDA	**860**	**955**	**1,016**	**1,106**	**1,206**	**1,310**	**1,425**
Working Capital Changes	(323)	(136)	(116)	(118)	(134)	(148)	(164)
Operating Cash Flow	537	819	900	987	1,072	1,162	1,261
Purchase of PPE	(1,821)	(328)	(208)	(200)	(202)	(215)	(237)
Free Cash Flow to Firm	**(1,284)**	**492**	**693**	**787**	**871**	**947**	**1,024**
Discount Factor using WACC at 9.5%	1.0	0.9	0.8	0.8	0.7	0.6	0.6
PV of Visible FCFF	(53)	448	576	598	605	601	594
Terminal Value							23,073
Equity Valuation					**WACC parameters**		
PV of Visible FCFF	3,369				Rf		5.3%
PV of Terminal Value	13,379				EMRP		5.5%
Enterprise Value	**16,748**				Adjusted Beta		1.0
Cash & Cash Equivalents	154				**Cost of Equity**		**10.9%**
Less: Net (Debt) Funds	(3,356)						
Investments in associates	1,814				Marginal tax rate		--%
Minorities	(125)				**Cost of Debt**		6.1%
Equity Value	**15,235**				D/C (market)		**30.0%**
NOSH	102				**WACC**		9.4%
Equity Value per Share	**150.0**				Perpetual growth		**4.8%**
Implied multiples							
EV/EBITDA	19.3	17.1	16.1	14.8	13.5	12.5	11.5
P/E	27.8	24.6	22.5	19.4	16.8	14.7	13.1
P/B	3.4	3.2	2.9	2.7	2.5	2.2	2.0
Current multiples							
EV/EBITDA	18.0	16.0	15.1	13.8	12.7	11.7	10.7
P/E	22.2	19.7	18.0	15.5	13.5	11.7	10.5
P/B	2.7	2.5	2.3	2.1	2.0	1.8	1.6

Source: Arqaam Capital Research

© Copyright 2025, Arqaam Capital Limited. All Rights Reserved. See Important Notice.

Company Update
December 17 2025

Christine Kalindjian, CFA
christine.kalindjian@arqaamcapital.com

Humansoft

Muted P&L growth outlook. Buy on c.13% DY.

- **Total student count for AY 25/26 down 2% y/y to 12,924 despite 18% increase in new registrations at 3,177 in Fall 2025. No resolution communicated since the PUC's 77% reduction in student services fees back in July 2023.**
- **We pencil in c.1% notch down in FY 26e profits on 2% lower student count for Academic year 25/26 with operating margins converging towards 2019 levels.**
- **We recently cut our FVE by 5% to KWD 3.5 on further normalization in operating margins resulting from increasing group cost base (new staff hires, education and non-education related). Buy on 13% DY despite muted P&L growth outlook with minimal capacity additions to widen scope of offering within AUM/ACM.**

Continued downtrend in group profits on reduced enrolments: We pencil in KWD 34m in net earnings for FY 26e on c.1% y/y decline in top line due to lower student count for the new academic year 2025/26, and potentially varying Undergrad/Grad, Business/Engineering/Foundation student mix. Humansoft announced the acceptance of 3,177 new students in Fall 2025 (+18% y/y, split 2,498 AUM/679 ACM). Nevertheless, total student count declined 2% y/y to 12,924 for the academic year 2025/26 (-2% AUM, -1% ACM). Operating margins remain broadly flat at c.44% following new education and non-education related staff hires in Q3 25A.

No new majors added at AUM/ACM in AY 25/26 as Nursing and Nutrition majors' application still pending approval with no further CapEx committed**.** We expect a soft launch with 50-100 initial student intake, with 120-125 credits system, similar to bachelor program, with credit pricing in line with business major. The group's current campus of 261k sqm can accommodate for 50% larger student capacity of 21k (vs. current operational capacity of 14k).

Buy on 13% DY following 9% share derate YtD: We continue to play the name on 13% DY as board maintains KWD 350 fils/share DPS recommendation in FY 24A implying 117% payout on full year profits of KWD 40m (vs. 107% payout in FY 23A). While Humansoft is engaged in ongoing negotiations to reach an agreement, we maintain our forecasts constant as the PUC's 77% reduction in student services fees remains in effect for the coming semesters. Upside risks: Reversal in PUC decision to cut fees. Downside risks: Potential cuts in tuition fees as Humansoft remains heavily exposed to the public sector through 90%+ scholarship share of total enrolments.

BUY KWD 3.5

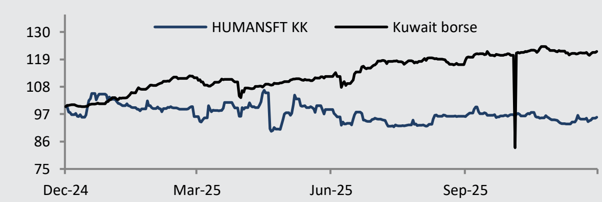
Education / KWT

Bloomberg code	HUMANSFT KK
Market index	Kuwait borse
Target Price	3.5
Upside (%)	-99.9

Market data	**12/16/2025**
Last closing price	2476.0
52 Week range	2332.0-2809.0
Market cap (KWD m)	332
Market cap (USD m)	1,083
Average Daily Traded Value (KWD m)	564.0
Average Daily Traded Value (USD m)	1,839.0
Free float (%)	65%

Year-end (local m)	**2024**	**2025e**	**2026e**	**2027e**
Revenues	79	77	76	77
EBITDA	43	38	37	36
Net income	40	35	34	35
EPS	0.30	0.26	0.26	0.26
EPS growth (%)	(4.3)	(13.1)	(1.3)	0.7
P/E (current price)	8.3	9.6	9.7	9.6
DPS	0.33	0.33	0.33	0.33
Div. yield (%)	13.5	13.5	13.5	13.5
FCF/share	0.6	0.3	0.3	0.3
FCF yield (%)	24.2	11.1	10.9	10.5
CAPEX	1	1	1	1
CAPEX/sales (%)	1.3	1.3	1.3	1.3
Net Debt/EBITDA (x)	(1.7)	(1.7)	(1.5)	(1.3)
EV/EBITDA (x)	6.2	7.0	7.2	7.4
RoAE (%)	32.1	29.6	32.1	35.7
RoIC (%)	32.6	30.5	33.2	37.1

Price Performance

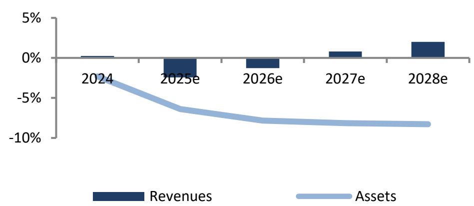


© Copyright 2025, Arqaam Capital Limited. All Rights Reserved.
See Important Notice.

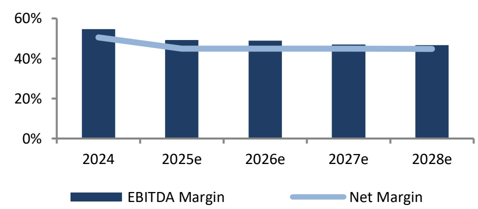
Abacus

Arqaam Capital Fundamental Data

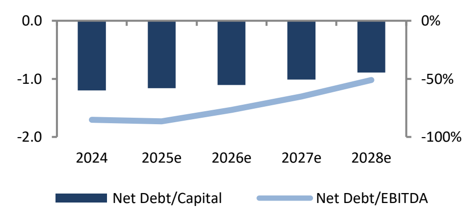
Profitability



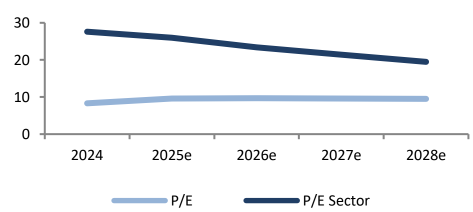
Growth



Gearing



Valuation



Humansoft

Year-end	2023	2024	2025e	2026e	2027e	2028e
Financial summary						
Reported EPS	0.31	0.30	0.26	0.26	0.26	0.26
Diluted EPS	0.31	0.30	0.26	0.26	0.26	0.26
DPS	0.36	0.33	0.33	0.33	0.33	0.33
BVPS	0.95	0.91	0.84	0.76	0.68	0.61
Weighted average shares	134.12	134.12	134.12	134.12	134.12	134.12
Average market cap	-	-	-	-	-	-

Year-end	2023	2024	2025e	2026e	2027e	2028e
Valuation metrics						
P/E (x) (current price)	7.9	8.3	9.6	9.7	9.6	9.5
P/E (x) (target price)	11.2	11.7	13.5	13.7	13.6	13.4
EV/EBITDA (x) (current price)	6.0	6.2	7.0	7.2	7.4	7.3
EV/EBITDA (x) (target price)	9.2	9.5	10.8	11.1	11.4	11.3
EV/FCF (x)	8.7	3.3	7.2	7.4	7.7	7.6
Free cash flow yield (%)	9.2	24.2	11.1	10.9	10.5	10.5
Dividend yield (%)	14.7	13.5	13.5	13.5	13.5	13.5

Year-end	2023	2024	2025e	2026e	2027e	2028e
Growth (%)						
Revenues	(5.6)	0.2	(2.4)	(1.3)	0.8	2.0
EBITDA	(18.9)	(3.3)	(12.0)	(2.1)	(3.1)	1.2
EBIT	(20.0)	(4.2)	(12.5)	(1.7)	0.4	1.3
Net income	(17.5)	(4.3)	(13.1)	(1.3)	0.7	1.6

Year-end	2023	2024	2025e	2026e	2027e	2028e
Margins (%)						
EBITDA	56.7	54.6	49.3	48.9	47.0	46.6
EBIT	52.4	50.1	44.9	44.8	44.6	44.3
Net	52.9	50.5	45.0	45.0	44.9	44.8

Year-end	2023	2024	2025e	2026e	2027e	2028e
Returns (%)						
RoAA	27.6	27.5	24.9	26.5	29.0	32.1
RoAE	32.1	32.1	29.6	32.1	35.7	40.4
RoIC	32.8	32.6	30.5	33.2	37.1	42.0
FCF margin	38.7	101.4	47.9	47.4	45.2	44.6

Year-end	2023	2024	2025e	2026e	2027e	2028e
Gearing (%)						
Net debt/Capital	(58.5)	(60.1)	(57.9)	(55.4)	(50.6)	(44.6)
Net debt/Equity	(58.8)	(60.4)	(58.7)	(56.2)	(51.4)	(45.4)
Interest cover (x)	(266.4)	(970.3)	(306.5)	(303.9)	(303.7)	(303.9)
Net debt/EBITDA (x)	(1.7)	(1.7)	(1.7)	(1.5)	(1.3)	(1.0)

© Copyright 2025, Arqaam Capital Limited. All Rights Reserved. See Important Notice.

Abacus *Arqaam Capital Fundamental Data*

Company Profile

Humansoft was founded by Fahad Al-Othman in 1996 as an IT and language training provider offering courses for major IT service providers (Microsoft, Oracle, Novell, SCO Unix, Autodesk, CISCO, HP) in Kuwait. It expanded its operations to the UAE and Qatar in 2000, becoming the region's largest IT and language training provider.

In 2003, Humansoft filed for licenses to open both the American University of Middle East (AUM) and the American College of Middle East (ACM).

The two facilities share a 261k sqm campus in Egaila, opened in 2008, and currently offer qualifications in business studies, engineering, and information technology as well as a foundation course in the English language.

Both AUM and ACM combined hold a total student capacity of c.14k.

Ownership & Management

Major Shareholders	%
Al Othman Tareq Fahad Ibrahim	20.1
State of Kuwait	6.2
Norges Bank	4.7

Management	
Chairman	Dalal Hasan Al Sabti
CEO	Dr. Georges Yahchouchi
CFO	Anup Dhand

Humansoft

Year-end	2023	2024	2025e	2026e	2027e	2028e
Income statement (KWDm)						
Sales revenue	79	79	77	76	77	78
Cost of sales	(15)	(17)	(17)	(17)	(17)	(18)
Gross profit	**64**	**62**	**60**	**59**	**60**	**61**
SG&A	(19)	(20)	(22)	(22)	(22)	(22)
EBITDA	**45**	**43**	**38**	**37**	**36**	**37**
Depreciation	3	4	3	3	2	2
EBIT	**41**	**40**	**35**	**34**	**34**	**35**
Interest expense	-	-	-	-	-	-
Share of results of associates & JV	-	-	-	-	-	-
Profit before tax	44	42	37	36	37	37
Taxes	-	-	-	-	-	-
Other post-tax income/(expense)	**(2)**	**(2)**	**(2)**	**(2)**	**(2)**	**(2)**
Net profit (group)	44	42	36	36	36	37
Minorities	-	-	-	-	-	-
Net profit (parent)	**42**	**40**	**35**	**34**	**35**	**35**
Arqaam adjustments (including dilution)	-	-	-	-	-	-
Arqaam Net profit	**42**	**40**	**35**	**34**	**35**	**35**

Year-end	2023	2024	2025e	2026e	2027e	2028e
Balance sheet (KWDm)						
Cash and equivalents	75	74	67	59	49	39
Receivables	25	25	25	25	26	27
Inventories	-	-	-	-	-	-
Tangible fixed assets	40	37	35	33	32	31
Other assets including goodwill	7	7	7	7	7	7
Total assets	**147**	**144**	**135**	**124**	**114**	**105**
Payables	6	7	7	7	7	7
Interest bearing debt	1	1	2	2	2	2
Other liabilities	14	14	14	14	14	14
Total liabilities	**20**	**22**	**23**	**22**	**22**	**23**
Shareholders equity	127	122	112	102	92	82
Minorities	-	-	-	-	-	-
Total liabilities & shareholders equity	**147**	**144**	**135**	**124**	**114**	**105**

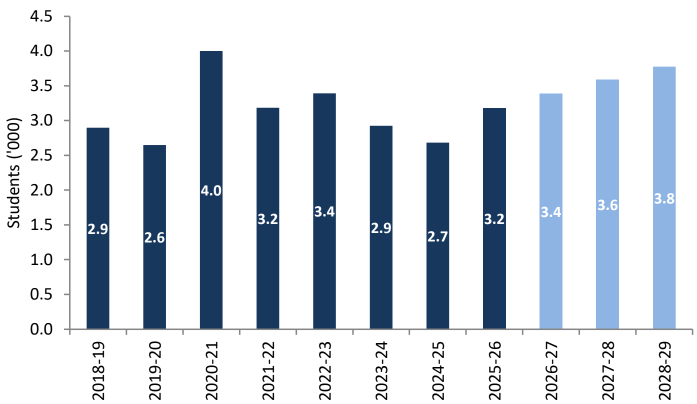
Year-end	2023	2024	2025e	2026e	2027e	2028e
Cash flow (KWDm)						
Cashflow from operations	**47**	**45**	**40**	**39**	**38**	**38**
Net capex	(1)	(1)	(1)	(1)	(1)	(1)
Free cash flow	**31**	**80**	**37**	**36**	**35**	**35**
Equity raised/(bought back)	-	-	-	-	-	-
Dividends paid	(49)	(44)	(45)	(45)	(45)	(45)
Net inc/(dec) in borrowings	(2)	-	1	-	-	-
Other investing/financing cash flows	-	-	-	-	-	-
Net cash flow	**(20)**	**36**	**(7)**	**(9)**	**(10)**	**(10)**
Change in working capital	(1)	(2)	-	-	(1)	(1)

Christine Kalindjian, CFA

christine.kalindjian@arqaamcapital.com

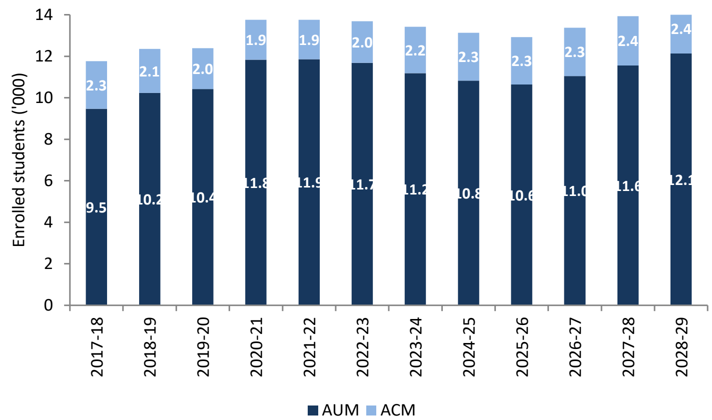
 © Copyright 2025, Arqaam Capital Limited. All Rights Reserved. See Important Notice.

Exhibit 136: New student registrations +18% y/y in 2025/26



Source: Company Data, Arqaam Capital Research

Exhibit 137: Nevertheless, total student count drops 2% to 12.9k



Source: Company Data, Arqaam Capital Research

Exhibit 138: Humansoft Holding valuation (KWDm)

Year-end	FY 25e	FY 26e	FY 27e	FY 28e	FY 29e	FY 30e	FY 31e
EBIT (1-τ)	**34**	**34**	**34**	**34**	**35**	**36**	**36**
Depreciation & Amortization	3	3	2	2	2	2	2
EBITDA	**38**	**37**	**36**	**36**	**37**	**37**	**38**
Working Capital Changes	(0)	(0)	(1)	(1)	(1)	(1)	(1)
Operating Cash Flow	**37**	**36**	**35**	**35**	**35**	**36**	**37**
Purchase of PPE	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Free Cash Flow to Firm	**36**	**36**	**34**	**34**	**34**	**35**	**36**
Discount Factor	1.00	0.91	0.83	0.76	0.69	0.63	0.57
PV of Visible FCFF	1	32	28	26	24	22	20
Terminal Value							450
Equity Valuation					**WACC parameters**		
PV of Visible FCFF	154				Rf		5.5%
PV of Terminal Value	258				EMRP		5%
Enterprise Value	**412**				Adjusted Beta		1.0
					Cost of Equity		**11%**
Cash & Cash Equivalents	66						
Less: Net (Debt) Funds	(9)						
Add: Associates	--				**Cost of Debt**		**6%**
Equity Value	**469**				D/C (market)		25%
NOSH	134				**WACC**		**10%**
Equity Value per Share (KWd)	**3.50**				Perpetual growth		1.8%
Implied multiples							
EV/EBITDA	10.9	11.2	11.5	11.4	11.2	11.0	10.8
P/E	13.5	13.7	13.6	13.4	13.1	12.8	12.5
P/B	4.2	4.6	5.1	5.7	6.4	7.2	8.1
Current multiples							
EV/EBITDA	7.1	7.2	7.5	7.4	7.3	7.2	7.0
P/E	9.6	9.7	9.6	9.5	9.3	9.1	8.9
P/B	3.0	3.3	3.6	4.1	4.5	5.1	5.8

Source: Arqaam Capital Research

 © Copyright 2025, Arqaam Capital Limited. All Rights Reserved. See Important Notice.

Company Update
December 17 2025

Christine Kalindjian, CFA
christine.kalindjian@arqaamcapital.com

Middle East Healthcare Company

Short-term pressure, long-term gains. Hold.

- **Large capacity additions result in reduced revenues (insurance referrals to lower priced facilities) and uptick in costs (talent acquisition and retention) in Jeddah where the group generates c.25% of top line.**
- **We recently cut our FY 25-26e earnings by 20% (*Download Report*) as we further trim our near-term operating margin estimates by 1.2ppt to c.13% on talent acquisition as group targets employee mix of 70% specialized/30% full timers amid expansion of subspecialties.**
- **Maintain Hold at reduced FVE of SAR 62/share (-11% vs. previous TP) on continued margin pressure into H1 26e, with partial support from enhanced funding efficiency. The stock trades 15% below peers at 14.0x FY 26-27e P/E following 49% derate YtD.**

We pencil in flat FY 26e net earnings from an adjusted base in FY 25e (excluding gains on sale of land) on (i) 12% top line growth driven by SGH Makkah and Dammam (operating 220 out of the 300 licenses beds), covering for weaker activity in Jeddah, largely offset by (ii) proliferation in staff costs resulting in 50bps compression in EBIT margins, along with (iii) c.SAR 20m+ in associate losses from 22% share in SAJB Medical Hospital which commenced operations mid-September 2025. New Mayo Clinic agreement supports 100% application of advanced medical technologies in Jeddah and Dammam (to be extended across remaining network over next 3 years) driving the introduction of new sub-specialties with centers of excellence starting with cardiovascular in 2026, followed by orthopedic and internal medicine. The group is introducing more than 160 new services with insurance companies, of which 80 have been agreed on price. This should support margins over the medium to long-term as operations scale up.

Free cash flow averages 7% of revenues in FY 26-28e down from low double digits in FY 24-25e on (i) stable ST operating margins of c.13% (top line growth offset by larger staff costs), (ii) improved cash conversion, down further to 180 days in 9M 25A thanks to accelerated collections from insurance (60% received within 3 months) and MoH (now averaging 6-8 months vs. previous highs of 18 months). Largely diluted by (iii) c.SAR 400m in expected CapEx in FY 26e driven by Jeddah expansion (SAR 250m remaining) to improve bed to clinic ratio with phase 1 (5 floors) of new 12-floor tower expected to be up and running by YE 26e, following which the group will gradually renovate existing hospital.

Board approves gradual/partial repurchase of outstanding Sukuk (5-year SAR 1bn at a fixed rate of 7.2% per annum paid quarterly) refinancing exposure with lower-cost bank borrowings. The group remains heavily levered with net debt at 1.2x equity and 2.1x interest coverage in FY 26e.

Hold on further margin weakness in H1 26e with ramp up in new subspecialties supporting profitability starting Q3. The stock trades 15% below peers at 14.0x FY 26-27e P/E following 49% derate YtD.

HOLD — SAR 62.0

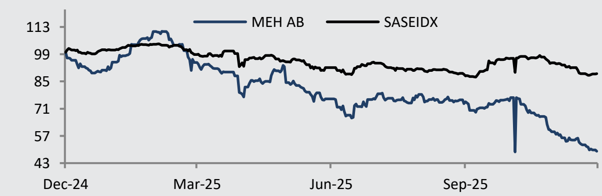
Healthcare and Pharmaceuticals / Saudi Arabia

Bloomberg code	MEH AB
Market index	SASEIDX
Target Price	62.0
Upside (%)	78.5

Market data	**12/16/2025**
Last closing price	34.7
52 Week range	34.4-84.8
Market cap (SAR m)	3,197
Market cap (USD m)	852
Average Daily Traded Value (SAR m)	19.0
Average Daily Traded Value (USD m)	5.1
Free float (%)	44%

Year-end (local m)	2024	2025e	2026e	2027e
Revenues	2,883	3,103	3,490	3,802
EBITDA	658	624	658	719
Net income	282	307	197	272
EPS	3.06	3.33	2.15	2.95
P/E (current price)	11.3	10.4	16.2	11.8
BVPS	17.7	20.4	22.2	24.8
P/B (current price)	1.97	1.71	1.57	1.40
EV/EBITDA (x)	8.5	8.9	8.5	7.8
Div. yield (%)	-	1.4	0.7	0.7
FCF margin (%)	10.7	14.1	1.4	9.6
Net Debt/EBITDA (x)	3.7	3.6	3.6	3.1
Net Debt/Capital (%)	0.6	0.5	0.5	0.5
Interest cover (x)	2.0	2.0	2.1	2.6
RoAA (%)	5.5	5.8	3.6	4.7
RoAE (%)	19.1	17.5	10.1	12.6
RoIC (%)	6.9	7.2	4.4	5.9

Price Performance



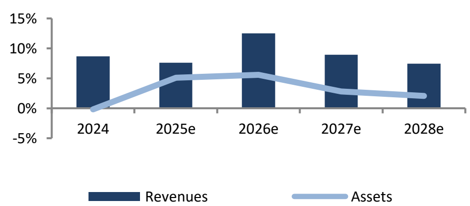
© Copyright 2025, Arqaam Capital Limited. All Rights Reserved. See Important Notice.

