

Annual Report 2023



بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ



My primary goal is for our country to become a globally successful and pioneering model across all fronts. I will be working alongside you every step of the way to achieve this.

**Custodian of the Two Holy Mosques
King Salman bin Abdulaziz Al Saud
May Allah protect him**



Our country possesses immense investment capabilities, and we strive to leverage these capabilities as the driving force of our economy and an additional resource for our nation. This is our second factor of success.

**His Royal Highness
Prince Mohammed bin Salman Al Saud – may Allah protect him
Crown Prince and Prime Minister**

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Declaration	130
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Scientific & Medical Equipment House

Providing the latest health care services, operating and managing hospitals and health facilities, medical and non-medical maintenance, maintenance and operation of medical devices and equipment, subsistence services, food catering, commercial agencies, sales of medical devices, contracting and construction.



Introduction And Overview Of The Company And Its Subsidiaries

01



Introduction

The Board of Directors of SMEH is pleased to present its annual report for the fiscal year ending on 31/12/2023 to our esteemed shareholders. In line with the requirements outlined by the Saudi Capital Market Authority, this report encompasses the disclosure requirements mandated by the Companies Law, the Corporate Governance Regulations, and their Implementing Regulations. It provides a detailed overview of the Company's operations, sectors, executive leadership, subsidiary operations, financial analysis, dividend allocations, Board and General Assembly meetings, corporate governance practices, as well as mandated regulatory disclosures and declarations. Additionally, the report meticulously highlights SMEH's significant achievements across various sectors, through a comprehensive review of financial data and results spanning the preceding five years, complemented by comprehensive geographic and financial analyses.

Furthermore, the Board reaffirms the Management's steadfast commitment to achieving the Company's primary objectives through the strategic execution of SMEH's vision, which is aimed at fostering growth and delivering the desired outcomes. This commitment underscores SMEH's dedication to safeguarding shareholders' interests by actively pursuing further investment opportunities through strategic domestic and international partnerships that align with shareholders' and investors' expectations. It also entails the continuous enhancement of internal regulatory frameworks and procedures to optimize performance, the betterment of the work environment through the implementation of modern management and technological methodologies, and the fostering of an institutional work culture across all sectors and domains.

Moreover, SMEH remains focused on advancing its revenue streams, expanding project portfolios, and diversifying business operations across all regions of the Kingdom of Saudi Arabia, with a commitment to delivering positive outcomes for the Company in the coming periods.



Chairman's Statement



Basil Al-Arifi

Chairman of the Board of Directors

**Esteemed Shareholders of the Scientific and Medical Equipment House (SMEH) Company,
May the peace, mercy and blessings of Allah be upon you.**

On behalf of myself, the Board of Directors, and the Executive Management of SMEH, I would like to extend my heartfelt gratitude and appreciation to all the shareholders of the company for their unwavering trust in our management. The dedication and hard work of our employees have been instrumental in the achievement of our objectives for the year 2023, including the notable increase in the Company's capital.

I am honored to submit to your esteemed attention the Board of Directors' report covering the period concluding on 31 December 2023. This comprehensive document diligently outlines the Company's operational endeavors, noteworthy initiatives, and financial performance.

2023 Capital Increase

SMEH's journey of success began in 1979, when Sheikh Saud bin Mohammed bin Nasser Al-Arifi founded the Company as a sole proprietorship in Riyadh. The venture transformed in the year 2000 into a limited liability company with a capital of 20 million Saudi Riyals (SAR). Then in 2016, SMEH became a closed joint-stock company and gradually escalated its capital, which had reached SAR 200 million at the time of its listing on the Saudi Stock Exchange (Tadawul) on 28 February 2022. On 3 September 2023, the Extraordinary General Assembly authorized a further capital increase by way of issuing bonus shares to shareholders from retained earnings, raising the current capital to SAR 300 million, divided into 30 million ordinary shares at a value of SAR 10 per share. Driven by its ambitious strategic vision, SMEH has achieved numerous milestones that solidified its leading position in the Saudi market.

By a resolution of the Ordinary General Assembly of the Company's shareholders held on 31 July 2023, the members of the Board of Directors were re-elected for a second 3-year term starting on 31 July 2023 and concluding on 30 July 2026. Following their election, the Board Members appointed a Chairman, Vice Chairman, and Chief Executive Officer of the Company for the new term. The Board Members also formed committees and appointed committee chairpersons. All relevant information has been disclosed on the websites of the Saudi Stock Exchange (Tadawul) and the Capital Market Authority (CMA) during the year 2023.

Finally, I extend our heartfelt congratulations and felicitations to His Majesty King Salman bin Abdulaziz Al Saud, the Custodian of the Two Holy Mosques, and His Royal Highness the Crown Prince and Prime Minister