December 17 2025

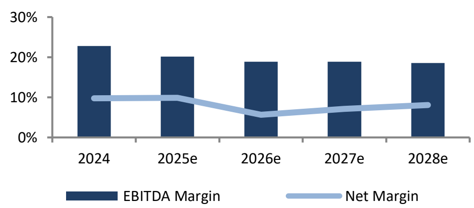
Abacus

Arqaam Capital Fundamental Data

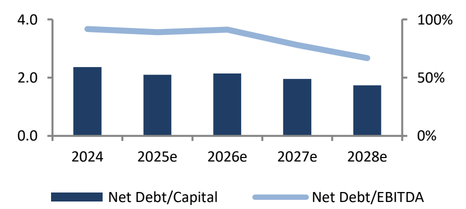
Profitability



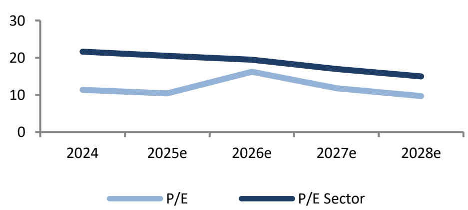
Growth



Gearing



Valuation



Middle East Healthcare Company

Year-end	2023	2024	2025e	2026e	2027e	2028e
Financial summary						
Reported EPS	0.19	3.06	3.33	2.15	2.95	3.59
Diluted EPS	0.19	3.06	3.33	2.15	2.95	3.59
DPS	-	-	0.50	0.25	0.25	0.25
BVPS	14.34	17.67	20.37	22.18	24.77	27.98
Weighted average shares	92	92	92	92	92	92
Average market cap	4,896	4,896	4,896	4,896	4,896	4,896

Year-end	2023	2024	2025e	2026e	2027e	2028e
Valuation metrics						
P/E (x) (current price)	187.7	11.3	10.4	16.2	11.8	9.7
P/E (x) (target price)	334.9	20.2	18.6	28.9	21.0	17.3
EV/EBITDA (x) (current price)	10.9	8.5	8.9	8.5	7.8	7.4
EV/EBITDA (x) (target price)	13.8	10.8	11.4	10.8	9.9	9.4
EV/FCF (x)	(136.3)	18.1	12.7	114.4	15.3	13.4
Free cash flow yield (%)	(1.3)	9.6	13.7	1.5	11.4	13.0
Dividend yield (%)	-	-	1.4	0.7	0.7	0.7

Year-end	2023	2024	2025e	2026e	2027e	2028e
Growth (%)						
Revenues	23.3	8.7	7.6	12.5	8.9	7.5
EBITDA	79.4	28.0	(5.1)	5.4	9.2	5.3
EBIT	130.8	36.1	(9.4)	8.7	11.1	8.9
Net income	(77.3)	1,555.1	8.7	(35.6)	37.6	21.7

Year-end	2023	2024	2025e	2026e	2027e	2028e
Margins (%)						
EBITDA	19.4	22.8	20.1	18.8	18.9	18.5
EBIT	12.2	15.3	12.9	12.4	12.7	12.9
Net	0.6	9.8	9.9	5.7	7.1	8.1

Year-end	2023	2024	2025e	2026e	2027e	2028e
Returns (%)						
RoAA	0.4	5.5	5.8	3.6	4.7	5.6
RoAE	1.3	19.1	17.5	10.1	12.6	13.6
RoIC	0.4	6.9	7.2	4.4	5.9	7.1
FCF margin	(1.5)	10.7	14.1	1.4	9.6	10.2

Year-end	2023	2024	2025e	2026e	2027e	2028e
Gearing (%)						
Net debt/Capital	64.2	59.0	52.5	53.6	48.9	43.3
Net debt/Equity	185.0	148.4	118.6	117.6	98.5	78.5
Interest cover (x)	2.1	2.0	2.0	2.1	2.6	3.1
Net debt/EBITDA (x)	4.8	3.7	3.6	3.6	3.1	2.7

© Copyright 2025, Arqaam Capital Limited. All Rights Reserved. See Important Notice.

Abacus *Arqaam Capital Fundamental Data*

Company profile

Founded by the Batterjee family in 1988 and listed on the Saudi Stock Exchange in March 2016, MEH operates under the Saudi German Hospital (SGH) brand and is engaged in the ownership and management of hospitals in KSA. MEAHCO runs eight facilities under the Saudi German Hospital brand in the cities of Jeddah, Riyadh, Madinah, Aseer, Hail, Dammam an Makkah. MEH is also involved in the procurement and supply of medical equipment and consumables. The company has entered into a number of Management Supervision Agreements in Dubai, Cairo and Sanaa.

Ownership & Management

Major Shareholders	%
Battergee Medical House Co	54.7
International Finance Corp	7.6

Management	
Chairman	Engr. Sobhi Abduljaleel Batterjee
CEO	Dr Ahmed Mohamed Shebl Al-Atris
CFO	Madani Hozaien

Middle East Healthcare Company

Year-end	2023	2024	2025e	2026e	2027e	2028e
Income statement (SARm)						
Sales revenue	2,653	2,883	3,103	3,490	3,802	4,086
Cost of sales	(1,639)	(1,769)	(1,924)	(2,168)	(2,358)	(2,531)
Gross profit	**1,014**	**1,114**	**1,178**	**1,322**	**1,444**	**1,555**
SG&A	(690)	(673)	(779)	(888)	(962)	(1,030)
EBIT	**324**	**441**	**400**	**434**	**482**	**525**
Net interest income(expense)	(156)	(222)	(202)	(203)	(186)	(170)
Associates/affiliates	**-**	**(1)**	**-**	**(15)**	**(2)**	**1**
Exceptionals/extraordinaries	-	-	-	-	-	-
Other pre-tax income/(expense)	23	92	149	25	26	28
Profit before tax	191	310	347	241	320	384
Taxes	(170)	(26)	(28)	(36)	(38)	(40)
Other post-tax income/(expense)	-	-	-	-	-	-
Net profit (group)	20	284	319	205	282	343
Minorities	(3)	(2)	(12)	(8)	(10)	(13)
Net profit (parent)	**17**	**282**	**307**	**197**	**272**	**331**
Arqaam adjustments (including dilution)	-	-	-	-	-	-
Arqaam Net profit	**17**	**282**	**307**	**197**	**272**	**331**

Year-end	2023	2024	2025e	2026e	2027e	2028e
Balance sheet (SARm)						
Cash and equivalents	44	52	133	35	66	67
Receivables	2,301	1,946	1,942	2,137	2,307	2,468
Inventories	75	66	72	81	88	95
Tangible fixed assets	2,502	2,767	2,933	3,112	3,046	2,976
Other assets including goodwill	212	293	306	322	341	362
Total assets	**5,135**	**5,125**	**5,386**	**5,687**	**5,848**	**5,968**
Payables	559	322	337	380	413	444
Interest bearing debt	2,485	2,466	2,355	2,435	2,311	2,089
Other liabilities	725	664	758	762	766	770
Total liabilities	**3,769**	**3,451**	**3,451**	**3,578**	**3,490**	**3,303**
Shareholders equity	1,320	1,626	1,875	2,042	2,280	2,575
Minorities	46	48	60	67	78	90
Total liabilities & shareholders equity	**5,135**	**5,125**	**5,386**	**5,687**	**5,848**	**5,968**

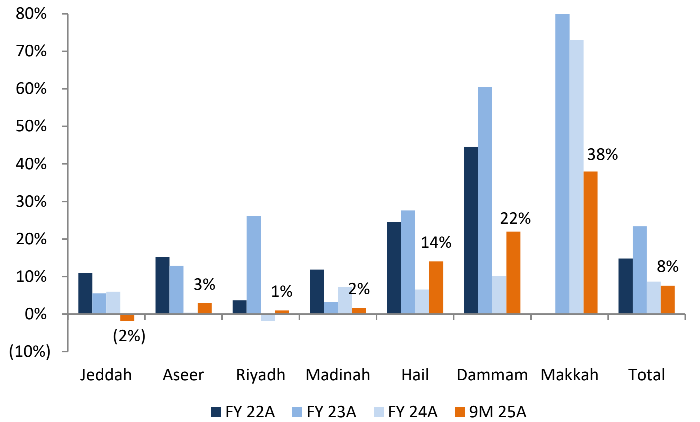
Year-end	2023	2024	2025e	2026e	2027e	2028e
Cash flow (SARm)						
Cashflow from operations	**191**	**766**	**860**	**467**	**554**	**599**
Net capex	(232)	(458)	(421)	(418)	(189)	(183)
Free cash flow	**(41)**	**308**	**439**	**49**	**364**	**416**
Equity raised/(bought back)	-	-	-	-	-	-
Dividends paid	-	-	(46)	(23)	(23)	(23)
Net inc/(dec) in borrowings	236	(44)	(109)	82	(123)	(220)
Other investing/financing cash flows	-	-	-	-	-	-
Net cash flow	**185**	**187**	**282**	**106**	**217**	**172**
Change in working capital	(355)	107	32	(161)	(144)	(137)

Christine Kalindjian, CFA

christine.kalindjian@arqaamcapital.com

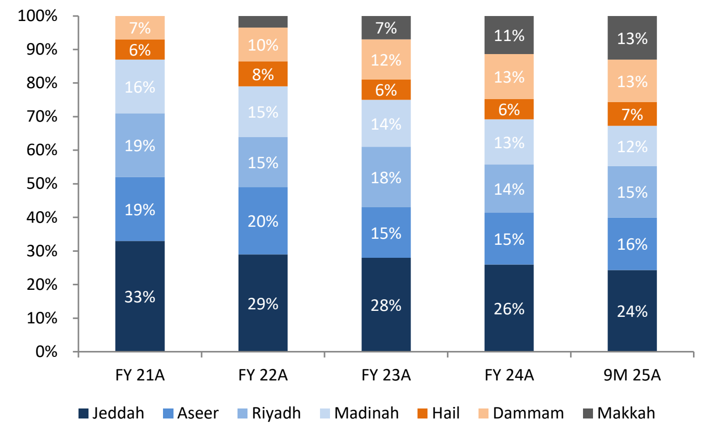
 © Copyright 2025, Arqaam Capital Limited. All Rights Reserved. See Important Notice.

Exhibit 139: Revenues from Jeddah drop 2% y/y in 9M 25A...



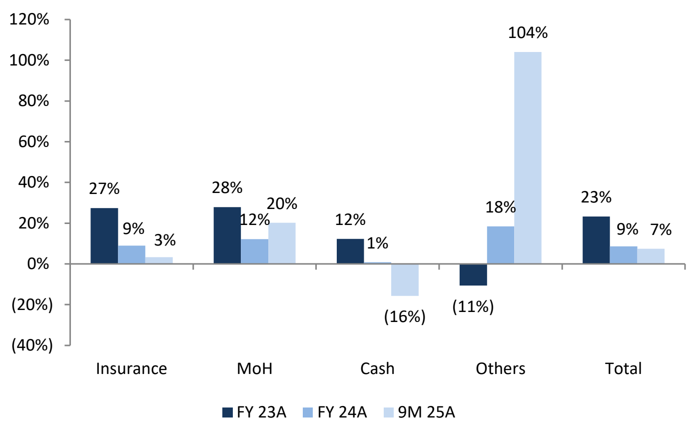
Source: Company data, Arqaam Capital Research

Exhibit 140: ...to 24% of group top line (9M 25A)



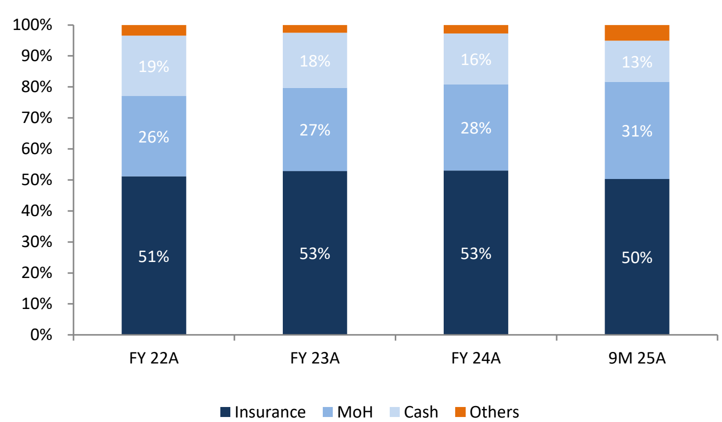
Source: Company data, Arqaam Capital Research

Exhibit 141: Top line in 9M 25A driven by MoH and Insurance...



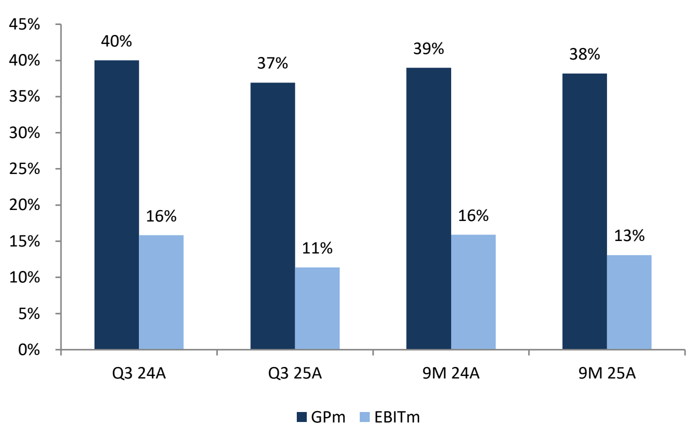
Source: Company data, Arqaam Capital Research

Exhibit 142: ...which combined make up 82% of group top line



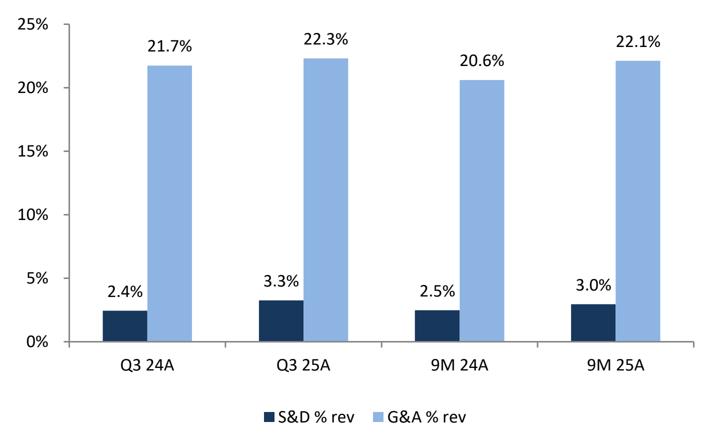
Source: Company data, Arqaam Capital Research

Exhibit 143: Operating margins decline 2.8ppt y/y to 13% in 9M 25A...



Source: Company data, Arqaam Capital Research

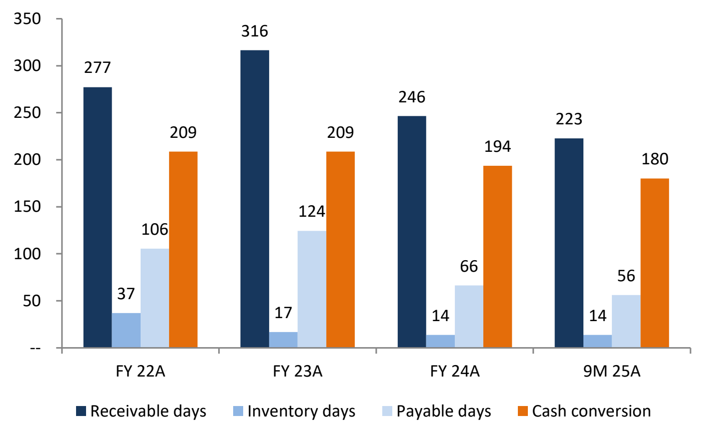
Exhibit 144: ...on rising SG&A costs resulting from new sub-specialty medical hires



Source: Company data, Arqaam Capital Research

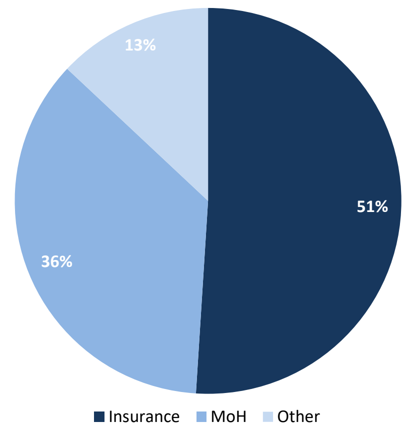
 © Copyright 2025, Arqaam Capital Limited. All Rights Reserved. See Important Notice.

Exhibit 145: Improved collections from both insurance and MoH driving receivable days down to 223 in 9M 25A



Source: Company data, Arqaam Capital Research

Exhibit 146: Insurance dues represent 51% of total receivables (9M 25A)



Source: Company data, Arqaam Capital Research

© Copyright 2025, Arqaam Capital Limited. All Rights Reserved. See Important Notice.

Exhibit 147: Middle East Healthcare Co. valuation (SARm)

Year-end	FY 25e	FY 26e	FY 27e	FY 28e	FY 29e	FY 30e	FY 31e	FY 32e	FY 33e	FY 34e
EBIT (1-τ)	**386**	**412**	**458**	**499**	**535**	**568**	**603**	**639**	**673**	**708**
Depreciation & Amortization	225	224	236	232	226	223	221	219	219	219
EBITDA	**610**	**636**	**695**	**731**	**760**	**791**	**824**	**858**	**892**	**927**
Working Capital Changes	15	(161)	(144)	(137)	(117)	(105)	(107)	(108)	(110)	(112)
Operating Cash Flow	625	475	550	594	644	686	717	749	782	815
Purchase of PPE	(421)	(418)	(189)	(183)	(182)	(192)	(201)	(210)	(220)	(230)
Free Cash Flow to Firm	**204**	**57**	**361**	**411**	**461**	**494**	**516**	**539**	**562**	**585**
Discount Factor	1.00	0.91	0.83	0.76	0.69	0.63	0.57	0.52	0.48	0.43
PV of Visible FCFF	9	51	299	310	318	310	295	281	268	254
Terminal Value										4,697
Equity Valuation							**WACC parameters**			
PV of Visible FCFF	2,396						Rf			5.3%
PV of Terminal Value	4,697						EMRP			5.9%
Enterprise Value	**7,094**						Adjusted Beta			1
Cash & Cash Equivalents	70						**Cost of Equity**			11.2%
Less: Net (Debt) Funds	1,401									
Less: Minorities	56						Marginal tax rate			--%
							Cost of Debt			6.1%
Equity Value	**5,706**						D/C (market)			30.0%
NOSH	92						**WACC**			9.7%
Equity Value per Share	**62.0**						Perpetual growth			4.0%
Implied multiples										
EV/EBITDA	11.4	10.8	9.9	9.4	9.0	8.6	8.3	8.0	7.6	7.4
P/E	18.6	28.9	21.0	17.3	14.7	13.0	11.6	10.7	10.0	9.4
P/B	3.0	2.8	2.5	2.2	1.9	1.7	1.6	1.5	1.3	1.3
Current multiples										
EV/EBITDA	8.9	8.5	7.8	7.4	7.1	6.8	6.5	6.3	6.0	5.8
P/E	10.4	16.2	11.8	9.7	8.3	7.3	6.5	6.0	5.6	5.3
P/B	1.7	1.6	1.4	1.2	1.1	1.0	0.9	0.8	0.8	0.7

Source: Arqaam Capital Research

© Copyright 2025, Arqaam Capital Limited. All Rights Reserved. See Important Notice.

Company Update
December 17 2025

Christine Kalindjian, CFA
christine.kalindjian@arqaamcapital.com

Mouwasat Medical Services Co.

Execution test on 70% capacity expansion.

- **We pencil in mid-single digit EPS growth in FY 26e as 12% top line growth (expanded network with Yanbu and Jeddah) is largely offset by softer margins (greenfield pre-op costs) and normalized provisioning following recoveries in FY 25e.**
- **Long-term growth underpinned by a sizeable c.70% capacity expansion pipeline through 7 greenfield/brownfield projects by FY 29e.**
- **Reiterate Core Buy with stock trading 4% below with peers at 15.8x FY 26-27e P/E, 43% below 5-year trailing P/E.**

Upcoming projects expand nominal bed count by c.75% (+1,100 beds) through (i) Yanbu (200 beds, 60 clinics) by Q1 26e, (ii) Jeddah (200 beds, 80 clinics) by Q2 26e, (iii) Qadisiya (120 beds, 40 clinics), (iv) Riyadh expansion (+100 beds, +55 clinics) by Q2 29e, (v) Qatif expansion (+100 beds, +20 clinics) by Q4 28e, (vi) Al Hofuf Al Ahsa (200 beds, 60 clinics) by Q4 29e, and (vii) Abha (180 beds, 80 clinics) by Q4 29e. In addition to polyclinics in Khobar and Jubail with 30 outpatient clinics each.

Consolidated FY 26e earnings grow 5% y/y on (i) 12% larger top line dually supported by volumes (+8% y/y post 5% growth in 9M 25A) on occupancy ramp up at expanded network including commercial launch of both Yanbu (Q1 26e) and Jeddah (Q2 26e), and pricing with 3rd round of insurance price increase following the renewal of insurance contracts for 3 years starting Jan 2024. Larger top line is partially offset by (ii) start-up expenses associated with the greenfield facilities, along with (iii) normalization in provision charges estimated at c.SAR 35m (1% of revenues), following recoveries in FY 25e. All in, we estimate the group to generate c.SAR 810m in FY 26e net profits, implying 23% NPm (-1.6ppt vs. FY 25e).

Free cash flow remains positive despite c.40% y/y decline in FY 26e, implying 9% margin widening to low double digits of 12-15% in the medium-term on 26% EBIT margins at c.95 conversion days (improved from 100+ levels historically with outstanding dues down 31% y/y as of Q3 25A) covering for c.SAR 600m in CapEx per annum driven by expansion projects (SAR 3.1bn total spend).

Core Buy on further EPS recovery in Q4 25e while LT earnings visibility hinges on smooth ramp ups: The stock trades 4% below local peers at 15.8x FY 26-27e EPS. We cut our FVE by c.7% to SAR 98/share on reduced margin expectations in FY 26-27e, partially offset by DCF rollover. The group remains fundamentally solid, with wide margins translating into superior returns (FY 26-27e RoIC of 15% vs. 13% for peers). Downside risks: Potential market share loss in the long-run amid evolving competitive landscape in the Eastern region.

Core BUY SAR 98.0

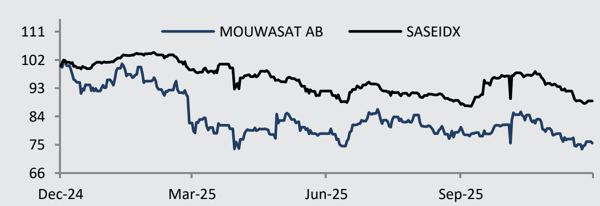
Healthcare and Pharmaceuticals / Saudi Arabia

Bloomberg code	MOUWASAT AB
Market index	SASEIDX
Target Price	98.0
Upside (%)	44.3

Market data 12/16/2025	
Last closing price	68.0
52 Week range	65.6-93.7
Market cap (SAR m)	13,590
Market cap (USD m)	3,623
Average Daily Traded Value (SAR m)	32.0
Average Daily Traded Value (USD m)	8.6
Free float (%)	45%

Year-end (local m)	2024	2025e	2026e	2027e
Revenues	2,879.4	3,155.8	3,541.9	3,951.2
EBITDA	954.1	1,084.2	1,159.0	1,287.6
Net income	645.8	772.4	810.1	913.8
EPS	3.23	3.86	4.05	4.57
P/E (current price)	21.0	17.6	16.8	14.9
BVPS	18.6	20.4	22.0	23.5
P/B (current price)	3.7	3.3	3.1	2.9
EV/EBITDA (current price)	14.9	13.1	12.3	11.0
Div. yield (%)	2.6	2.9	3.7	4.4
FCF margin (%)	24.2	16.7	9.1	12.7
Net debt/EBITDA (x)	0.4	0.2	0.4	0.4
Net debt/Capital (%)	7.5	4.6	8.0	9.8
Interest cover (x)	38.8	199.3	41.5	49.3
RoAA (%)	12.5	13.4	12.9	13.9
RoAE (%)	18.1	19.8	19.1	20.1
RoIC (%)	14.4	14.8	14.8	16.1

Price Performance

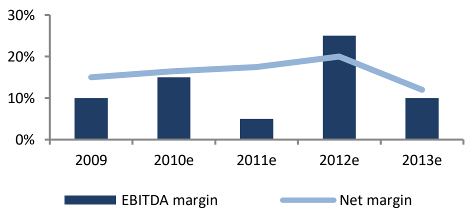


© Copyright 2025, Arqaam Capital Limited. All Rights Reserved.
See Important Notice.

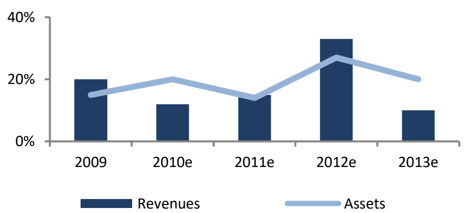
Abacus

Arqaam Capital Fundamental Data

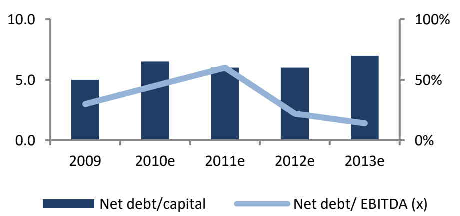
Profitability



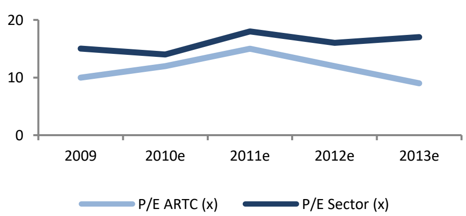
Growth



Gearing



Valuation



Mouwasat Medical Services Co.

Year-end	2023	2024	2025e	2026e	2027e	2028e
Financial summary						
Reported EPS	3.29	3.23	3.86	4.05	4.57	5.16
Diluted EPS	3.29	3.23	3.86	4.05	4.57	5.16
DPS	1.50	1.75	2.00	2.50	3.00	3.50
BVPS	17.13	18.57	20.43	21.98	23.55	25.21
Weighted average shares	200.00	200.00	200.00	200.00	200.00	200.00
Average market cap	17,794.52	17,794.52	17,794.52	17,794.52	17,794.52	17,794.52

Year-end	2023	2024	2025e	2026e	2027e	2028e
Valuation metrics						
P/E (x) (current price)	20.7	21.0	17.6	16.8	14.9	13.2
P/E (x) (target price)	29.8	30.4	25.4	24.2	21.5	19.0
P/BV (x) (target price)	5.7	5.3	4.8	4.5	4.2	3.9
EV/EBITDA (x) (target price)	20.9	21.3	18.8	17.6	15.8	14.4
EV/FCF (x)	26.8	20.4	27.1	44.3	28.4	21.6
EV/Invested capital (x)	4.8	4.5	3.9	3.7	3.6	3.4
Dividend yield (%)	2.2	2.6	2.9	3.7	4.4	5.2

Year-end	2023	2024	2025e	2026e	2027e	2028e
Growth (%)						
Revenues	15.9	6.4	9.6	12.2	11.6	11.1
EBITDA	13.7	(1.8)	13.6	6.9	11.1	9.6
EBIT	12.4	(4.3)	15.8	7.9	12.4	12.3
Net income	9.7	(1.8)	19.6	4.9	12.8	12.9

Year-end	2023	2024	2025e	2026e	2027e	2028e
Margins (%)						
EBITDA	35.9	33.1	34.4	32.7	32.6	32.1
EBIT	27.7	24.9	26.3	25.2	25.4	25.7
Net	24.3	22.4	24.5	22.9	23.1	23.5

Year-end	2023	2024	2025e	2026e	2027e	2028e
Returns (%)						
RoAA	13.7	12.5	13.4	12.9	13.9	15.1
RoAE	20.2	18.1	19.8	19.1	20.1	21.2
RoIC	15.6	14.4	14.8	14.8	16.1	17.4
FCF margin	19.7	24.2	16.7	9.1	12.7	15.0

Year-end	2023	2024	2025e	2026e	2027e	2028e
Gearing (%)						
Net debt/Capital	17.5	7.5	4.6	8.0	9.8	10.4
Net debt/Equity	21.6	9.0	5.8	10.0	11.8	12.2
Interest cover (x)	18.7	38.8	199.3	41.5	49.3	63.1
Net debt/EBITDA (x)	0.8	0.4	0.2	0.4	0.4	0.4

© Copyright 2025, Arqaam Capital Limited. All Rights Reserved. See Important Notice.

Abacus *Arqaam Capital Fundamental Data*

Company profile

Mouwasat was first established in 1974 by Mr. Mohammad Sultan Al-Subaie. The group later launched the Mouwasat Dispensary in 1975 and the first comprehensive facility in 1984 in Dammam. Mouwasat currently operates a network of 7 hospitals in Dammam (+LTC), Jubail, Madinah (+LTC) , Qatif, Riyadh and Khobar, with a total licensed bed count of c.1,600 and 555 outpatient clinics. The group generates further revenues through its pharmaceutical dispensaries.

Ownership & Management

Major Shareholders	%
Al Saleem Mohammed Bin Sulaiman	17.5
Al Subeiy Mohd Sultan	17.5
Al Subeiy Naser Sultan	17.5

Management	
Chairman	Mohammed Sultan Al-Subaie
CEO	Nasser Sultan Fahad Al-Subaie
CFO	Yusuf Ahmed Sulaiman

Mouwasat Medical Services Co.

Year-end	2023	2024	2025e	2026e	2027e	2028e
Income statement (SARm)						
Sales revenue	2,705.5	2,879.4	3,155.8	3,541.9	3,951.2	4,390.1
Cost of sales	(1,392.4)	(1,590.4)	(1,768.9)	(1,979.2)	(2,200.2)	(2,436.8)
Gross profit	**1,313.1**	**1,289.0**	**1,386.9**	**1,562.7**	**1,751.0**	**1,953.2**
SG&A	(564.9)	(572.9)	(557.8)	(668.5)	(745.8)	(824.2)
EBIT	**748.2**	**716.1**	**829.1**	**894.2**	**1,005.3**	**1,129.1**
Net interest income(expense)	(40.0)	(18.5)	(4.2)	(21.6)	(20.4)	(17.9)
Associates/affiliates	**10.2**	-	-	-	-	-
Exceptionals/extraordinaries	-	-	-	-	-	-
Other pre-tax income/(expense)	8.7	8.2	9.0	10.1	11.3	12.5
Profit before zakat	727.1	705.8	834.0	882.8	996.1	1,123.7
Zakat	(38.7)	(36.2)	(31.8)	(34.4)	(38.6)	(42.2)
Other post-tax income/(expense)	-	-	-	-	-	-
Net profit (group)	688.4	669.6	802.1	848.4	957.5	1,081.4
Minorities	(30.7)	(23.9)	(29.7)	(38.3)	(43.7)	(49.9)
Net profit (parent)	**657.7**	**645.8**	**772.4**	**810.1**	**913.8**	**1,031.6**
Arqaam adjustments (including dilution)	-	-	-	-	-	-
Arqaam Net profit	**657.7**	**645.8**	**772.4**	**810.1**	**913.8**	**1,031.6**

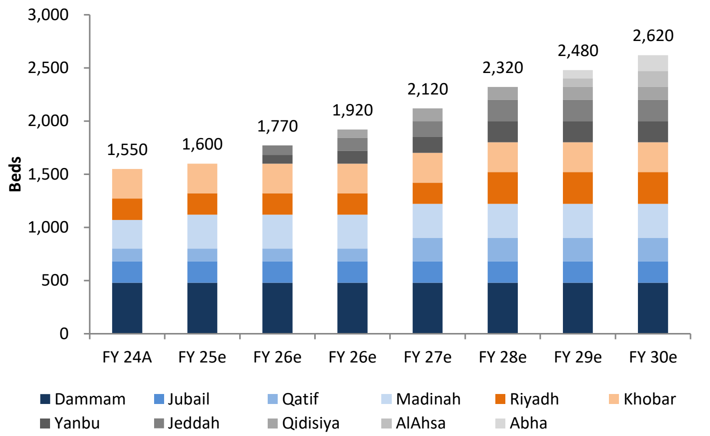
Year-end	2023	2024	2025e	2026e	2027e	2028e
Balance sheet (SARm)						
Cash and equivalents	49.0	426.6	878.1	635.5	411.1	272.0
Receivables	1,152.7	925.0	866.9	972.9	1,085.4	1,205.9
Inventories	197.2	232.1	258.1	288.8	321.0	355.6
Tangible fixed assets	3,065.8	3,529.7	3,788.0	4,183.6	4,494.2	4,754.8
Other assets including goodwill	499.9	289.4	349.9	359.4	369.3	379.6
Total assets	**4,964.5**	**5,402.8**	**6,141.0**	**6,440.2**	**6,681.0**	**6,967.9**
Payables	421.1	513.5	525.2	556.8	589.5	624.2
Interest bearing debt	788.5	761.7	1,115.8	1,073.3	967.6	888.3
Other liabilities	328.1	414.0	414.0	414.0	414.0	414.0
Total liabilities	**1,537.7**	**1,689.2**	**2,055.0**	**2,044.1**	**1,971.2**	**1,926.5**
Shareholders equity	3,426.8	3,713.6	4,086.0	4,396.1	4,709.8	5,041.4
Minorities	-	-	-	-	-	-
Total liabilities & shareholders equity	**4,964.5**	**5,402.8**	**6,141.0**	**6,440.2**	**6,681.0**	**6,967.9**

Year-end	2023	2024	2025e	2026e	2027e	2028e
Cash flow (SARm)						
Cashflow from operations	**817.6**	**1,130.3**	**1,048.1**	**991.3**	**1,104.6**	**1,210.6**
Net capex	(285.7)	(433.7)	(522.5)	(669.9)	(602.8)	(552.6)
Free cash flow	**531.9**	**696.6**	**525.6**	**321.4**	**501.8**	**658.1**
Equity raised/(bought back)	-	-	-	-	-	-
Dividends paid	(300.0)	(350.0)	(400.0)	(500.0)	(600.0)	(700.0)
Net inc/(dec) in borrowings	(99.6)	(32.0)	354.1	(42.5)	(105.7)	(79.3)
Other investing/financing cash flows	-	-	-	-	-	-
Net cash flow	**(91.0)**	**251.4**	**451.5**	**(242.7)**	**(224.3)**	**(139.1)**
Change in working capital	(210.9)	159.4	43.8	(105.2)	(112.0)	(120.5)

Christine Kalindjian, CFA
christine.kalindjian@arqaamcapital.com

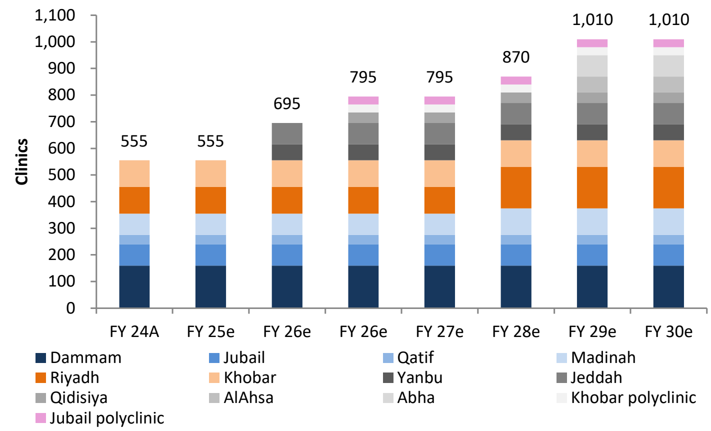
 © Copyright 2025, Arqaam Capital Limited. All Rights Reserved. See Important Notice.

Exhibit 148: Operating bed capacity grows by c.60%+ by FY 30e…



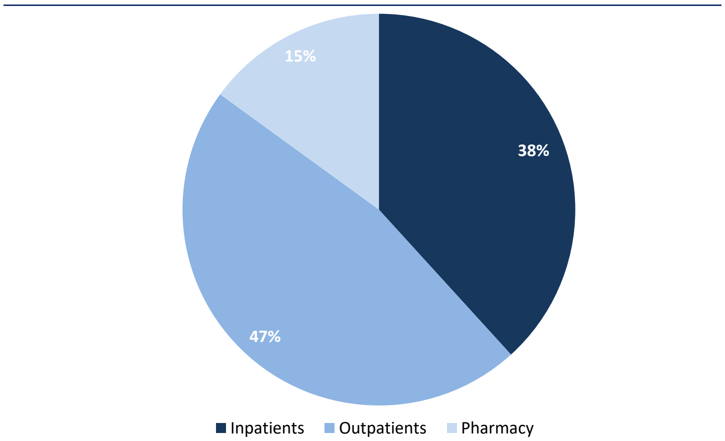
Source: Company data, Arqaam Capital Research

Exhibit 149: …with 80%+ addition to outpatient clinics



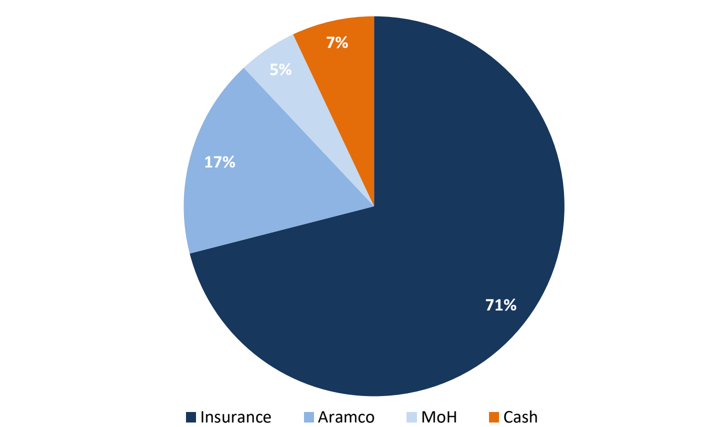
Source: Company data, Arqaam Capital Research

Exhibit 150: Inpatients generate c.38% of group top line…



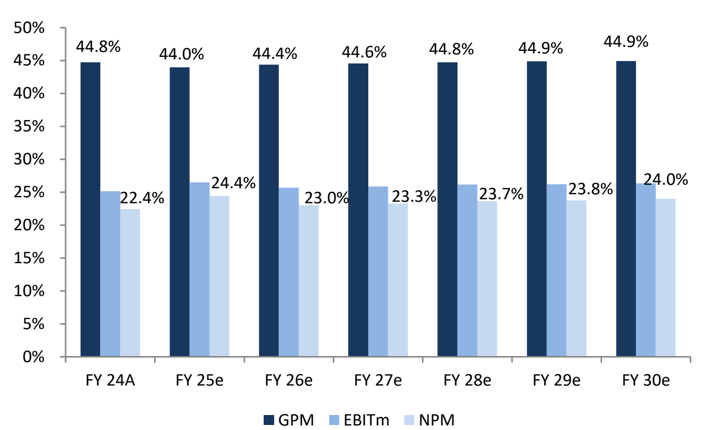
Source: Company data, Arqaam Capital Research

Exhibit 151: …with insurance accounting for the lion share of c.71% (9m 25A)



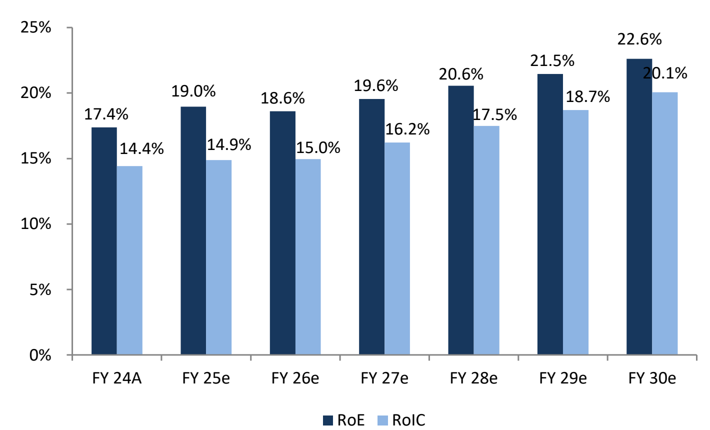
Source: Company data, Arqaam Capital Research

Exhibit 152: We pencil in c.1.4ppt NPm compression in FY 26e from relatively high base in FY 25e due to recoveries



Source: Company data, Arqaam Capital Research

Exhibit 153: The group continues to yield superior returns



Source: Company data, Arqaam Capital Research

© Copyright 2025, Arqaam Capital Limited. All Rights Reserved. See Important Notice.

Exhibit 154: Summary of changes

`		FY 25e			FY 26e			FY 27e	
	New	Old	Δ	New	Old	Δ	New	Old	Δ
Revenues	3,156	3,221	*(2.0%)*	3,542	3,643	*(2.8%)*	3,951	4,128	*(4.3%)*
Gross profit	1,387	1,464	*(5.2%)*	1,563	1,665	*(6.2%)*	1,751	1,891	*(7.4%)*
EBITDA	1,093	1,114	*(1.9%)*	1,169	1,243	*(5.9%)*	1,299	1,401	*(7.3%)*
EBIT	838	859	*(2.4%)*	904	985	*(8.2%)*	1,017	1,124	*(9.6%)*
Net income (parent)	772	778	*(0.7%)*	810	869	*(6.8%)*	914	1,001	*(8.7%)*
Margins (%)									
Gross margin	43.9%	45.4%	*(149 bps)*	44.1%	45.7%	*(158 bps)*	44.3%	45.8%	*(149 bps)*
EBITDA margin	34.6%	34.6%	*6 bps*	33.0%	34.1%	*(111 bps)*	32.9%	33.9%	*(107 bps)*
EBIT margins	26.6%	26.7%	*(11 bps)*	25.5%	27.0%	*(150 bps)*	25.7%	27.2%	*(151 bps)*
Net margin	24.5%	24.2%	*32 bps*	22.9%	23.9%	*(99 bps)*	23.1%	24.2%	*(111 bps)*

Balance sheet (SARm)		FY 25e			FY 26e			FY 27e	
	New	Old	Δ	New	Old	Δ	New	Old	Δ
Receivables	867	1,026	*(15.5%)*	973	1,161	*(16.2%)*	1,085	1,315	*(17.5%)*
Payables	289	306	*(5.7%)*	320	342	*(6.3%)*	353	383	*(7.9%)*
Debt	1,116	968	*15.2%*	1,073	1,080	*(0.7%)*	968	980	*(1.3%)*
Equity	4,086	4,092	*(0.1%)*	4,396	4,461	*(1.5%)*	4,710	4,861	*(3.1%)*

Valuation (SARm)	New	Old	Δ
Enterprise value	20,356	21,769	*(6.5%)*
Equity value	19,608	21,005	*(6.7%)*
Fair value per share	98.0	105.0	*(6.7%)*

Source: Arqaam Capital Research

© Copyright 2025, Arqaam Capital Limited. All Rights Reserved. See Important Notice.

Exhibit 155: Mouwasat valuation (SARm)

Year-end	FY 25e	FY 26e	FY 27e	FY 28e	FY 29e	FY 30e	FY 30e
EBIT (1-τ)	**798**	**860**	**967**	**1,087**	**1,213**	**1,376**	**1,509**
Depreciation & Amortization	255	265	282	282	287	295	294
NOPLAT	**1,053**	**1,125**	**1,249**	**1,369**	**1,500**	**1,670**	**1,803**
Working Capital Changes	44	(105)	(112)	(120)	(137)	(170)	(138)
Operating Cash Flow	**1,096**	**1,020**	**1,137**	**1,248**	**1,363**	**1,500**	**1,665**
Purchase of PPE	(523)	(670)	(603)	(553)	(395)	(264)	(287)
Free Cash Flow to Firm	**574**	**350**	**535**	**696**	**968**	**1,236**	**1,377**
Discount Factor using WACC at 8.4%	1.00	0.91	0.83	0.76	0.69	0.63	0.57
PV of Visible FCFF	22	318	443	525	667	776	788
Terminal Value							29,388
Equity Valuation				**WACC parameters**			
PV of Visible FCFF	3,538			Rf			5.3%
PV of Terminal Value	16,817			EMRP			5.9%
Enterprise Value	**20,356**			Adjusted Beta			1.0
Cash & Cash Equivalents	467			**Cost of Equity**			11.2%
Less: Net (Debt) Funds	(1,066)						
Investments in associates	--						
NCI	(149)			Marginal tax rate			--%
				Cost of Debt			6.1%
Equity Value	**19,608**			D/C (market)			30.0%
NOSH	200			**WACC**			9.7%
Equity Value per Share	**98**			Perpetual growth			4.8%
Implied multiples							
EV/EBITDA	18.6	17.4	15.7	14.3	13.1	11.7	10.9
P/E	25.4	24.2	21.5	19.0	17.0	14.9	13.6
P/B	4.8	4.5	4.2	3.9	3.6	3.4	3.1
Current multiples							
EV/EBITDA	13.0	12.2	11.0	10.0	9.1	8.2	7.6
P/E	17.6	16.8	14.9	13.2	11.8	10.3	9.4
P/B	3.3	3.1	2.9	2.7	2.5	2.3	2.1

Source: Arqaam Capital Research

 © Copyright 2025, Arqaam Capital Limited. All Rights Reserved. See Important Notice.

Company Update

December 17 2025

Christine Kalindjian, CFA
christine.kalindjian@arqaamcapital.com

National Co. for Learning and Education

Valuation remains generous despite stock derate. Hold.

- **Network capacity remains constant in FY 26e (first year since 2020 with no new capacity launches or acquisitions) and expands by further 21% in FY 27-28e to 54.8k students.**
- **Group FY 26e profits grow c.9% y/y supported by c.13% higher top line as capacity ramp up drives c.11% increase in total enrolments to 35.3k students, with MEIA and National School meeting internal targets despite relatively lower enrolments vs. recent greenfield projects.**
- **NCLE trades 24% below 5-year trailing P/E but LT value remains generously priced in with stock at 34.8x FY 26-27e EPS (+51% vs. ATAA), and 23.3x EV/EBITDA (+67%). Hold at SAR 160/share.**

Four greenfield educational projects expand network capacity by 21% to 54.8k by FY 28e across Riyadh and Jeddah through (i) Ishbiliyah (2k capacity on owned land, FY 27e), (ii) Al Rabie (2.1k on owned land, FY 27e), (iii) North Obhur Jeddah (2.1k on owned land, FY 27e), (iv) Laban (3.3k on leased land, FY 28e). This follows the addition of 10 schools since 2020, including the acquisition of Al Salam in the Eastern region, which collectively doubled group capacity to 45.3k.

New IFRS 15 accounting accentuates seasonality as of Q1 26A with no impact on full year results as revenue from educational services along with cost of academic staff is now recognized proportionally over the number of days within the academic year (as opposed to financial year previously)**.** We expect SOCPA's new treatment to result in higher revenues and profits in Q2-Q3, with weakest P&L in Q4 (July summer month), followed by Q1 (continued vacations in August).

Profitability remains solid with EBITDAm exceeding 35% as we pencil in 11% top line CAGR in FY 25-28e on 8% enrolment growth supported by ramp up in existing network including Hetteen, TNS Narjis and MEIA Qairawan, coupled with the launch of Ishbiliyah, Al Rabie, North Obhur and Laban where we conservatively expect c.12% average occupancy in the first year.

LT strategic growth visibility, profitability and experienced management team are largely priced in: We value NCLE at SAR 160/share based on a 10-year DCF, embedding a 9% EPS CAGR over FY 25–35e, underpinned by the ramp-up of recently opened and upcoming facilities (c.23% of FY 28e enrolments) along with existing schools, with upside risk from further expansion. The stock trades at 34.8x FY 26–27e P/E, a 51% premium to ATAA, reflecting superior fundamentals, including 19% RoE and 13% RoIC on effective management of its expanded network running at solid 26%+ operating margins.

HOLD SAR 160.0

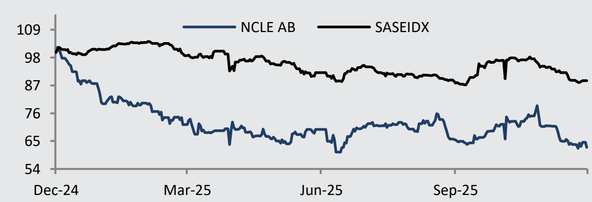
Education / Saudi Arabia

Bloomberg code	NCLE AB EQUITY
Market index	SASEIDX
Target Price	160.0
Upside (%)	9.6

Market data 12/16/2025	
Last closing price	146.0
52 Week range	138.2-226.0
Market cap (SAR m)	6,278
Market cap (USD m)	1,674
Average Daily Traded Value (SAR m)	4.0
Average Daily Traded Value (USD m)	1.1
Free float (%)	55%

Year-end (local m)	**2025**	**2026e**	**2027e**	**2028e**
Revenues	670	759	840	919
EBITDA	249	275	291	317
Net income	161	174	187	207
EPS	3.74	4.06	4.34	4.82
EPS growth (%)	1.8	8.6	7.1	10.9
P/E (current price)	39.1	36.0	33.6	30.3
DPS	2.10	2.50	2.75	3.00
Div. yield (%)	1.1	1.4	1.7	1.9
FCF/share	(1.4)	2.3	4.7	4.9
FCF yield (%)	(0.9)	1.6	3.2	3.4
CAPEX	141	118	46	50
CAPEX/sales (%)	21.1	15.5	5.4	5.4
Net Debt/EBITDA (x)	1.7	1.6	1.3	1.1
EV/EBITDA (x)	26.4	23.9	22.6	20.7
RoAE (%)	19.4	19.5	19.4	20.0
RoIC (%)	12.9	13.0	13.2	13.1

Price Performance

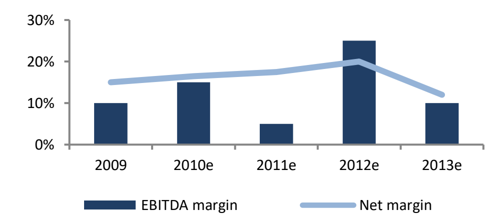


© Copyright 2025, Arqaam Capital Limited. All Rights Reserved.
See Important Notice.

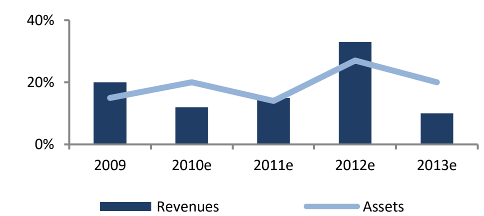
Abacus

Arqaam Capital Fundamental Data

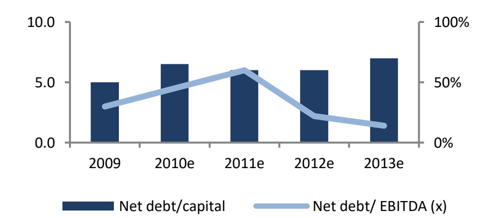
Profitability



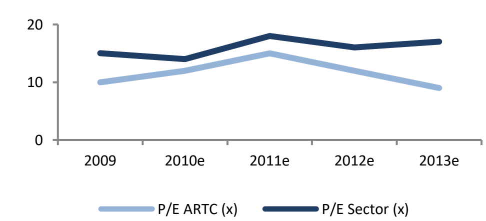
Growth



Gearing



Valuation



National Co. for Learning and Education

Year-end	2024	2025	2026e	2027e	2028e	2029e
Financial summary						
Reported EPS	3.67	3.74	4.06	4.34	4.82	5.67
Diluted EPS	3.67	3.74	4.06	4.34	4.82	5.67
DPS	1.65	2.10	2.50	2.75	3.00	3.25
BVPS	18.45	20.05	21.60	23.20	25.02	27.43
Weighted average shares	43.00	43.00	43.00	43.00	43.00	43.00
Average market cap	2,287.17	2,287.17	2,287.17	2,287.17	2,287.17	2,287.17

Year-end	2024	2025	2026e	2027e	2028e	2029e
Valuation metrics						
P/E (x) (current price)	39.8	39.1	36.0	33.6	30.3	25.8
P/E (x) (target price)	43.6	42.8	39.4	36.8	33.2	28.2
EV/EBITDA (x) (current price)	28.6	26.4	23.9	22.6	20.7	18.2
EV/EBITDA (x) (target price)	31.2	28.9	26.1	24.7	22.6	19.9
EV/FCF (x)	72.6	(113.2)	66.8	32.7	31.1	28.1
Free cash flow yield (%)	1.4	(0.9)	1.6	3.2	3.4	3.7
Dividend yield (%)	0.8	1.1	1.4	1.7	1.9	2.1

Year-end	2024	2025	2026e	2027e	2028e	2029e
Growth (%)						
Revenues	25.3	15.7	13.3	10.7	9.4	10.3
EBITDA	54.1	8.0	10.5	5.8	9.1	14.0
EBIT	58.3	3.0	11.8	5.9	11.8	15.8
Net income	55.1	1.8	8.6	7.1	10.9	17.6

Year-end	2024	2025	2026e	2027e	2028e	2029e
Margins (%)						
EBITDA	39.8	37.1	36.2	34.6	34.5	35.6
EBIT	31.2	27.8	27.4	26.2	26.8	28.1
Net	27.3	24.0	23.0	22.2	22.5	24.0

Year-end	2024	2025	2026e	2027e	2028e	2029e
Returns (%)						
RoAA	12.0	11.5	11.3	11.4	11.6	12.6
RoAE	21.1	19.4	19.5	19.4	20.0	21.6
RoIC	14.7	12.9	13.0	13.2	13.1	14.3
FCF margin	15.6	(8.7)	13.0	24.0	23.0	23.1

Year-end	2024	2025	2026e	2027e	2028e	2029e
Gearing (%)						
Net debt/Capital	25.1	31.8	30.8	25.2	21.3	12.9
Net debt/Equity	35.0	48.0	46.4	37.4	32.6	19.4
Interest cover (x)	10.4	7.7	7.5	8.0	7.6	8.4
Net debt/EBITDA (x)	1.2	1.7	1.6	1.3	1.1	0.6

© Copyright 2025, Arqaam Capital Limited. All Rights Reserved. See Important Notice.

Abacus *Arqaam Capital Fundamental Data*

Company Profile

Established in 1958 and listed on Tadawul in November 2018, National Company for Learning and Education (NCLE) is Riyadh's third largest private school operator with more than 5% market share, currently operating 17 campuses with c.45.3k capacity (including greenfield schools Hetteen, Narjis and Qairawan 3 launched in AY 24/25) catering to a student body of 35.3k. The company offers both national and international curriculums across K-12 grades and is looking to grow primarily through greenfield projects.

The group also provides educational support services (canteen, maintenance, cleaning and transportation) through Refan Company for Operation & Maintenance acquired in 2021.

Ownership & Management

Major Shareholders	%
Khudair Real Estate Dev. Co	39.9
Al-Khudair Waqf Mohammed	22.3

Management	
Chairman	Khalid Bin Mohammed Al-Khudair
Vice Chairman	Ibrahim Bin Abdelrahman Al-Derea
CEO	Mohammed Alkhudair
CFO	Abdullah Balsharaf

National Co. for Learning and Education

Year-end	2024	2025	2026e	2027e	2028e	2029e
Income statement (SARm)						
Sales revenue	579	670	759	840	919	1,014
Cost of sales	(298)	(376)	(423)	(472)	(511)	(555)
Gross profit	**281**	**294**	**336**	**368**	**408**	**458**
SG&A	3	4	4	5	5	6
EBITDA	**230**	**249**	**275**	**291**	**317**	**361**
Depreciation	(50)	(63)	(67)	(70)	(71)	(76)
EBIT	**181**	**186**	**208**	**220**	**246**	**285**
Interest expense	(17)	(24)	(28)	(28)	(32)	(34)
Share of results of associates & JV	-	-	-	-	-	-
Profit before tax	163	162	180	193	214	251
Taxes	(5)	(1)	(6)	(6)	(7)	(8)
Other post-tax income/(expense)	-	-	-	-	-	-
Net profit (group)	158	161	174	187	207	244
Minorities	-	-	-	-	-	-
Net profit (parent)	**158**	**161**	**174**	**187**	**207**	**244**
Arqaam adjustments (including dilution)	-	-	-	-	-	-
Arqaam Net profit	**158**	**161**	**174**	**187**	**207**	**244**

Year-end	2024	2025	2026e	2027e	2028e	2029e
Balance sheet (SARm)						
Cash and equivalents	36	27	42	112	222	362
Receivables	50	75	79	85	91	97
Inventories	3	10	11	12	13	14
Tangible fixed assets	797	909	994	1,003	1,016	1,028
Other assets including goodwill	414	468	474	479	527	503
Total assets	**1,299**	**1,489**	**1,599**	**1,692**	**1,869**	**2,005**
Payables	14	17	19	21	23	25
Interest bearing debt	314	440	473	486	572	591
Other liabilities	178	170	179	188	198	209
Total liabilities	**506**	**627**	**670**	**694**	**793**	**825**
Shareholders equity	793	862	929	997	1,076	1,180
Minorities	-	-	-	-	-	-
Total liabilities & shareholders equity	**1,299**	**1,489**	**1,599**	**1,692**	**1,869**	**2,005**

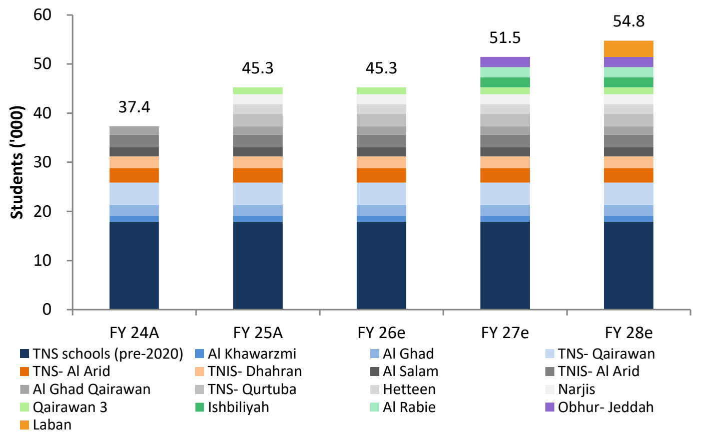
Year-end	2024	2025	2026e	2027e	2028e	2029e
Cash flow (SARm)						
Cashflow from operations	**213**	**83**	**216**	**247**	**261**	**283**
Net capex	(123)	(141)	(118)	(46)	(50)	(49)
Free cash flow	**91**	**(58)**	**98**	**201**	**212**	**234**
Equity raised/(bought back)	-	-	-	-	-	-
Dividends paid	(52)	(71)	(90)	(108)	(118)	(129)
Net inc/(dec) in borrowings	(11)	(34)	12	(6)	(26)	5
Other investing/financing cash flows	-	-	-	-	-	-
Net cash flow	**30**	**(161)**	**20**	**88**	**67**	**110**
Change in working capital	57	(143)	(37)	(3)	(5)	(5)

Christine Kalindjian, CFA

christine.kalindjian@arqaamcapital.com

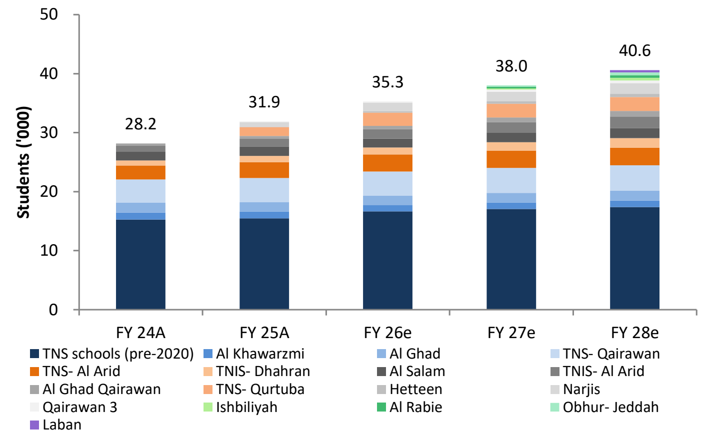
 © Copyright 2025, Arqaam Capital Limited. All Rights Reserved. See Important Notice.

Exhibit 156: Network capacity remains constant in FY 26e and expands by further 21% to 54.8k in FY 27-28e…



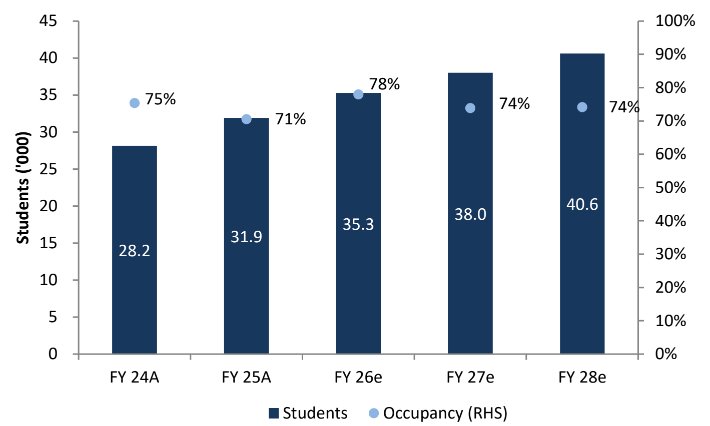
Source: Company Data, Arqaam Capital Research

Exhibit 157: …fueling c.8% enrolment CAGR in FY 25-28e



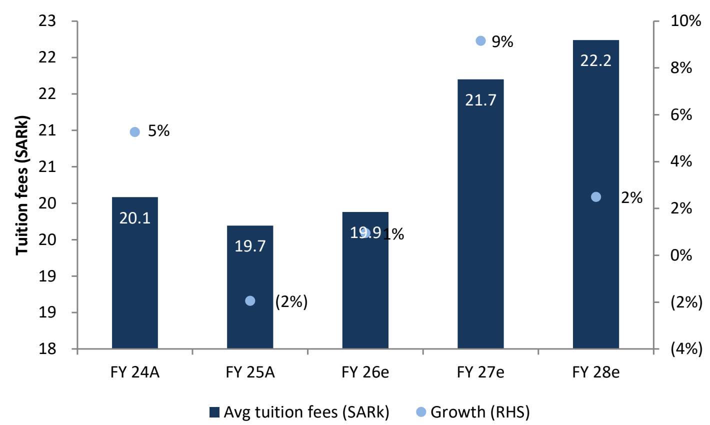
Source: Company Data, Arqaam Capital Research

Exhibit 158: Occupancy dips in years of incoming greenfield capacity…



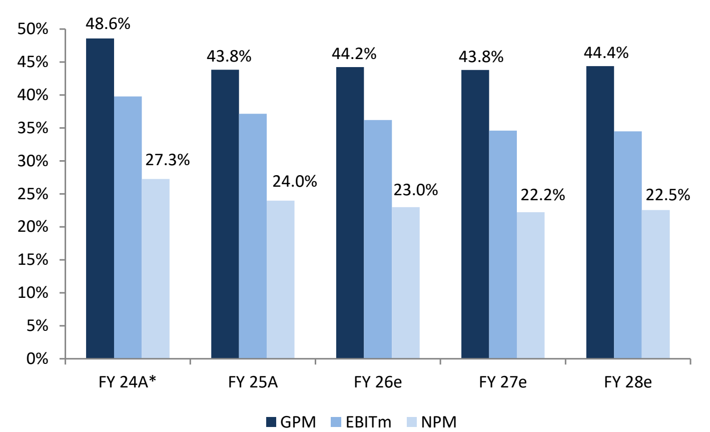
Source: Company Data, Arqaam Capital Research

Exhibit 159: …coupled with modest tuition fee decline due to launch of lower grades. This is followed by gradual tuition growth driven by enrolment in higher grades



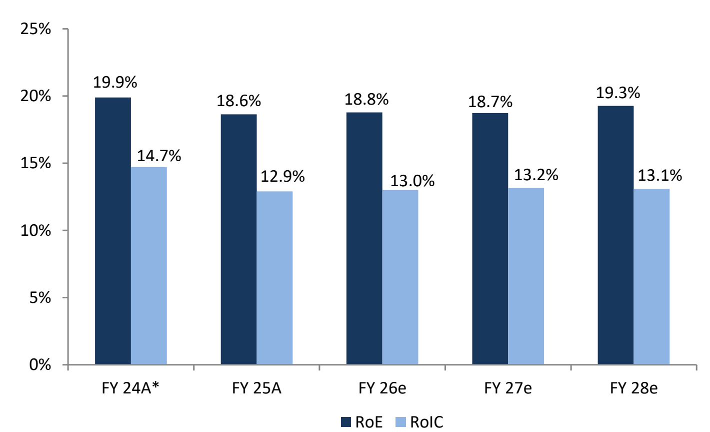
Source: Company Data, Arqaam Capital Research

Exhibit 160: Profitability remains solid…



*Source: Company Data, Arqaam Capital Research *High base due to transitional fiscal reporting*

Exhibit 161: …yielding c.19% RoE in FY 26-27e



*Source: Company Data, Arqaam Capital Research *High base due to transitional fiscal reporting*

 © Copyright 2025, Arqaam Capital Limited. All Rights Reserved. See Important Notice.

Exhibit 162: NCLE valuation (SARm)

Year-end	FY 26e	FY 27e	FY 28e	FY 29e	FY 30e	FY 31e	FY 32e	FY 33e	FY 34e	FY 35e
EBIT (1-τ)	**208**	**216**	**241**	**279**	**311**	**332**	**353**	**374**	**394**	**414**
Depreciation & Amortization	67	70	71	76	71	69	67	65	64	63
EBITDA	**275**	**286**	**312**	**355**	**382**	**401**	**420**	**439**	**458**	**476**
Working Capital Changes	(3)	(5)	(5)	(6)	(3)	(2)	(2)	(1)	(1)	(1)
Operating Cash Flow	272	281	307	350	378	399	419	437	456	475
Purchase of PPE	(118)	(46)	(50)	(49)	(47)	(50)	(49)	(52)	(54)	(53)
Free Cash Flow to Firm	**154**	**235**	**258**	**300**	**331**	**350**	**370**	**386**	**402**	**422**
Discount Factor	0.95	0.87	0.80	0.74	0.68	0.62	0.57	0.53	0.48	0.44
PV of Visible FCFF	90	205	207	221	224	218	211	203	194	188
Terminal Value										5,220
Equity Valuation							**WACC parameters**			
PV of Visible FCFF	1,961						Rf			4.8%
PV of Terminal Value	5,220						EMRP			5.1%
Enterprise Value	**7,182**						Adjusted Beta			1
Cash & Cash Equivalents	115						**Cost of Equity**			**9.9%**
Less: Net (Debt) Funds	415									
Add: Land	--						Marginal tax rate			--%
							Cost of Debt			**5.4%**
Equity Value	**6,882**						D/C (market)			25.0%
NOSH	43						**WACC**			**8.8%**
Equity Value per Share	**160.0**						Perpetual growth			5.0%
Implied multiples										
EV/EBITDA	26.1	24.7	22.7	19.9	18.5	17.6	16.7	16.0	15.3	14.7
P/E	39.4	36.8	33.2	28.2	25.1	23.4	21.9	20.7	19.6	18.6
P/B	7.4	6.9	6.4	5.8	5.3	4.8	4.3	3.8	3.5	3.1
Current multiples										
EV/EBITDA	23.9	22.6	20.7	18.2	16.9	16.1	15.3	14.7	14.1	13.5
P/E	36.0	33.6	30.3	25.8	22.9	21.3	20.0	18.9	17.9	16.9
P/B	6.8	6.3	5.8	5.3	4.8	4.3	3.9	3.5	3.2	2.8

Source: Arqaam Capital Research

 © Copyright 2025, Arqaam Capital Limited. All Rights Reserved. See Important Notice.

Company Report
December 17 2025

Christine Kalindjian, CFA
Christine.kalindjian@arqaamcapital.com

Mariam Hakim
Mariam.hakim@arqaamcapital.com

PureHealth Holding

Full consolidation of Hellenic in FY 26e translates into 6% upside to Group top line.

- **Hellenic adds 5% and 6% to group Q4 and FY 26e revenues respectively after receiving EU FSR approval one quarter earlier than initially guided.**
- **Net income grows c.2x y/y to AED 588m in Q4 25e, lifting FY 25e to c.AED 2.2bn and FY 26e to AED 2.7bn, while revenues rise c.21% y/y to AED 8.3bn in Q4 25e, reaching c.AED 28bn in FY 25e and c.AED 32bn in FY 26e on HHG consolidation and volume growth.**
- **TP of AED 4.75 (+78% vs. CMP) supported by strong earnings outlook from HHG consolidation, mandatory insurance in the Northern Emirates and P&C rollout.**

Hellenic adds 5% and 6% to group top line in Q4 25e and FY 26e respectively with target P&L driven by strong admissions of 1.7m (+4% y/y IP, +7% y/y OP) in FY 25e, in line with historical performance. HHG, Greece's leading healthcare group with 35% market share, operates 11 hospitals (1.35k beds) and 23 diagnostic centers, generating EUR 607m in 2024 with 21-23% EBITDAm.

Daman expands into P&C insurance, leveraging cross-selling opportunities within Abu Dhabi's top holding groups (ADQ, etc.). We expect 1-4% market share in 2026-30e, adding AED 4.2bn in GWPs and 4% to group insurance revenues.

Net income grows c.2x y/y (+9% q/q) to AED 588m in Q4 25e, with net margin improving to 7.1% (-31bps q/q, +303bps y/y), driven by improved operational execution across the Care and Cover verticals, operating leverage, enhanced service quality within the hospital network and Daman's disciplined cost management and preserved investment strategy momentum, bringing FY 25e net income to c. AED 2.2bn (+26% y/y). FY 26e net income is expected to reach AED 2.7bn, mainly supported by 12% y/y top line growth. Revenues are projected to increase c.21% y/y (+c.14% q/q) to AED 8.3bn in Q4 25e, driven by volume-led growth from higher patient footfall across the UAE and UK (IP +10% y/y, OP +4% y/y in FY 25e) alongside continued strong top-line performance at Daman on the back of higher membership (+6% y/y in FY 25e) bringing FY 25e revenues to c.AED 28bn (+c.10% y/y). FY 26e revenues are forecast at c.AED 32bn driven by the full HHG consolidation (6% upside to FY 26e revenues), 5% & 9% y/y increase in IP & OP admissions across UAE & UK and P&C rollout.

Deep value in the Group, evident through two valuation exercises: We assign a 50% weight to each of the (i) group DCF approach and (ii) SotP of each of the five verticals using relative valuation based on a combination of forward EV/EBITDA and P/B, and arrive at a weighted EV of AED 60.9bn for the group. We discount net debt of c.AED 8bn (AED 16.6bn in borrowings/lease liabs including implied addition from HHG, and accounting for the approved early repayment of AED 1.85bn in banking facilities from FAB, vs. c.AED 8bn in cash as of 9M 25A), add AED 0.9bn from Ardent (market value of 21.2% stake). Our calculations result in a total equity value of c.AED 53bn or AED 4.75/share.

BUY — AED 4.75

Healthcare and Pharmaceuticals / UAE

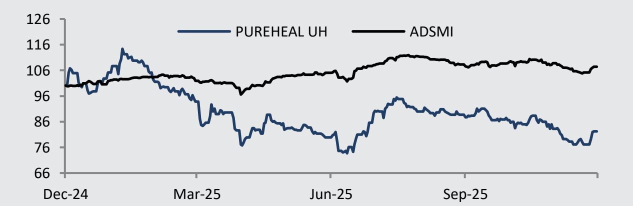
Bloomberg code	PUREHEAL UH
Market index	ADSMI
Target Price	4.75
Upside (%)	77.9

Market data 12/16/2025

Last closing price	2.7
52 Week range	2.4-3.8
Market cap (AEDm)	29,667
Market cap (USDm)	8,078
Average Daily Traded Value (AEDm)	8.0
Average Daily Traded Value (USDm)	2.1
Free float (%)	53%

Year-end (local m)	2024	2025e	2026e	2027e
Revenues	25,848	28,413	31,866	35,182
EBITDA	4,119	4,788	5,843	6,891
Net income	1,712	2,162	2,708	3,436
EPS	0.15	0.19	0.24	0.31
P/E (current price)	17.3	13.7	11.0	8.6
BVPS	1.8	1.9	2.2	2.4
P/B (current price)	1.50	1.37	1.23	1.09
EV/EBITDA (x)	8.4	7.2	5.9	5.0
Div. yield (%)	-	1.2	1.3	1.9
FCF margin (%)	12.4	9.0	0.2	11.7
Net Debt/EBITDA (x)	0.6	0.5	0.5	(0.1)
Net Debt/Capital (%)	0.1	0.1	0.1	-
Interest cover (x)	2.9	4.9	4.9	6.5
RoAA (%)	4.5	4.4	5.3	6.4
RoAE (%)	9.6	10.5	11.9	13.4
RoIC (%)	5.1	6.4	7.6	9.1

Price Performance



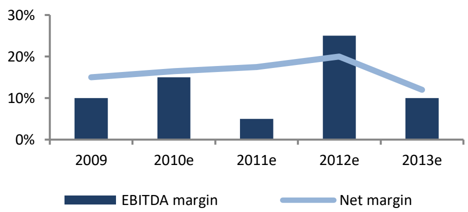
© Copyright 2025, Arqaam Capital Limited. All Rights Reserved.
See Important Notice.

arqaam CAPITAL

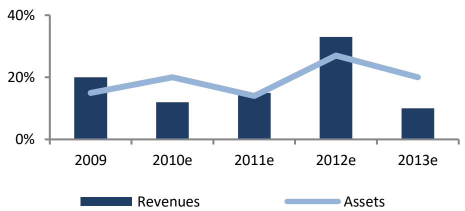
Abacus

Arqaam Capital Fundamental Data

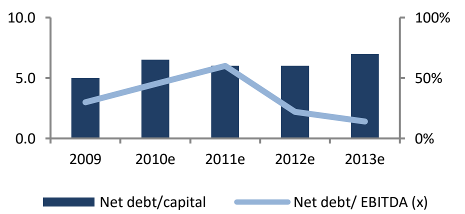
Profitability



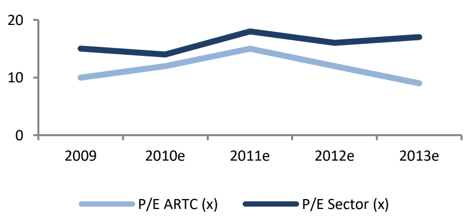
Growth



Gearing



Valuation



PureHealth Holding

Year-end	2023	2024	2025e	2026e	2027e	2028e
Financial summary						
Reported EPS	0.09	0.15	0.19	0.24	0.31	0.41
Diluted EPS	0.09	0.15	0.19	0.24	0.31	0.41
DPS	0.03	-	0.03	0.03	0.05	0.06
BVPS	1.45	1.78	1.94	2.17	2.45	2.82
Weighted average shares	11,111	11,111	11,111	11,111	11,111	11,111
Average market cap	-	-	-	-	-	-

Year-end	2023	2024	2025e	2026e	2027e	2028e
Valuation metrics						
P/E (x) (current price)	31.4	17.7	14.0	11.2	8.8	6.6
P/E (x) (target price)	54.7	30.8	24.4	19.5	15.4	11.5
EV/EBITDA (x) (current price)	14.2	8.4	7.2	5.9	5.0	4.4
EV/EBITDA (x) (target price)	25.0	14.8	12.7	10.4	8.8	7.8
EV/FCF (x)	15.4	10.0	12.6	583.5	7.8	6.8
Free cash flow yield (%)	6.9	10.6	8.4	0.2	13.5	15.5
Dividend yield (%)	1.0	-	1.1	1.2	1.9	2.1

Year-end	2023	2024	2025e	2026e	2027e	2028e
Growth (%)						
Revenues	31.3	57.6	9.9	12.2	10.4	7.1
EBITDA	(42.5)	69.2	16.2	22.0	17.9	13.0
EBIT	(61.9)	69.7	26.0	36.1	18.6	25.2
Net income	(74.1)	77.4	26.3	25.2	26.9	33.1

Year-end	2023	2024	2025e	2026e	2027e	2028e
Margins (%)						
EBITDA	14.8	15.9	16.9	18.3	19.6	20.7
EBIT	9.0	9.6	11.1	13.4	14.4	16.8
Net	5.9	6.6	7.6	8.5	9.8	12.1

Year-end	2023	2024	2025e	2026e	2027e	2028e
Returns (%)						
RoAA	3.7	4.5	4.4	5.3	6.4	8.1
RoAE	7.0	9.6	10.5	11.9	13.4	15.6
RoIC	5.4	5.1	6.4	7.6	9.1	11.1
FCF margin	12.7	12.4	9.0	0.2	11.7	12.5

Year-end	2023	2024	2025e	2026e	2027e	2028e
Gearing (%)						
Net debt/Capital	(47.8)	7.1	6.7	7.7	(1.7)	(11.1)
Net debt/Equity	(53.6)	12.3	10.5	11.4	(2.4)	(14.6)
Interest cover (x)	12.5	2.9	4.9	4.9	6.5	9.0
Net debt/EBITDA (x)	(3.5)	0.6	0.5	0.5	(0.1)	(0.6)

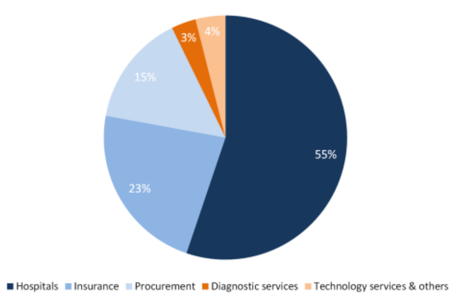
© Copyright 2025, Arqaam Capital Limited. All Rights Reserved. See Important Notice.

Abacus *Arqaam Capital Fundamental Data*

Company Overview

PureHealth is the largest vertically integrated healthcare group in the UAE with a cross-category platform covering hospitals, clinics, diagnostics, insurance, pharmacies, research, health tech, procurement along with more recently, an international footprint in the US with a significant minority in Ardent (30 hospital network, and 4th largest private acute care hospital operator across the US), Circle Health, the largest private hospital network across the UK with a network of 50 hospitals, and the most recent Hellenic Healthcare Group, the largest in Greece and Cyprus with a network of 11 hospitals.

Revenue mix pre-eliminations (Q3 25A)



Ownership & Management

Major Shareholders	%
Q Health (ADQ)	40.5
Alpha Dhabi Holding	24.9
International Holding Company	6.5
AH Capital	5.6

Management	
Chairman	Hamad Abdulla Mohamed Alshorafa Alhammadi
Founder & MD	Farhan Malik
CEO	Shaista Asif
CFO	Manzoor Ahmad

PureHealth Holding

Year-end	2023	2024	2025e	2026e	2027e	2028e
Income statement (AEDm)						
Sales revenue	16,399	25,848	28,413	31,866	35,182	37,670
Segment OpEx	(13,965)	(21,730)	(23,626)	(26,023)	(28,291)	(29,881)
EBITDA	**2,434**	**4,119**	**4,788**	**5,843**	**6,891**	**7,789**
Depreciation & Amortization	(965)	(1,626)	(1,646)	(1,568)	(1,822)	(1,444)
Interest income	-	-	114	101	128	163
Finance income(expense)	(117)	(848)	(760)	(974)	(914)	(867)
Associate income	25	82	-	-	-	-
Other pre-tax income/(expense)	7	51	-	-	-	-
Profit before tax	**1,384**	**1,778**	**2,495**	**3,402**	**4,283**	**5,641**
Taxes	(419)	(62)	(299)	(510)	(643)	(846)
Minorities	-	(4)	(33)	(183)	(205)	(221)
Net profit (parent)	**965**	**1,712**	**2,162**	**2,708**	**3,436**	**4,575**
Arqaam adjustments (including dilution)	-	-	-	-	-	-
Arqaam Net profit	**965**	**1,712**	**2,162**	**2,708**	**3,436**	**4,575**

Year-end	2023	2024	2025e	2026e	2027e	2028e
Balance sheet (AEDm)						
Cash and equivalents	10,560	11,952	10,235	9,036	11,523	14,652
Receivables	4,681	4,870	5,742	6,593	7,447	8,155
Inventories	741	1,184	1,400	1,667	1,948	2,201
Tangible fixed assets	3,070	14,296	14,220	16,890	16,113	15,756
Other assets including goodwill	9,123	16,274	17,790	17,719	17,695	17,723
Total assets	**28,175**	**48,575**	**49,387**	**51,905**	**54,725**	**58,486**
Payables	4,964	7,576	8,561	9,287	9,942	10,337
Interest bearing debt	1,956	14,372	12,505	11,783	10,874	10,067
Other liabilities	5,198	6,890	6,732	6,732	6,732	6,732
Total liabilities	**12,118**	**28,839**	**27,799**	**27,802**	**27,548**	**27,136**
Shareholders equity	16,057	19,736	21,589	24,103	27,178	31,350
Minorities	-	-	-	-	-	-
Total liabilities & shareholders equity	**28,175**	**48,575**	**49,387**	**51,905**	**54,725**	**58,486**

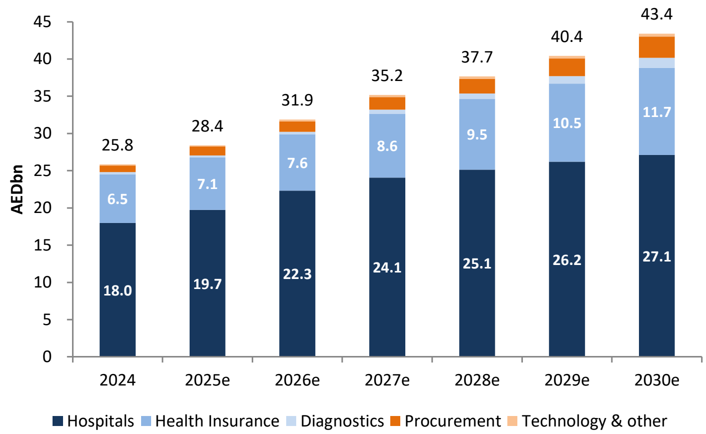
Year-end	2023	2024	2025e	2026e	2027e	2028e
Cash flow (AEDm)						
Cashflow from operations	**2,532**	**4,163**	**3,486**	**4,073**	**4,954**	**5,614**
Net capex	(449)	(951)	(939)	(4,017)	(844)	(904)
Free cash flow	**2,084**	**3,213**	**2,547**	**55**	**4,110**	**4,710**
Equity raised/(bought back)	3,619	-	-	-	-	-
Dividends paid	(300)	-	(343)	(377)	(566)	(623)
Net inc/(dec) in borrowings	(239)	237	(1,841)	180	(59)	(4)
Other investing/financing cash flows	-	-	-	-	-	-
Net cash flow	**3,188**	**810**	**(1,716)**	**(1,200)**	**2,487**	**3,129**
Change in working capital	205	31	(391)	(391)	(481)	(565)

Christine Kalindjian, CFA
Christine.kalindjian@arqaamcapital.com

Mariam Hakim
mariam.hakim@arqaamcapital.com

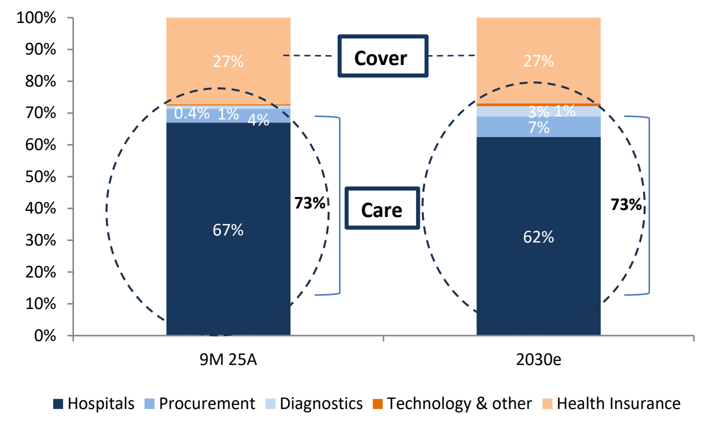
 © Copyright 2025, Arqaam Capital Limited. All Rights Reserved. See Important Notice.

Exhibit 163: Net revenue to grow at 9% CAGR (2024-2030e)



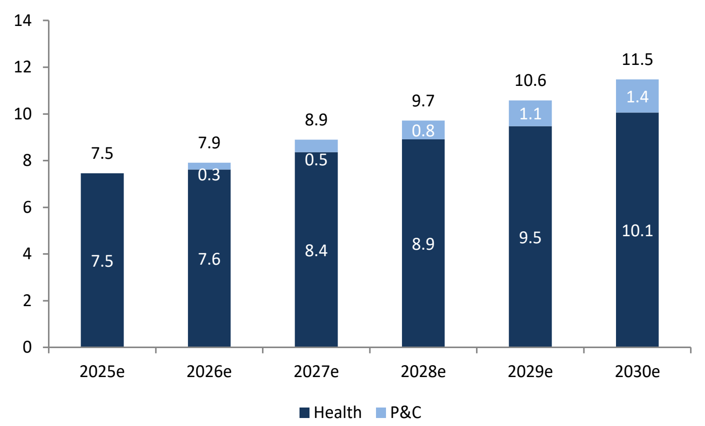
Source: Company Data, Arqaam Capital Research

Exhibit 164: Net revenues composition (Care vs. Cover)



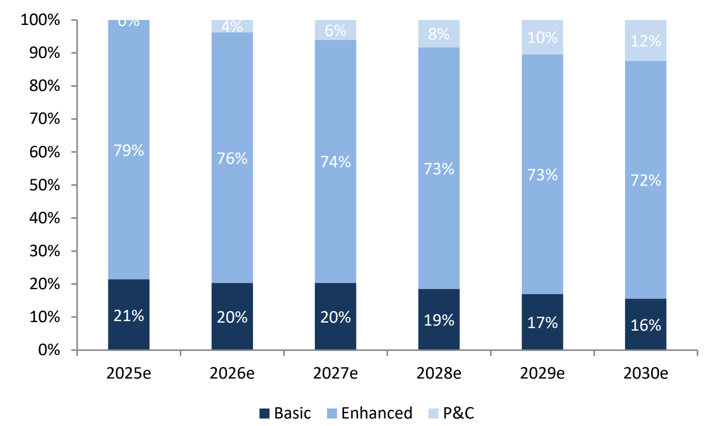
Source: Company Data, Arqaam Capital Research

Exhibit 165: Purehealth's growing P&C contribution to GWPs…



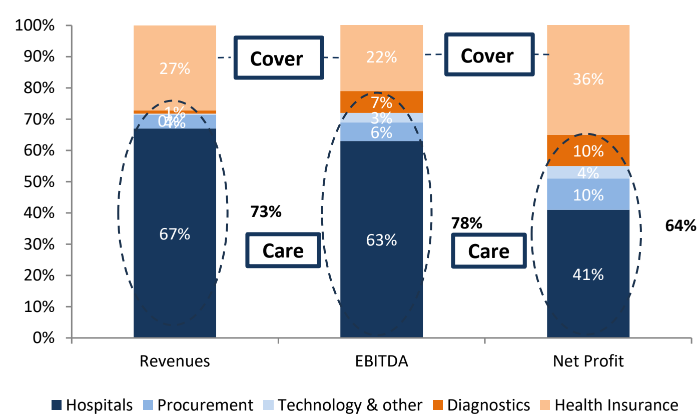
Source: Company Data, Arqaam Capital Research

Exhibit 166: Contributing 12% of total gross GWPs by 2030e



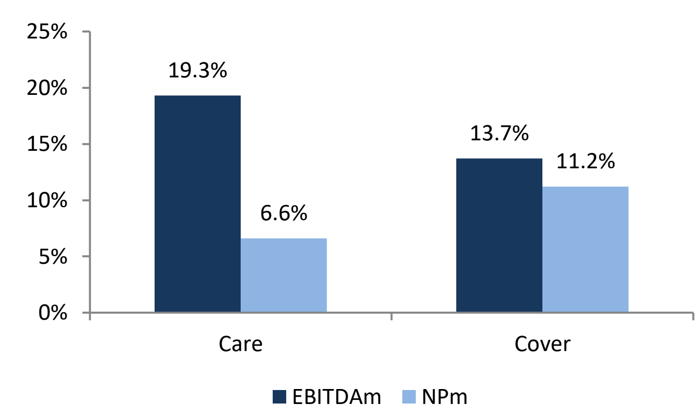
Source: Company Data, Arqaam Capital Research

Exhibit 167: P&L contribution (9M 25A)



Source: Company Data, Arqaam Capital Research

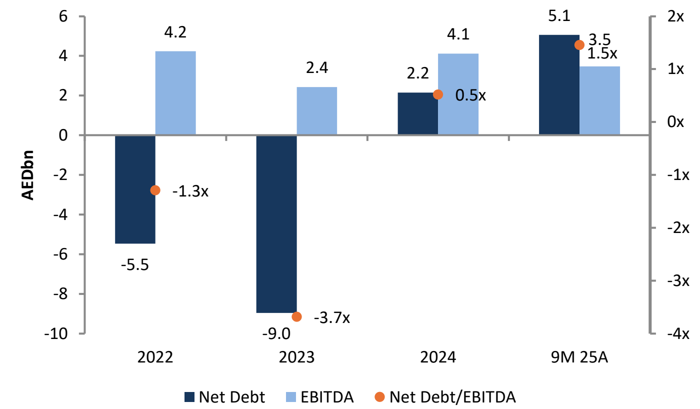
Exhibit 168: Margins: Care vs. Cover (Q3 25A)



Source: Company Data, Arqaam Capital Research

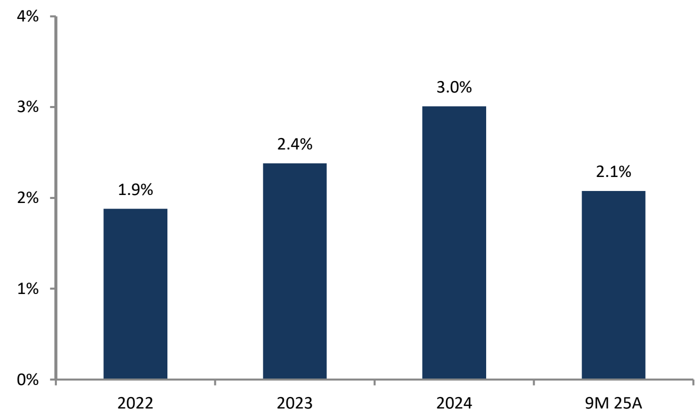
© Copyright 2025, Arqaam Capital Limited. All Rights Reserved. See Important Notice.

Exhibit 169: Net debt/EBITDA



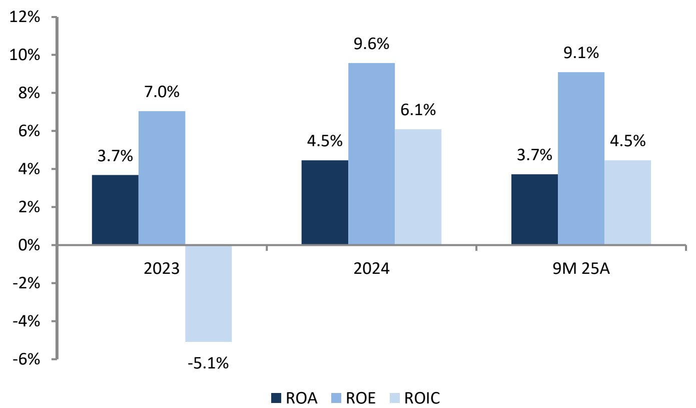
Source: Bloomberg, Arqaam Capital Research

Exhibit 170: CapEx/Sales



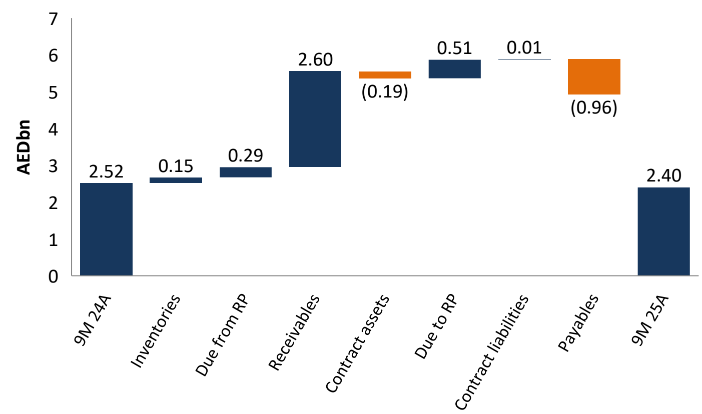
Source: Bloomberg, Arqaam Capital Research

Exhibit 171: ROA,ROE & ROIC



Source: Bloomberg, Arqaam Capital Research

Exhibit 172: Working Capital Movement



Source: Bloomberg, Arqaam Capital Research

© Copyright 2025, Arqaam Capital Limited. All Rights Reserved. See Important Notice.

Deep value evident across DCF & SotP frameworks

- **We identify consistent deep value across both valuation approaches: a 50/50 blend of (i) a group-level DCF and (ii) a SotP valuation of the five verticals using forward EV/EBITDA and P/B multiples, arriving at a weighted group EV of AED 60.9bn.**
- **We discount net debt of c.AED 8bn (AED 16.6bn in borrowings and lease liabilities including implied addition from HHG and the early repayment of AED 1.85bn in banking facilities from FAB, vs. c.AED 8.3bn in cash as of 9M 25A), add AED 0.9bn from Ardent (market value of 21.2% stake). Our calculations result in a total equity value of c.AED 52.8bn or AED 4.75/share.**
- **PureHealth's current market price of AED 2.7/share implies 10x FY 26-27e P/E and 5.1x EV/EBITDA. The group distributes 20% of FY 24A profit as dividend, amounting to AED 343m (AED 0.03/share, 1.1% DY).**

Exhibit 173: PureHealth Valuation (AEDm)

	Enterprise Value (AEDm)	Weight (%)	EV contribution (AEDm)
DCF (consolidated)	71,586	50.0%	35,793
RV (SotP)	50,257	50.0%	25,128
Group Enterprise value		**100.0%**	**60,922**
Borrowings (holding)			(16,612)
Cash (holding)			8,284
Minority- HHG			(802)
Associates- Ardent			948
Associates- Other			43
Equity Value			**52,782**
NOSH			11,111
Equity value per share (AED)			**4.75**
CMP			2.73
Upside/downside %			74%

Implied multiples	**FY 25e**	**FY 26e**	**FY 27e**	**FY 28e**	**FY 29e**
EV/EBITDA	12.7	10.4	8.8	7.8	7.0
P/E	24.4	19.5	15.4	11.5	9.5
P/B	2.4	2.2	1.9	1.7	1.4

Current multiples	**FY 25e**	**FY 26e**	**FY 27e**	**FY 28e**	**FY 29e**
EV/EBITDA	6.7	5.5	4.7	4.1	3.7
P/E	14.0	11.2	8.8	6.6	5.4
P/B	1.4	1.3	1.1	1.0	0.8

Source: Arqaam Capital Research

© Copyright 2025, Arqaam Capital Limited. All Rights Reserved. See Important Notice.

Discounted Cash Flow

- **Our DCF model uses an explicit forecast period of FY 25-30e, discounting at a WACC of 10.7% (Rf 5.3%, EMRP 7.3%, Re 12.6%, Rd 6.2%), and assigning a perpetual growth rate of 3%, taking into account the demographics of the markets PH operates in (UAE, UK, Greece and US).**
- **We forecast maintenance CapEx at c.2% of revenues, assuming expansions at SEHA are funded by the public sector.**
- **We arrive at an enterprise value of c.AED 71.6bn, implying 11.3x FY 26-27e EV/EBITDA for the group (12.3x FY 26e, 10.4x FY 27e).**

Exhibit 174: DCF Summary

Year-end	FY 25e	FY 26e	FY 27e	FY 28e	FY 29e	FY 30e
EBIT (1-τ)	**2,764**	**3,634**	**4,308**	**5,393**	**6,337**	**7,337**
Depreciation & Amortization	1,646	1,568	1,822	1,444	1,302	1,297
EBITDA	**4,411**	**5,202**	**6,130**	**6,837**	**7,639**	**8,633**
Working Capital Changes	(104)	(391)	(481)	(565)	(629)	(738)
Operating Cash Flow	4,307	4,811	5,649	6,272	7,010	7,895
Purchase of PPE	**(939)**	**(4,017)**	**(844)**	**(904)**	**(970)**	**(1,041)**
Free Cash Flow to Firm	**3,367**	**793**	**4,805**	**5,368**	**6,040**	**6,854**
Discount Factor using WACC at 10.4%	0.99	0.90	0.81	0.73	0.66	0.60
PV of Visible FCFF	168	712	3,899	3,934	3,999	4,099
Terminal Value						54,776
Equity Valuation			**WACC parameters**			
PV of Visible FCFF	16,810		Rf			5.3%
PV of Terminal Value	54,776		EMRP			7.3%
Enterprise Value	**71,586**		Adjusted Beta			1.0
			Cost of Equity			**12.6%**
			Marginal tax rate			9.8%
			Cost of Debt			6.2%
			D/C (market)			30.0%
			WACC			**10.7%**
			Perpetual growth			3.0%
Implied multiples						
EV/EBITDA	15.0	12.3	10.4	9.2	8.2	7.2
P/E	29.3	23.4	18.5	13.9	11.4	9.6
P/B	2.9	2.6	2.3	2.0	1.7	1.5
Current multiples						
EV/EBITDA	6.7	5.5	4.7	4.1	3.7	3.2
P/E	14.0	11.2	8.8	6.6	5.4	4.6
P/B	1.4	1.3	1.1	1.0	0.8	0.7

Source: Arqaam Capital Research

 © Copyright 2025, Arqaam Capital Limited. All Rights Reserved. See Important Notice.

Relative Valuation

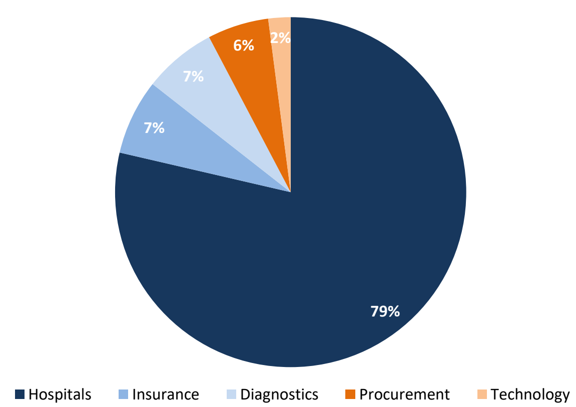
- **We use a combination of forward EV/EBITDA and P/B multiples of select regional and global peers in respective segments.**
- **We arrive at a consolidated enterprise value of AED 55.8bn after applying a 10% group discount to the SotP valuation. This implies 7.9x FY 26-27e EV/EBITDA for the group (8.6x FY 26e, 7.3x FY 27e).**

Exhibit 175: PureHealth- Relative multiples valuation

SotP on RV	Enterprise Value (AEDm)	% of total	EBITDA 25-26e (AEDm)	BV 9M 25A (AEDm)	P/B 25e	EV/EBITDA 25-26e
Hospitals	43,911	78.6%	3,644	17,903		12.1x
Insurance	3,888	7.0%	1,074	3,479	1.9x	
Diagnostics	3,750	6.7%	357	1,821		10.5x
Procurement	3,148	5.6%	318	552		9.9x
Technology	1,144	2.0%	104	130		11.0x
Adjustments & Eliminations			(182)	(3,005)		
Group Enterprise value	**55,841**	**100.0%**	**5,315**	**20,880**		
Group discount	(10%)					
Group Enterprise value (post discount)	**50,257**					

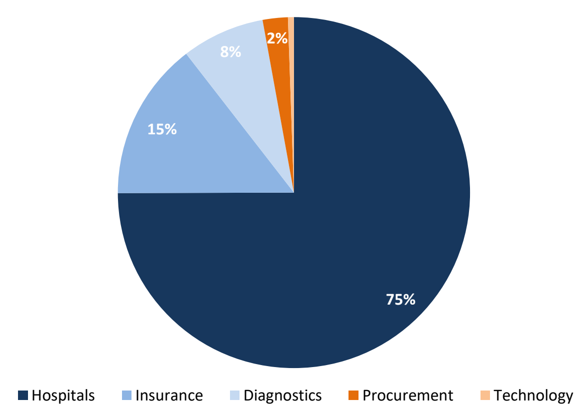
Source: Arqaam Capital Research

Exhibit 176: EV Contribution



Source: Arqaam Capital Research
excl. Ardent

Exhibit 177: BV Contribution (9M 25A)



Source: Arqaam Capital Research

© Copyright 2025, Arqaam Capital Limited. All Rights Reserved. See Important Notice.

Company Report
December 17 2025

Christine Kalindjian, CFA
Christine.kalindjian@arqaamcapital.com

Mariam Hakim
Mariam.hakim@arqaamcapital.com

Rameda Pharmaceuticals

Core Buy on structural growth potential.

- **Chronic & consumer health, tender sales, Glow brand, and selective CapEx support FY25-26e NP growth >50%.**
- **FY 26e net income expected to surge c.51% y/y to EGP 604m on 17% revenue growth. FY 25e net income at EGP 399m (+3% y/y), despite Q4 net income declining 17% y/y to EGP 131m.**
- **Core Buy at TP EGP 5.8 (+81% upside) on solid 25% FY 24-29e EPS CAGR. Stock trades at 9.3x P/E and 5x EV/EBITDA in FY 26-27e, with DY of 3.3% on 40% cash payout.**

Solid operational & financial momentum supported by (i) a resilient chronic and consumer health portfolio, with higher-margin oral solids now c.60% of revenues and strong private sales, (ii) EBITDA-accretive tender sales and (iii) early growth in the Glow brand, selective CapEx and ongoing portfolio expansion. Regulatory and compliance standards are maintained despite elevated costs, while injectables gradually normalize post-EDA warehouse approvals. These factors underpin a solid FY25-26e earnings trajectory, with NP expected to grow at >50% as finance costs normalize and operational leverage improves.

We pencil in further 50%+ y/y growth in FY 26e earnings, on (i) 17% top line growth, driven mainly by private sales (revenue +19%, volumes +6% y/y) and toll manufacturing (revenue +29%, volumes +c.17% y/y), coupled with (ii) 9% easing in finance costs thanks to inventory level normalization. This follows 3% notch up in FY 25e profits, implying 17% y/y decline in Q4 earnings due to elevated financing costs, despite 28% top line growth, supported by private sales, sustained export momentum and a pickup in tender activity following the Unified Procurement Authority's resumption of procurement and settlement of payables, with exports benefiting from Iraq's recovery, steady Sudan demand, improved regional liquidity and smoother logistics.

Rameda targets strategic portfolio and business diversification through (i) 75% contribution from chronic TAs (vs. 61% in FY 24A) offering annuity-like recurring revenues at lucrative margins (c.70% vs. 45-60% for acute care). (ii) 20-25% share from free-priced portfolio, including supplements, nutraceuticals, NFSA-registered medical devices and cosmetics (Glow). (iii) Advancing toll manufacturing agreements (9% of top line in Q2 25A) capitalizing on excess production (diluting fixed costs) and specialized lyophilization capabilities. And (iv) boosting exports (5% of top line) to capture regional opportunities while securing FX.

Reiterate Core Buy at EGP 5.8 TP (+81% upside) supported by active portfolio expansion (chronic & consumer health) driving 25% FY 24-29e EPS CAGR. The stock trades at 9.3x and 5x FY 26-27e P/E and EV/EBITDA respectively, 41% above local peer EIPICO but 33% below regional producers like Jamjoom and SPIMACO on forward P/E (Bbg estimates), with 3.3% DY on 40% payout.

Core BUY — EGP 5.8

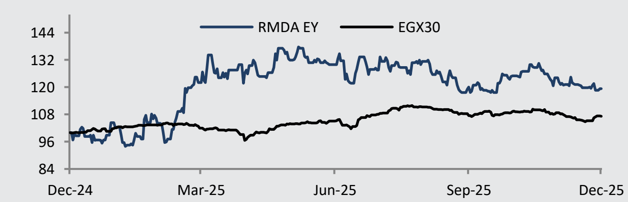
Pharmaceuticals, Biotechnology, & Life Sciences / Egypt

Bloomberg code	RMDA EY equity
Market index	EGX30
Target Price	5.8
Upside (%)	81.4

Market data 12/16/2025	
Last closing price	3.2
52 Week range	2.3-3.7
Market cap (EGP m)	6,340
Market cap (USD m)	134
Average Daily Traded Value (EGP m)	25.0
Average Daily Traded Value (USD m)	0.5
Free float (%)	80%

Year-end (local m)	2024	2025e	2026e	2027e
Revenues	2,769	4,226	4,955	5,688
EBITDA	834	1,194	1,571	1,819
Net income	387	399	604	801
EPS	0.26	0.26	0.40	0.53
EPS growth (%)	58.2	3.0	51.4	32.5
P/E (current price)	16.5	16.0	10.6	8.0
DPS	0.08	0.11	0.16	0.24
Div. yield (%)	2.5	3.4	5.0	7.6
FCF/share	(0.3)	(0.6)	0.2	0.3
FCF yield (%)	(7.3)	(13.8)	4.4	7.2
CAPEX	159	875	305	350
CAPEX/sales (%)	5.7	20.7	6.2	6.2
Net Debt/EBITDA (x)	1.7	1.9	1.4	1.2
EV/EBITDA (x)	10.3	7.2	5.5	4.7
RoAE (%)	20.4	18.4	24.5	28.0
RoIC (%)	18.9	17.0	22.1	25.2

Price Performance



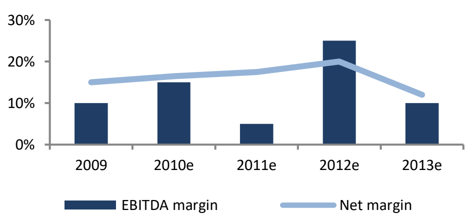
© Copyright 2025, Arqaam Capital Limited. All Rights Reserved.
See Important Notice.

December 17 2025

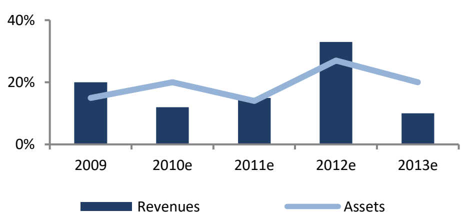
Abacus

Arqaam Capital Fundamental Data

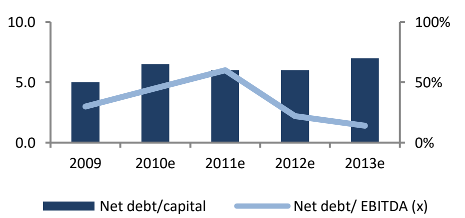
Profitability



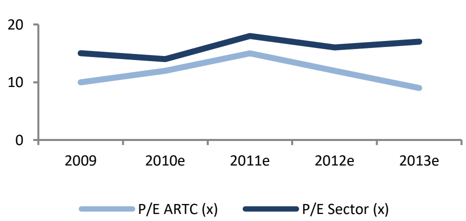
Growth



Gearing



Valuation



Rameda

Year-end	2023	2024	2025e	2026e	2027e	2028e
Financial summary						
Reported EPS	0.16	0.26	0.26	0.40	0.53	0.65
Diluted EPS	0.16	0.26	0.26	0.40	0.53	0.65
DPS	0.01	0.08	0.11	0.16	0.24	0.32
BVPS	1.17	1.35	1.51	1.75	2.04	2.37
Weighted average shares	1,511.00	1,511.00	1,511.00	1,511.00	1,511.00	1,511.00
Average market cap	-	-	-	-	-	-

Year-end	2023	2024	2025e	2026e	2027e	2028e
Valuation metrics						
P/E (x) (current price)	26.0	16.5	16.0	10.6	8.0	6.5
P/E (x) (target price)	35.5	22.4	21.8	14.4	10.9	8.8
EV/EBITDA (x) (current price)	15.9	10.3	7.2	5.5	4.7	4.2
EV/EBITDA (x) (target price)	20.2	13.1	9.1	6.9	6.0	5.3
EV/FCF (x)	(33.5)	(18.0)	(9.5)	29.7	18.3	31.1
Free cash flow yield (%)	(3.9)	(7.3)	(13.8)	4.4	7.2	4.2
Dividend yield (%)	0.3	1.9	2.5	3.8	5.7	7.6

Year-end	2023	2024	2025e	2026e	2027e	2028e
Growth (%)						
Revenues	29.5	44.0	52.6	17.2	14.8	11.7
EBITDA	25.9	54.4	43.1	31.5	15.8	13.1
EBIT	28.6	60.6	44.0	20.5	17.9	14.6
Net income	(0.3)	58.2	3.0	51.4	32.5	22.7

Year-end	2023	2024	2025e	2026e	2027e	2028e
Margins (%)						
EBITDA	28.1	30.1	28.3	31.7	32.0	32.4
EBIT	24.3	27.1	25.6	26.3	27.0	27.7
Net	12.7	14.0	9.4	12.2	14.1	15.5

Year-end	2023	2024	2025e	2026e	2027e	2028e
Returns (%)						
RoAA	8.2	10.3	8.0	10.2	12.4	13.8
RoAE	14.9	20.4	18.4	24.5	28.0	29.5
RoIC	13.8	18.9	17.0	22.1	25.2	26.6
FCF margin	(13.0)	(16.8)	(20.8)	5.7	8.1	4.3

Year-end	2023	2024	2025e	2026e	2027e	2028e
Gearing (%)						
Net debt/Capital	36.1	40.8	48.9	44.5	39.1	38.8
Net debt/Equity	58.1	71.1	101.0	85.6	70.5	66.6
Interest cover (x)	3.6	3.1	2.1	2.6	3.3	4.0
Net debt/EBITDA (x)	1.9	1.7	1.9	1.4	1.2	1.2

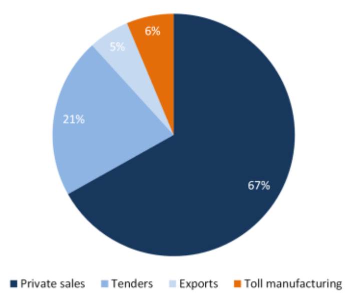
© Copyright 2025, Arqaam Capital Limited. All Rights Reserved. See Important Notice.

Abacus *Arqaam Capital Fundamental Data*

Company Profile

Established in 1986, Tenth of Ramadan Pharmaceutical Industries & Diagnostic (Rameda) is a leading Egyptian pharmaceutical company, developing and producing a broad portfolio of branded generics, nutraceuticals, food supplements, and veterinary products across multiple therapeutic areas. The Group is among the fastest-growing pharmaceutical players in Egypt, leveraging its strong product base and value-accretive acquisitions, having completed 42 acquisitions since 2012 with a total spend of EGP 1.1bn. Rameda operates three manufacturing facilities in Cairo's Sixth of October Industrial Zone, with 20 production lines producing a wide range of dosage forms under stringent quality standards, with a focus on customer-centricity. Based on 2024 sales, Rameda ranks #14 by sales value, being the fastest-growing among the top 15 pharma producers in Egypt, achieving 38% 2020-2024 revenue CAGR (vs. market at 26%).

Revenue Mix (Q3 25A)



Ownership and Management

Major Shareholders	%
Equinox Pharma Holding Limited	19.2
Saudi Seventh Investment Co.	11.1
Ekuity BV	10.1
Blom Invest Bank	5.8

Management	
Chairman	Ayman Abbas
CEO	Dr. Amr Morsy
CFO	Mahmoud Fayek

Rameda

Year-end	2023	2024	2025e	2026e	2027e	2028e
Income statement (EGPm)						
Sales revenue	1,922	2,769	4,226	4,955	5,688	6,355
Cost of sales	(1,016)	(1,485)	(2,252)	(2,611)	(2,963)	(3,272)
Gross profit	**906**	**1,284**	**1,974**	**2,344**	**2,725**	**3,083**
SG&A	(82)	(112)	(167)	(196)	(225)	(252)
EBITDA	**540**	**834**	**1,194**	**1,571**	**1,819**	**2,058**
Depreciation	(73)	(83)	(113)	(269)	(285)	(300)
EBIT	**467**	**751**	**1,081**	**1,302**	**1,534**	**1,758**
Interest expense	(131)	(245)	(524)	(494)	(464)	(445)
Share of results of associates & JV	-	-	-	-	-	-
Profit before tax	327	526	533	808	1,070	1,313
Taxes	(74)	(124)	(123)	(186)	(246)	(302)
Other post-tax income/(expense)	-	-	-	-	-	-
Net profit (group)	253	402	411	622	824	1,011
Minorities	(8)	(14)	(12)	(18)	(24)	(29)
Net profit (parent)	**245**	**387**	**399**	**604**	**801**	**982**
Arqaam adjustments (including dilution)	-	-	-	-	-	-
Arqaam Net profit	**245**	**387**	**399**	**604**	**801**	**982**

Year-end	2023	2024	2025e	2026e	2027e	2028e
Balance sheet (EGPm)						
Cash and equivalents	52	65	126	173	302	185
Receivables	1,272	1,479	1,968	2,280	2,594	2,872
Inventories	303	751	1,289	1,395	1,494	1,551
Tangible fixed assets	594	613	652	750	863	987
Other assets including goodwill	997	1,403	1,614	1,551	1,504	1,884
Total assets	**3,218**	**4,311**	**5,649**	**6,150**	**6,756**	**7,479**
Payables	232	527	719	834	946	1,045
Interest bearing debt	1,077	1,519	2,432	2,437	2,472	2,569
Other liabilities	134	193	176	176	176	176
Total liabilities	**1,443**	**2,240**	**3,328**	**3,447**	**3,595**	**3,791**
Shareholders equity	1,763	2,044	2,282	2,645	3,081	3,579
Minorities	13	27	39	57	80	109
Total liabilities & shareholders equity	**3,218**	**4,311**	**5,649**	**6,150**	**6,756**	**7,479**

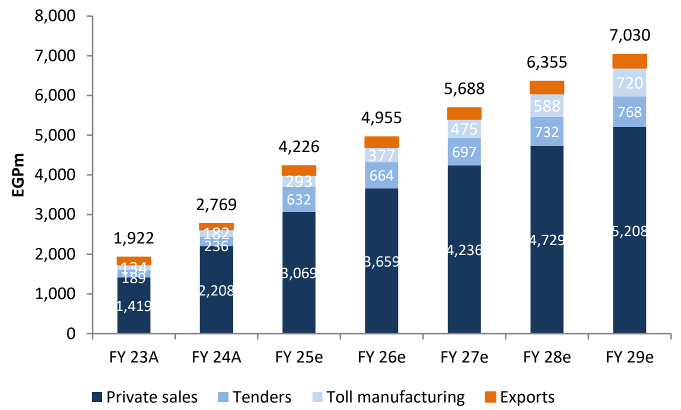
Year-end	2023	2024	2025e	2026e	2027e	2028e
Cash flow (EGPm)						
Cashflow from operations	**(44)**	**(307)**	**(5)**	**588**	**809**	**1,074**
Net capex	(206)	(159)	(875)	(305)	(350)	(804)
Free cash flow	**(251)**	**(466)**	**(880)**	**283**	**459**	**270**
Equity raised/(bought back)	2	3	-	-	-	-
Dividends paid	(17)	(121)	(161)	(241)	(365)	(484)
Net inc/(dec) in borrowings	150	441	913	5	35	97
Other investing/financing cash flows	-	-	-	-	-	-
Net cash flow	**(116)**	**(143)**	**62**	**47**	**129**	**(117)**
Change in working capital	(386)	(817)	(513)	(303)	(300)	(237)

Christine Kalindjian, CFA
Christine.kalindjian@arqaamcapital.com

Mariam Hakim
mariam.hakim@arqaamcapital.com

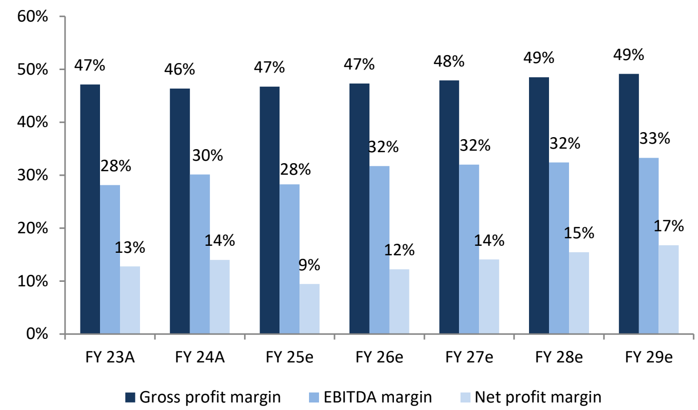
 © Copyright 2025, Arqaam Capital Limited. All Rights Reserved. See Important Notice.

Exhibit 178: Revenue estimates by segment (2025e-2029e)



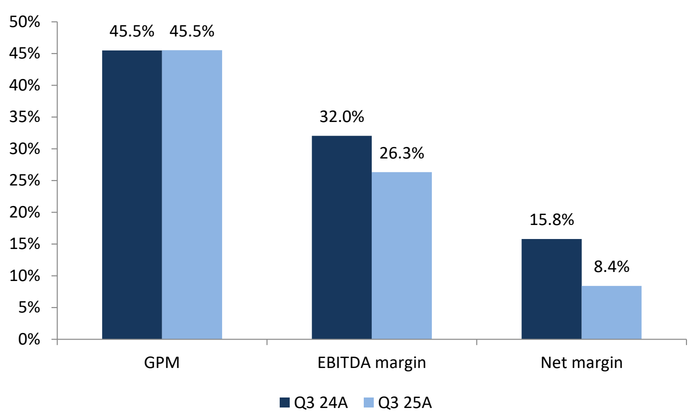
Source: Company Data, Arqaam Capital Research

Exhibit 179: Margins estimates (2025e-2029e)



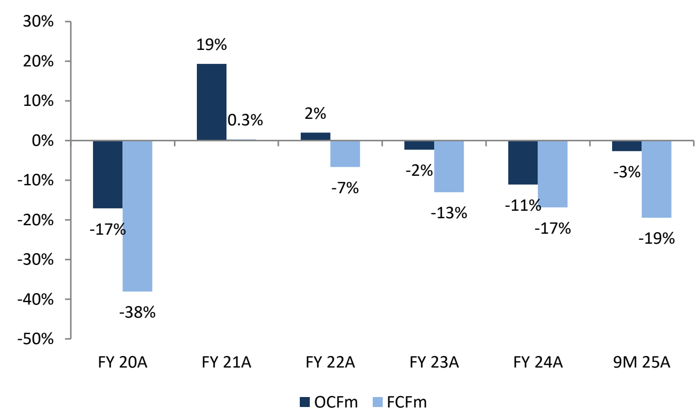
Source: Company Data, Arqaam Capital Research

Exhibit 180: y/y margin progression (Q3 25A)



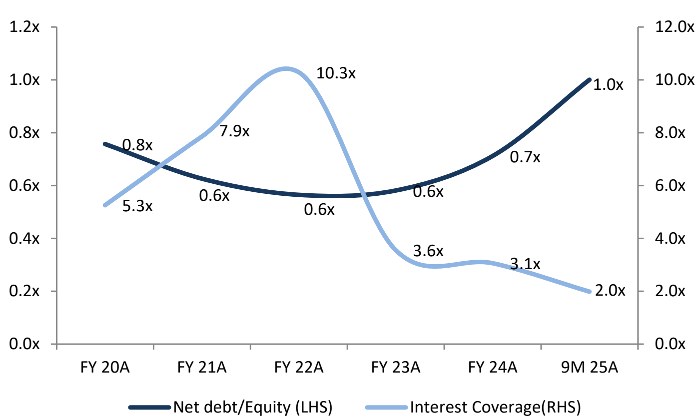
Source: Company Data, Arqaam Capital Research

Exhibit 181: CFOm vs. FCFm



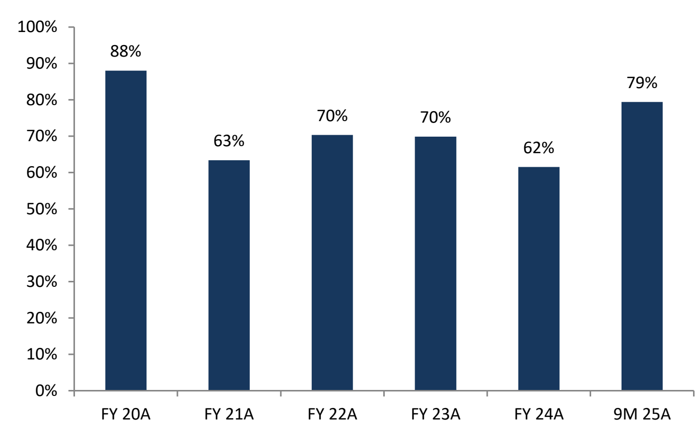
Source: Company Data, Arqaam Capital Research

Exhibit 182: Debt to equity and interest coverage



Source: Company Data, Arqaam Capital Research

Exhibit 183: Working capital % of sales



Source: Company Data, Arqaam Capital Research

© Copyright 2025, Arqaam Capital Limited. All Rights Reserved. See Important Notice.

Exhibit 1: Rameda Valuation (EGPm)

Year-end	FY 25e	FY 26e	FY 27e	FY 28e	FY 29e	FY 30e
EBIT (1-τ)	**832**	**1,002**	**1,181**	**1,354**	**1,535**	**1,736**
Depreciation & Amortization	113	269	285	300	346	360
EBITDA	**945**	**1,271**	**1,466**	**1,653**	**1,882**	**2,096**
Working Capital Changes	(835)	(303)	(300)	(237)	(215)	(219)
Operating Cash Flow	110	968	1,166	1,417	1,666	1,877
Purchase of PPE	(875)	(305)	(350)	(804)	(432)	(466)
Free Cash Flow to Firm	**(765)**	**664**	**816**	**613**	**1,234**	**1,411**
Discount Factor	0.97	0.79	0.67	0.58	0.52	0.49
PV of Visible FCFF	(102)	525	544	356	647	691
Terminal Value						16,807
Equity Valuation			**WACC parameters (FY 25e)**			
PV of Visible FCFF	2,663		Rf			14.0%
PV of Terminal Value	8,233		EMRP			14.3%
Enterprise Value	**10,896**		Adjusted Beta			1.0
Cash & Cash Equivalents	75		**Cost of Equity**			28.3%
Less: Net (Debt) Funds	2,242					
Less: Minorities	40		Marginal tax rate			22.5%
Add: JV and associates	--		**Cost of Debt**			16.6%
NOSH	1,511		**WACC**			24.8%
Equity Value per Share	**5.8**		Perpetual growth			6.0%
Implied multiples						
EV/EBITDA	9.1	6.9	6.0	5.3	4.7	4.2
P/E	21.8	14.4	10.9	8.8	7.4	6.2
P/B	3.8	3.3	2.8	2.4	2.1	1.8
Current multiples						
EV/EBITDA	7.0	5.3	4.6	4.1	3.6	3.2
P/E	16.0	10.6	8.0	6.5	5.4	4.6
P/B	2.8	2.4	2.1	1.8	1.5	1.3

Source: Arqaam Capital Research

 © Copyright 2025, Arqaam Capital Limited. All Rights Reserved. See Important Notice.

Company Update
December 17 2025

Christine Kalindjian, CFA
christine.kalindjian@arqaamcapital.com

Sulaiman Al Habib Medical Services

Scale and execution at a justified premium. Core Buy.

- **Sulaiman Habib cements c.45% market share in Riyadh and widens catchment area across KSA through 6 projects widening nominal network capacity by 80%+ (c.1.6k beds) in FY 24-25e. Expansion pipeline includes 4 additional greenfield hospitals along with O&M agreements for Red Sea and Amaala hospitals.**
- **Margins trough in 2025 (-3.3ppt y/y on net level) with recovery thereafter as we model for modest 70bps improvement starting FY 26e.**
- **Proxy play on private sector impetus to growth warranting premium to local peers on FY 26-27e P/E of 30.1x at 15% RoIC. Stock trades 19% below 5-year P/E post share weakness YtD.**

Margins recover starting FY 26e post 3.3ppt compression in FY 25e on cost frontloading at recently launched hospitals including Al Fayhaa Jeddah (330 beds, launched March 2024), Al Sahafa North Riyadh (500 beds, June 2024), Women's Health Riyadh (145 beds, Oct 2024), Al Hamra (100 beds, Jan 2025), Al Kharj (141 beds, May 25) and Al Muhammadiyah North Jeddah (350 beds, Jun 25), with ramp up in line/ahead of historical averages across all new facilities.

Four greenfield projects further boost nominal bed capacity by 17% throughout FY 28-29e through (i) Tabuk (145 beds, YE 27e/Beg 28e), (ii) Jubail (145 beds, Q1 29e), (iii) Riyadh Munsiyah (160 beds, Q1 29e) and (iv) Dammam (160 beds, Q2 29e).

Free cash flow grows 5x y/y to c.8% of revenues in FY 26e post heavy CapEx in FY 24-25e as larger spending (MEP, equipment) is skewed towards delivery of projects. We pencil in 14% net profit CAGR in FY 25-28e with total CapEx hovering around SAR 2.9-3.3bn in FY 26-28e, before normalizing to SAR 1.5bn levels in FY 29e, in line with company guidance. Cash conversion cycle remains the best in class at negative 6 days (despite increase in receivable days to 45 in 9M 25A, vs. 36 days in FY 24A) supported by the group's client mix with 74% contribution from insurance (linking collection with established KPIs), 22% from cash patients, and (iii) limited 2% exposure to the public sector.

Reiterate Core Buy at TP of SAR 300 (+19% vs. CMP): Long-term momentum remains robust as we expect HMG to grow profits at an FY 24-34e CAGR of 12% (vs. rev growth of 11%) on seamless integration of incoming capacity with sustained patient flow momentum at current network, coupled with (ii) growing revenues from pharmacy. (iii) improvement in operating efficiency (EBITm +1.7ppt by FY 34e vs. 21% in FY 24A) supported by continued ramp up across network, and (iv) doubling associate income. Current share price implies 30.1x FY 26-27e P/E, +80% to sector multiples. The group continues to yield superior returns (RoE and RoIC of 33% and 15% vs. sector at 21% and 11%), and cash conversion (100%+ vs. 91% for peers).

Core BUY SAR 300.0

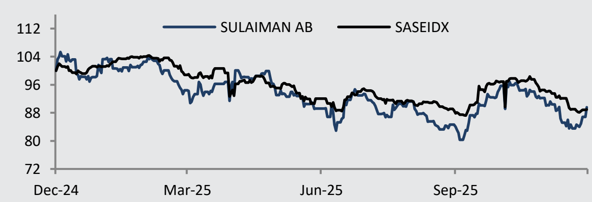
Healthcare and Pharmaceuticals / Saudi Arabia

Bloomberg code	SULAIMAN AB
Market index	SASEIDX
Target Price	300.0
Upside (%)	19.4

Market data	**12/16/2025**
Last closing price	251.2
52 Week range	227.7-304.4
Market cap (SAR m)	87,920
Market cap (USD m)	23,441
Average Daily Traded Value (SAR m)	46.0
Average Daily Traded Value (USD m)	12.2
Free float (%)	29%

Year-end (local m)	2024	2025e	2026e	2027e
Revenues	11,200	13,644	15,297	17,092
EBITDA	2,777	3,302	3,841	4,375
Net income	2,315	2,374	2,776	3,089
EPS	6.62	6.78	7.93	8.83
P/E (current price)	38.0	37.0	31.7	28.5
BVPS	20.5	22.5	25.3	28.4
P/B (current price)	12.25	11.14	9.95	8.86
EV/EBITDA (x)	34.2	28.8	24.8	21.7
Div. yield (%)	1.9	1.9	2.1	2.3
FCF margin (%)	(7.2)	1.7	7.7	9.3
Net Debt/EBITDA (x)	1.9	2.1	2.1	2.0
Net Debt/Capital (%)	0.3	0.4	0.4	0.4
Interest cover (x)	14.5	7.9	9.0	9.2
RoAA (%)	12.7	10.9	11.7	11.9
RoAE (%)	33.9	31.5	33.2	32.9
RoIC (%)	15.0	14.0	15.3	15.2

Price Performance

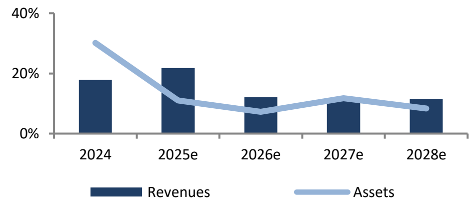


© Copyright 2025, Arqaam Capital Limited. All Rights Reserved. See Important Notice.

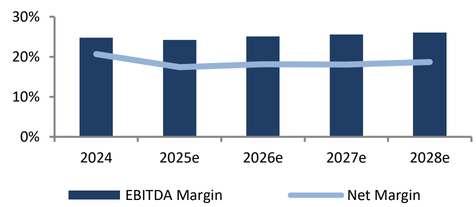
Abacus

Arqaam Capital Fundamental Data

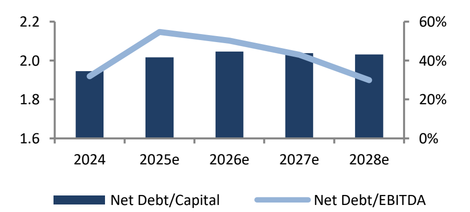
Profitability



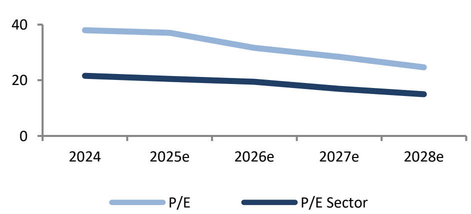
Growth



Gearing



Valuation



Sulaiman Al Habib Medical Services

Year-end	2023	2024	2025e	2026e	2027e	2028e
Financial summary						
Reported EPS	5.85	6.62	6.78	7.93	8.83	10.19
Diluted EPS	5.85	6.62	6.78	7.93	8.83	10.19
DPS	4.10	4.69	4.74	5.21	5.74	6.31
BVPS	18.53	20.50	22.54	25.26	28.35	32.23
Weighted average shares	350	350	350	350	350	350

Year-end	2023	2024	2025e	2026e	2027e	2028e
Valuation metrics						
P/E (x) (current price)	43.0	38.0	37.0	31.7	28.5	24.7
P/E (x) (target price)	51.3	45.4	44.2	37.8	34.0	29.4
EV/EBITDA (x) (current price)	39.5	34.2	28.8	24.8	21.7	19.2
EV/EBITDA (x) (target price)	46.7	40.5	34.0	29.3	25.7	22.6
EV/FCF (x)	(392.2)	(118.1)	409.6	80.7	60.1	46.4
Free cash flow yield (%)	(0.3)	(0.9)	0.3	1.3	1.8	2.3
Dividend yield (%)	1.6	1.9	1.9	2.1	2.3	2.5

Year-end	2023	2024	2025e	2026e	2027e	2028e
Growth (%)						
Revenues	14.4	17.8	21.8	12.1	11.7	11.4
EBITDA	19.8	15.3	18.9	16.3	13.9	13.5
EBIT	23.2	12.4	11.9	16.3	14.3	14.0
Net income	23.9	13.2	2.5	16.9	11.3	15.4

Year-end	2023	2024	2025e	2026e	2027e	2028e
Margins (%)						
EBITDA	25.3	24.8	24.2	25.1	25.6	26.1
EBIT	22.0	21.0	19.3	20.0	20.5	21.0
Net	21.5	20.7	17.4	18.1	18.1	18.7

Year-end	2023	2024	2025e	2026e	2027e	2028e
Returns (%)						
RoAA	14.4	12.7	10.9	11.7	11.9	12.5
RoAE	33.1	33.9	31.5	33.2	32.9	33.6
RoIC	17.4	15.0	14.0	15.3	15.2	16.3
FCF margin	(2.6)	(7.2)	1.7	7.7	9.3	10.8

Year-end	2023	2024	2025e	2026e	2027e	2028e
Gearing (%)						
Net debt/Capital	22.4	34.6	41.7	44.6	43.8	43.2
Net debt/Equity	40.4	74.3	89.9	91.4	89.5	83.6
Interest cover (x)	29.9	14.5	7.9	9.0	9.2	10.3
Net debt/EBITDA (x)	1.1	1.9	2.1	2.1	2.0	1.9

© Copyright 2025, Arqaam Capital Limited. All Rights Reserved. See Important Notice.

Abacus *Arqaam Capital Fundamental Data*

Company profile

Founded in 1995 and incorporated as a joint stock company in 2013, Sulaiman Al-Habib Medical Services Group is the largest private hospital group network in Saudi Arabia (12% market share), currently owning and operating 12 hospitals across KSA and the UAE with an aggregate nominal capacity of 3.5k beds. Moreover, HMG owns and operates pharmacies within its facilities (12 in KSA and one in Dubai, c.21% of revenues) through subsidiaries Middle East Pharmacies Company (MEP), Afia Pharmacies and Pharmachoice in KSA and UAE. HMG also carries out other healthcare and support services under HMG Solutions (c.3% of revenues, key focus for the group going forward) through the operation and management of Cloud Solution Company (technology arm), Critical Care Company (managing PPP projects), MD Labs, and Home Healthcare Company (HHC).

Ownership & Management

Major Shareholders	%
Dr. Sulaiman Abdulaziz Sulaiman Al-Habib	44.0
Mohammed Abdulaziz Al Habib and Sons Holding Company	39.0

Management	
Chairman	Dr. Sulaiman Abdulaziz Sulaiman Al-Habib
CEO	Nasser Mohammed Abdulaziz Al Huqbani
CFO	Faisal Abdullah Ali Al-Nassar

Sulaiman Al Habib Medical Services

Year-end	2023	2024	2025e	2026e	2027e	2028e
Income statement (SARm)						
Sales revenue	9,508	11,200	13,644	15,297	17,092	19,045
Cost of sales	(6,238)	(7,456)	(9,376)	(10,469)	(11,670)	(12,972)
Gross profit	**3,270**	**3,744**	**4,267**	**4,828**	**5,422**	**6,073**
SG&A	(1,174)	(1,388)	(1,630)	(1,762)	(1,917)	(2,079)
EBIT	**2,096**	**2,356**	**2,638**	**3,067**	**3,505**	**3,994**
Net interest income(expense)	(70)	(163)	(333)	(340)	(381)	(388)
Associates/affiliates	**22**	**21**	**17**	**18**	**20**	**22**
Exceptionals/extraordinaries	-	-	-	-	-	-
Other pre-tax income/(expense)	122	198	177	199	222	248
Profit before tax	2,170	2,413	2,498	2,944	3,366	3,876
Taxes	(69)	(43)	(47)	(54)	(61)	(70)
Other post-tax income/(expense)	-	-	-	-	-	-
Net profit (group)	2,101	2,370	2,451	2,889	3,304	3,806
Minorities	(55)	(55)	(77)	(114)	(215)	(240)
Net profit (parent)	**2,046**	**2,315**	**2,374**	**2,776**	**3,089**	**3,566**
Arqaam adjustments (including dilution)	-	-	-	-	-	-
Arqaam Net profit	**2,046**	**2,315**	**2,374**	**2,776**	**3,089**	**3,566**

Year-end	2023	2024	2025e	2026e	2027e	2028e
Balance sheet (SARm)						
Cash and equivalents	2,620	2,891	2,007	1,193	1,498	1,127
Receivables	703	1,110	1,570	1,760	1,967	2,192
Inventories	543	847	1,079	1,205	1,343	1,493
Tangible fixed assets	11,163	14,773	17,212	19,344	21,550	23,818
Other assets including goodwill	769	937	953	972	992	1,014
Total assets	**15,798**	**20,558**	**22,821**	**24,473**	**27,349**	**29,643**
Payables	1,280	1,840	2,311	2,580	2,876	3,197
Interest bearing debt	5,244	8,220	9,097	9,269	10,381	10,557
Other liabilities	2,508	2,885	3,010	3,156	3,326	3,526
Total liabilities	**9,032**	**12,945**	**14,417**	**15,005**	**16,583**	**17,279**
Shareholders equity	6,485	7,175	7,890	8,840	9,923	11,281
Minorities	281	438	515	628	843	1,083
Total liabilities & shareholders equity	**15,798**	**20,558**	**22,821**	**24,473**	**27,349**	**29,643**

Year-end	2023	2024	2025e	2026e	2027e	2028e
Cash flow (SARm)						
Cashflow from operations	**3,244**	**2,970**	**3,353**	**4,103**	**4,678**	**5,310**
Net capex	(3,487)	(3,775)	(3,121)	(2,925)	(3,097)	(3,260)
Free cash flow	**(242)**	**(805)**	**232**	**1,178**	**1,582**	**2,050**
Equity raised/(bought back)	-	-	-	-	-	-
Dividends paid	(1,435)	(1,642)	(1,659)	(1,825)	(2,007)	(2,208)
Net inc/(dec) in borrowings	1,551	2,615	884	180	1,120	183
Other investing/financing cash flows	-	-	-	-	-	-
Net cash flow	**(127)**	**270**	**(884)**	**(814)**	**305**	**(370)**
Change in working capital	425	(347)	(221)	(47)	(49)	(54)

Christine Kalindjian, CFA

christine.kalindjian@arqaamcapital.com

 © Copyright 2025, Arqaam Capital Limited. All Rights Reserved. See Important Notice.

Exhibit 184: HMG valuation (SARm)

Year-end	FY 25e	FY 26e	FY 27e	FY 28e	FY 29e	FY 30e	FY 31e	FY 32e	FY 33e	FY 34e
EBIT (1-τ)	**2,590**	**3,012**	**3,444**	**3,925**	**4,499**	**5,127**	**5,712**	**6,258**	**6,820**	**7,398**
Depreciation & Amortization	665	775	870	970	1,072	1,091	1,106	1,116	1,117	1,115
EBITDA	**3,255**	**3,787**	**4,314**	**4,894**	**5,571**	**6,218**	**6,819**	**7,374**	**7,936**	**8,512**
Working Capital Changes	(221)	(47)	(49)	(54)	(64)	(72)	(67)	(62)	(65)	(67)
Operating Cash Flow	3,034	3,740	4,265	4,841	5,507	6,146	6,751	7,311	7,872	8,446
Purchase of PPE	(3,104)	(2,906)	(3,077)	(3,238)	(1,493)	(1,435)	(1,314)	(1,137)	(1,072)	(1,109)
Free Cash Flow to Firm	**(70)**	**833**	**1,189**	**1,603**	**4,013**	**4,711**	**5,438**	**6,174**	**6,800**	**7,336**
Discount Factor	1.00	0.91	0.84	0.77	0.71	0.65	0.60	0.55	0.50	0.46
PV of Visible FCFF	(3)	762	998	1,234	2,836	3,055	3,236	3,371	3,407	3,373
Terminal Value										90,111
Equity Valuation			**WACC parameters**							
PV of Visible FCFF	22,270		Rf			5.1%				
PV of Terminal Value	90,111		EMRP			5.2%				
Enterprise Value	**112,381**		Adjusted Beta			1.0				
Cash & Cash Equivalents	2,111		**Cost of Equity**			10.3%				
Less: Net (Debt) Funds	9,134									
Less: Minorities	495		Marginal tax rate			--%				
Add: JV and associates	163		**Cost of Debt**			5.9%				
Equity Value	**105,026**		D/C (market)			30.0%				
NOSH	350		**WACC**			9.0%				
Equity Value per Share	**300**		Perpetual growth			5.0%				
Implied multiples										
EV/EBITDA	34.0	29.3	25.7	22.6	19.9	17.8	16.2	15.0	13.9	13.0
P/E	44.2	37.8	34.0	29.5	24.8	21.3	18.9	17.1	15.6	14.4
P/B	13.3	11.9	10.6	9.3	8.0	6.8	5.8	5.0	4.4	3.8
Current multiples										
EV/EBITDA	28.8	24.8	21.7	19.2	16.8	15.1	13.7	12.7	11.8	11.0
P/E	37.0	31.7	28.5	24.7	20.8	17.8	15.8	14.3	13.1	12.0
P/B	11.1	9.9	8.9	7.8	6.7	5.7	4.9	4.2	3.7	3.2

Source: Arqaam Capital Research

 © Copyright 2025, Arqaam Capital Limited. All Rights Reserved. See Important Notice.

Company Report
December 17 2025

Christine Kalindjian, CFA
Christine.kalindjian@arqaamcapital.com

Mariam Hakim
Mariam.hakim@arqaamcapital.com

Taaleem Holdings

DBS Mira, Islands and KFG fuel FY 26e P&L. Core Buy.

- **Group FY 26e profits increase c.5% y/y as 14% top line growth (12% higher premium enrollments to c.18.8k students enabled by 10% capacity expansion from the launching of DBS Mira and DBS Islands) is largely diluted by 2.5x higher finance costs resulting from larger lending balance used to acquire KFG.**
- **Medium-term expansion pipeline includes two Harrow schools (3.6k seats, AY 27e/AY 28e) and the new Ghaf Woods premium school (1.8k seats, AY 29e.**
- **Reiterate Core Buy at AED 6.0 TP (42% upside), incorporating Ghaf Woods greenfield school into our forecasts starting FY 29e. Stock trades 18% below KSA listed K-12 operators at 23.5x FY 26-27e P/E, with c.3.4% DY on 91% payout.**

Strategic acquisitions and new school openings broaden portfolio and strengthen market positioning in FY 26e through (i) the acquisition of a 95% stake in Kids First Group (34 nurseries across the UAE and Qatar), generating AED 44m in associate profits in FY 26e (JV accounting in the medium-term, despite majority holding). And (ii) the launch of DBS Mira and DBS Islands, alongside a (iii) rebalanced PPP network comprising 23 schools and nurseries (vs. 26 in FY 25A), as four Ajyal schools return to ESE and one new facility is added.

We pencil in Group profits of AED 172m in FY 26e (+c.5% y/y), with margins pressured by higher finance costs in the year, driving FY 26e net margin down to 13.3% (-119bps y/y). Margins are, however, expected to rebound strongly from FY 27e, reaching 14.7%. Revenue is forecast to grow 14% y/y to c.AED 1.3bn, supported by a c.12% y/y increase in premium enrollments to c.18.8k students in FY 26e, driven by a c.10% expansion in capacity following the launch of DBS Mira and DBS Islands as part of the Emirates Hills expansion, together adding c.2.2k seats, largely diluted however by 2.5x higher finance costs resulting from larger lending balance used to acquire KFG.

Core Buy at TP of AED 6.0 (42% upside) on strong fundamentals supporting earnings growth visibility and consistent dividend policy. Our updated DCF valuation accounts for KFG as a JV, includes Ghaf Woods (1.8k capacity), and the 3.8x y/y uptick in leverage (including lease liabs) supporting M&A and expansions (KFG and LLFPM acquisitions, DBS Mira, Amity building/DBS Islands and two Harrow schools). Stock trades 18% below KSA-listed K-12 peers ATAA and NCLE at 23.5x FY 26-27e P/E, yielding c.3.4% in cash dividends on 91% payout.

Core BUY — AED 6.0

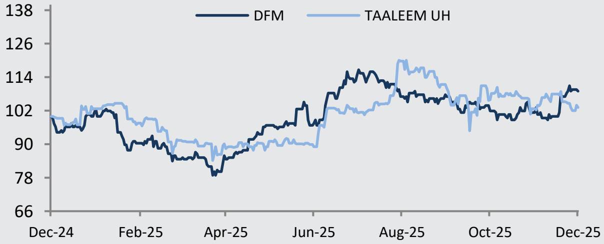
Education / United Arab Emirates

Bloomberg code	TAALEEM UH
Market index	DFM
Target Price	6.0
Upside (%)	43.9

Market data	**12/16/2025**
Last closing price	4.2
52 Week range	3.4-5.0
Market cap (AEDm)	4,170
Market cap (USDm)	1,135
Average Daily Traded Value (AEDm)	2.0
Average Daily Traded Value (USDm)	0.5
Free float (%)	47%

Year-end (local m)	2024	2025e	2026e	2027e
Revenues	945	1,136	1,297	1,444
EBITDA	271	309	379	439
Net income	138	165	172	213
EPS	0.14	0.16	0.17	0.21
EPS growth (%)	17.8	19.2	4.7	23.5
P/E (current price)	32.5	27.2	26.0	21.1
DPS	0.11	0.12	0.15	0.16
Div. yield (%)	2.6	2.9	3.6	3.8
FCF/share	-	(0.1)	(0.1)	0.1
FCF yield (%)	0.4	(1.2)	(3.0)	2.3
CAPEX	269	469	501	305
CAPEX/sales (%)	28.5	41.3	38.6	21.1
Net Debt/EBITDA (x)	(1.0)	3.8	3.8	3.4
EV/EBITDA (x)	19.5	17.1	14.0	12.0
RoAE (%)	8.2	9.4	9.6	11.6
RoIC (%)	6.5	5.1	4.9	6.1

Price Performance

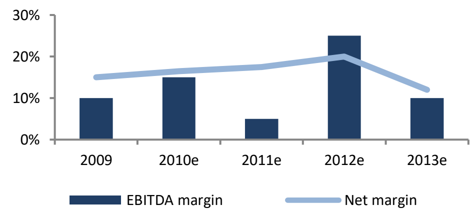


© Copyright 2025, Arqaam Capital Limited. All Rights Reserved. See Important Notice.

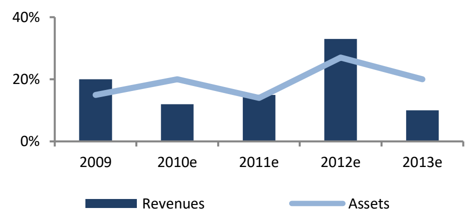
Abacus

Arqaam Capital Fundamental Data

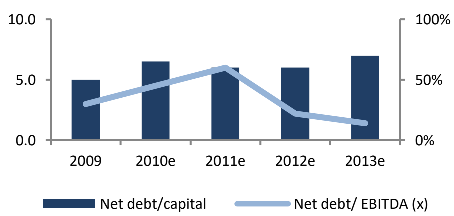
Profitability



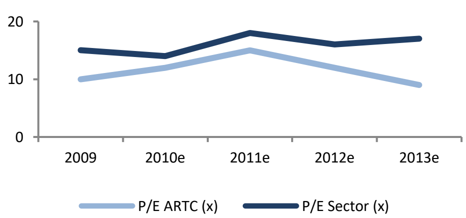
Growth



Gearing



Valuation



Taaleem Holdings

Year-end	2023	2024	2025e	2026e	2027e	2028e
Financial summary						
Reported EPS	0.12	0.14	0.16	0.17	0.21	0.27
Diluted EPS	0.12	0.14	0.16	0.17	0.21	0.27
DPS	0.07	0.11	0.12	0.15	0.16	0.19
BVPS	1.67	1.71	1.78	1.80	1.86	1.94
Weighted average shares	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00
Average market cap	-	-	-	-	-	-

Year-end	2023	2024	2025e	2026e	2027e	2028e
Valuation metrics						
P/E (x) (current price)	38.2	32.5	27.2	26.0	21.1	16.3
P/E (x) (target price)	51.2	43.5	36.5	34.8	28.2	21.9
EV/EBITDA (x) (current price)	25.8	19.5	17.1	14.0	12.0	10.4
EV/EBITDA (x) (target price)	35.0	26.4	23.2	18.9	16.3	14.1
EV/FCF (x)	35.2	362.6	(115.4)	(46.4)	60.4	19.6
Free cash flow yield (%)	3.9	0.4	(1.2)	(3.0)	2.3	7.0
Dividend yield (%)	1.5	2.5	2.7	3.3	3.5	4.3

Year-end	2023	2024	2025e	2026e	2027e	2028e
Growth (%)						
Revenues	31.3	15.5	20.1	14.2	11.3	12.5
EBITDA	18.6	32.1	14.0	22.7	16.0	15.8
EBIT	18.4	44.0	17.2	18.6	18.5	22.6
Net income	41.3	17.8	19.2	4.7	23.5	29.0

Year-end	2023	2024	2025e	2026e	2027e	2028e
Margins (%)						
EBITDA	25.0	28.6	27.2	29.2	30.4	31.3
EBIT	14.5	18.0	17.6	18.3	19.4	21.2
Net	14.3	14.6	14.5	13.3	14.7	16.9

Year-end	2023	2024	2025e	2026e	2027e	2028e
Returns (%)						
RoAA	5.3	5.3	4.7	4.0	4.7	5.9
RoAE	9.0	8.2	9.4	9.6	11.6	14.5
RoIC	6.1	6.5	5.1	4.9	6.1	8.0
FCF margin	21.4	1.8	(4.7)	(10.2)	7.1	19.4

Year-end	2023	2024	2025e	2026e	2027e	2028e
Gearing (%)						
Net debt/Capital	(21.4)	(12.5)	34.1	40.3	41.5	39.0
Net debt/Equity	(24.8)	(15.6)	65.2	80.1	80.7	71.1
Interest cover (x)	103.0	(14.6)	10.5	5.0	6.0	8.0
Net debt/EBITDA (x)	(2.0)	(1.0)	3.8	3.8	3.4	2.7

 © Copyright 2025, Arqaam Capital Limited. All Rights Reserved. See Important Notice.

arqaam CAPITAL

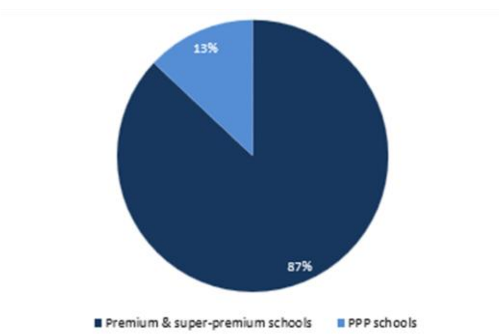
December 17 2025

Abacus *Arqaam Capital Fundamental Data*

Company Profile

Taaleem Holdings is one of the leading K-12 education providers and the first publicly-traded operator in the UAE. Founded in 2003, the company operates a diverse portfolio of 38 schools, comprising of 12 premium-owned schools and 26 schools under public-private partnership agreements (to be rebalanced to 23 as 4 Ajyal schools will be returned to ESE and one facility will be added during FY 26e, bringing total to 35), serving c.41k students across various curricula, including British, International Baccalaureate (IB), American, and French. The Group has acquired a 95% stake in Kids First Group (KFG), a leading nursery operator with 34 facilities across the UAE and Qatar. In the pipeline, two super premium schools to be launched in AY 27e and AY 28e under the Taaleem-Harrow brand name and one premium school in Ghaf Woods to be launched in FY 29e (ACe), offering the British curriculum.

Revenue Mix (FY 25A)



Ownership & Management

Major Shareholders	%
National Bonds Corporation PJSC	22.4
Knowledge Fund Establishment (KFE)	13.6
Investment Trading Group LLC	7.2
Ahmad Al-Khayyat	6.2
Norges Bank	5.0

Management	
Chairman	Khalid Al Tayer
CEO	Alan David Williamson
CFO	Arnaud Prudhomme

Taaleem Holdings

Year-end	2023	2024	2025e	2026e	2027e	2028e
Income statement (AEDm)						
Sales revenue	818	945	1,136	1,297	1,444	1,624
Cost of sales	(483)	(553)	(692)	(797)	(886)	(989)
Gross profit	**335**	**392**	**443**	**500**	**557**	**635**
SG&A	(138)	(133)	(158)	(183)	(202)	(225)
EBITDA	**205**	**271**	**309**	**379**	**439**	**509**
Depreciation	(87)	(100)	(109)	(142)	(159)	(165)
EBIT	**118**	**170**	**200**	**237**	**281**	**344**
Interest expense	(1)	12	(19)	(48)	(47)	(43)
Share of results of associates & JV	-	-	-	-	-	-
Profit before tax	117	182	181	189	234	301
Taxes	-	(44)	(16)	(17)	(21)	(27)
Other post-tax income/(expense)	**-**	**-**	**-**	**-**	**-**	**-**
Net profit (group)	117	138	165	172	213	274
Minorities	-	-	-	-	-	-
Net profit (parent)	**117**	**138**	**165**	**172**	**213**	**274**
Arqaam adjustments (including dilution)	-	-	-	-	-	-
Arqaam Net profit	**117**	**138**	**165**	**172**	**213**	**274**

Year-end	2023	2024	2025e	2026e	2027e	2028e
Balance sheet (AEDm)						
Cash and equivalents	675	700	465	334	254	219
Receivables	48	78	94	108	120	135
Inventories	-	-	-	-	-	-
Tangible fixed assets	1,169	1,361	2,040	2,422	2,590	2,618
Other assets including goodwill	551	602	1,616	1,637	1,680	1,740
Total assets	**2,443**	**2,742**	**4,215**	**4,500**	**4,644**	**4,711**
Payables	118	128	234	265	292	323
Interest bearing debt	261	433	1,627	1,778	1,754	1,598
Other liabilities	393	468	575	655	741	852
Total liabilities	**772**	**1,028**	**2,435**	**2,698**	**2,786**	**2,773**
Shareholders equity	1,671	1,713	1,780	1,802	1,858	1,938
Minorities	-	-	-	-	-	-
Total liabilities & shareholders equity	**2,443**	**2,742**	**4,215**	**4,501**	**4,644**	**4,712**

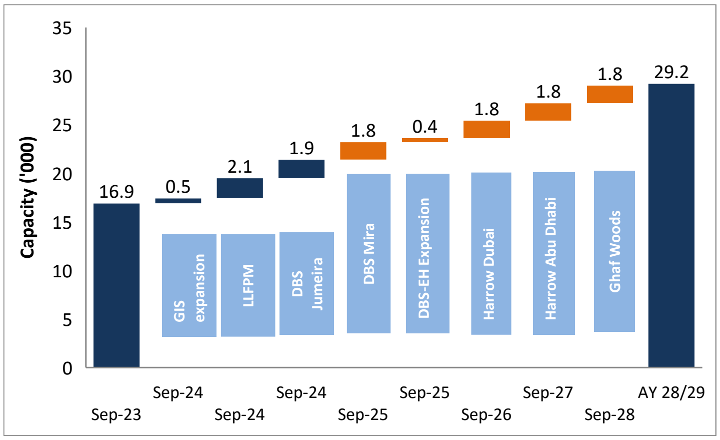
Year-end	2023	2024	2025e	2026e	2027e	2028e
Cash flow (AEDm)						
Cashflow from operations	**283**	**286**	**415**	**369**	**406**	**487**
Net capex	(109)	(269)	(469)	(501)	(305)	(172)
Free cash flow	**175**	**17**	**(53)**	**(133)**	**102**	**314**
Equity raised/(bought back)	729	-	-	-	-	-
Dividends paid	(67)	(110)	(120)	(150)	(157)	(194)
Net inc/(dec) in borrowings	(305)	112	1,185	149	(27)	(158)
Other investing/financing cash flows	-	-	-	-	-	-
Net cash flow	**(28)**	**140**	**(10)**	**(131)**	**(80)**	**(35)**
Change in working capital	72	9	113	18	15	16

Christine Kalindjian, CFA
Christine.kalindjian@arqaamcapital.com

Mariam Hakim
mariam.hakim@arqaamcapital.com

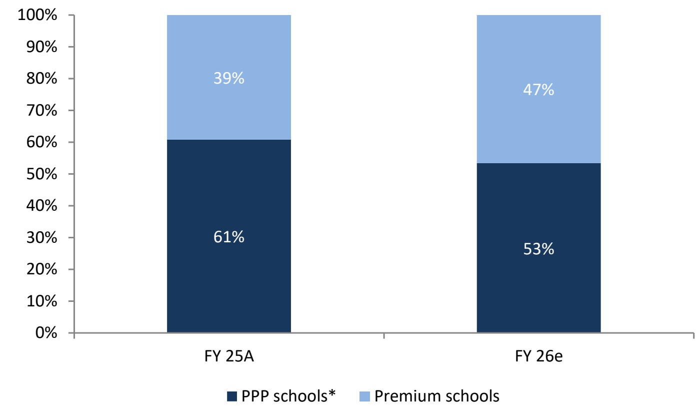
© Copyright 2025, Arqaam Capital Limited. All Rights Reserved. See Important Notice.

Exhibit 185: Premium network capacity to increase c.73% by AY 2028-2029…



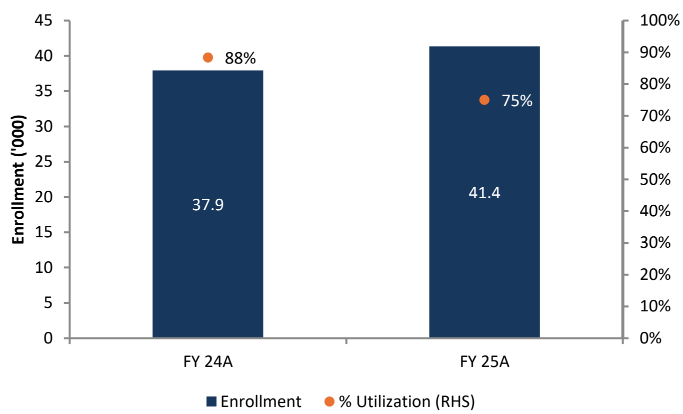
Source: Company Data, Arqaam Capital Research

Exhibit 186: …with 47% share of capacity for premium schools



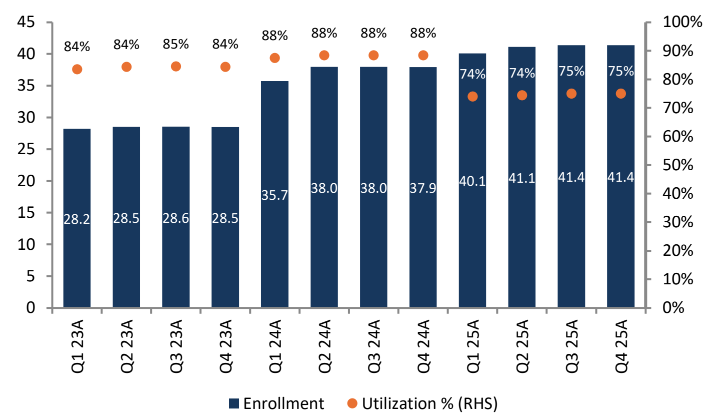
*Source: Company Data, Arqaam Capital Research *excl. Ajyal schools*

Exhibit 187: Group enrollments grow 9% y/y in FY 25A…



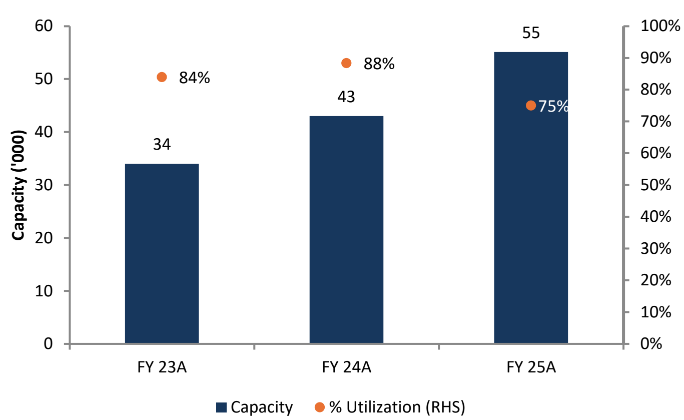
Source: Company Data, Arqaam Capital Research

Exhibit 188: …implying a flat q/q enrollment growth (+2 students)



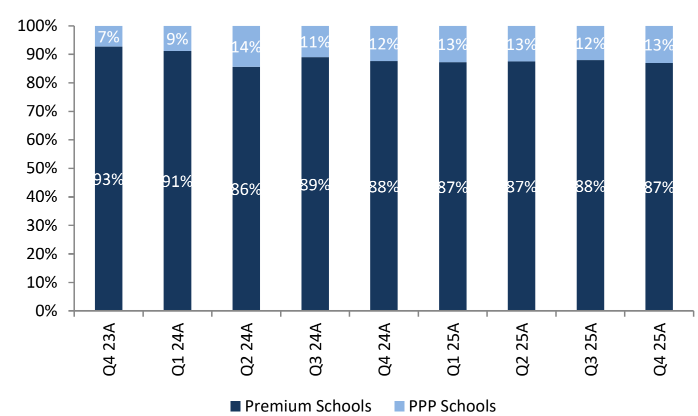
Source: Company Data, Arqaam Capital Research

Exhibit 189: Group capacity expands 28% y/y in FY 25A



Source: Company Data, Arqaam Capital Research

Exhibit 190: Quarterly operating revenue contribution by segment



Source: Company Data, Arqaam Capital Research

© Copyright 2025, Arqaam Capital Limited. All Rights Reserved. See Important Notice.

Exhibit 191: Taaleem Holdings DCF Valuation

Year-end	FY 26e	FY 27e	FY 28e	FY 29e	FY 30e	FY 31e
EBIT (1-t)	**216**	**256**	**313**	**398**	**464**	**516**
Depreciation & Amortization	142	159	165	157	149	149
EBITDA (1-t)	**358**	**414**	**478**	**555**	**613**	**665**
Working Capital Changes	18	15	16	22	17	10
Operating Cash Flow	375	429	494	578	631	674
Purchase of PPE	(501)	(305)	(172)	(132)	(145)	(150)
Free Cash Flow to Firm	**(126)**	**125**	**322**	**445**	**486**	**524**
Discount Factor	0.94	0.86	0.79	0.72	0.66	0.61
PV of Visible FCFF	(84)	108	254	323	323	319
Terminal Value						5,919
Equity Valuation			**WACC parameters**			
PV of Visible FCFF	1,242		Rf			5.3%
PV of Terminal Value	5,919		EMRP			5.0%
Enterprise Value	**7,161**		Adjusted Beta			1
Cash & Cash Equivalents (incl. Wakala)	465		**Cost of Equity**			**10.3%**
Less: Net (Debt) Funds	1,627					
Equity Value	**6,000**		Marginal tax rate			9.0%
NOSH	1,000		**Cost of Debt**			**5.3%**
Equity Value per Share	**6.0**		D/C (market)			25.0%
			WACC			**9.1%**
			Perpetual growth			3.5%
Implied multiples						
EV/EBITDA	18.9	16.3	14.1	12.1	10.9	10.0
P/E	34.8	28.2	21.9	16.4	13.8	12.2
P/B	3.3	3.2	3.1	2.9	2.8	2.7
Current multiples						
EV/EBITDA	16.2	14.0	12.1	10.4	9.3	8.6
P/E	26.0	21.1	16.3	12.2	10.3	9.1
P/B	2.5	2.4	2.3	2.2	2.1	2.0

Source: Arqaam Capital Research

© Copyright 2025, Arqaam Capital Limited. All Rights Reserved. See Important Notice.

Important Notice

1. Author, regulator and responsibility
Arqaam Capital Limited (“**Arqaam**”) is incorporated in the Dubai International Financial Centre (“**DIFC**”) and is authorised and regulated by the Dubai Financial Services Authority ("**DFSA**") to carry on financial services in and from the DIFC. Arqaam publishes and distributes (i.e. issues) all research.
Arqaam Capital Research Offshore s.a.l. is a specialist research centre in Beirut, Lebanon, which assists in the production of research issued by Arqaam.

2. Purpose
This document is provided for informational purposes only. Nothing contained in this document constitutes investment, legal, tax or other advice or guidance and should be disregarded when considering or making investment decisions. In preparing this document, Arqaam did not take into account the investment objectives, financial situation and particular needs of any particular person. Accordingly, before acting on this document, investors should independently evaluate the investments and strategies referred to herein and make their own determination of whether it is appropriate in light of their own financial circumstances and objectives.

3. Rating system
Arqaam investment research is based on the analysis of regional and country economics, industries and company fundamentals. Arqaam company research reflects a long-term (12-month) fair value target for a company or stock. The ratings bands are:

Buy	Total return >15%
Hold	0-15%
Sell	Total return <0%

In certain circumstances, ratings may differ from those implied by a fair value target using the criteria above. Arqaam policy is to maintain up-to-date fair value targets on the companies under its coverage, reflecting any material changes to the analyst’s outlook on a company. Share price volatility may cause a stock to move outside the rating range implied by Arqaam’s fair value target. Analysts may not necessarily change their ratings if this happens, but are expected to disclose the rationale behind their view to Arqaam clients.

4. Accuracy of information
The information contained in this document is based on current trade, statistical and other public information we consider reliable. We do not represent or warrant that such information is accurate or complete and it should not be relied upon as such. Any mention of market rumours has been derived from the markets and is not purported to be fact or reflect our opinions. Arqaam has no obligation to update, modify or amend this document or to otherwise notify a recipient thereof in the event that any opinion, forecast or estimate set forth herein, changes or subsequently becomes inaccurate. In accordance with Regulation AC of the 1934 Exchange Act, the views expressed in this research report accurately reflect the research analysts’ personal views about the subject securities or issuers and are subject to change without notice. No part of the research analysts’ compensation is related to the specific recommendations or views in the research report.

5. Recipients and sales and marketing restrictions
5.1 Nothing in this document should be construed as a solicitation or offer, or recommendation, to acquire or dispose of any investment or to engage in any other transaction, or to provide any investment advice or service.
5.2 This document is directed at Professional Clients and not Retail Clients within the meaning of DFSA rules. Any investments or financial products referred to herein will only be made available to clients who Arqaam is satisfied qualifies as Professional Clients. Any other persons in receipt of this document must not rely upon or otherwise act upon it.
5.3 This document is only being distributed to investors who meet certain qualifications and to whom an investment or service may be offered or promoted in accordance with relevant country restrictions. This excludes the US except for SEC registered broker-dealers (or banks in permissible ”broker” or “dealer” capacity) acting on a principal or agency capacity, and major US institutional investors in accordance with SEC Rules 15a-6(a)(2). Details of other relevant country restrictions are set out on our website at http://www.arqaamcapital.com/english/system/footer/terms-of-use.aspx. Persons into whose possession this document comes are required to inform themselves about, and observe, such restrictions and should not rely upon or otherwise act upon this document where it is unlawful to make to such person such an offer or invitation or recommendation without compliance with any authorisation, registration or other legal requirements.

6. Risk warnings
6.1 Any prices, valuations or forecasts are indicative and are not intended to predict actual results, which may differ substantially from those reflected.
6.2 The value of an investment may go up as well as down. The value of and income from any investment may fluctuate from day to day as a result of changes in relevant economic markets (including, without limitation, foreseeable or unforeseeable changes in interest rates, foreign exchange rates, default rates, prepayment rates, political or financial conditions, etc.).
6.3 Past performance is not indicative of future results. Any opinions, estimates, valuations or projections (target prices and ratings in particular) are inherently imprecise and a matter of judgement. They are statements of opinion and not of fact, based on current expectations, estimates and projections, and rely on beliefs and assumptions. Actual outcomes and returns may differ materially from what is expressed or forecasted. There are no guarantees of future performance.
6.4 Certain transactions, including those involving futures, options, and other derivatives, give rise to substantial risk and are not suitable for all investors.
6.5 This document does not propose to identify or to suggest all of the risks (direct or indirect) which may be associated with the investments and strategies referred to herein.

7. Conflict
7.1 Arqaam and its affiliates provide full investment banking services, and they and their directors, officers and employees, may take positions which conflict with the views expressed in this document. Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients and our proprietary trading desks that reflect opinions that are contrary to the opinions expressed in this document. Our asset management area, our proprietary trading desks and investing businesses may make investment decisions that are inconsistent with the recommendations or views expressed in this document.
7.2 Arqaam may have or seek investment banking or other business relationships for which it will receive compensation from the companies that are the subject of this document.
7.3 Facts and views presented in this document have not been reviewed by, and may not reflect information known to, professionals in other Arqaam business areas, including investment banking personnel.
7.4 Emirates NBD PJSC owns 8.32% of Arqaam.

8. No warranty
Arqaam makes no representations or warranties and, to the fullest extent permitted by applicable law, we hereby expressly disclaim any and all express, implied and statutory representations and warranties of any kind, including, without limitation, any warranty as to accuracy, timeliness, completeness, merchantability, fitness for a particular purpose and/or non-infringement.

9. No liability
Arqaam will accept no liability in any event including (without limitation) negligence for any damages or loss of any kind, including (without limitation) direct, indirect, incidental, special or consequential damages, expenses or losses arising out of, or in connection with your use or inability to use this document, or in connection with any error, omission, defect, computer virus or system failure, or loss of any profit, goodwill or reputation, even if expressly advised of the possibility of such loss or damages, arising out of or in connection with your use of this document. We do not exclude our duties or liabilities under binding applicable law.

10. Copyright and Confidentiality
The entire content of this document is subject to copyright with all rights reserved and the information is private and confidential for your own personal use only. This document and the information contained herein may not be reproduced, distributed or transmitted to any other person or incorporated in any way into another document or other material without our prior written consent.

11. Governing law
English law governs this document and these disclaimers and any dispute in relation thereto shall be exclusively referred to the English Courts.

 © Copyright 2025, Arqaam Capital Limited. All Rights Reserved. See Important Notice.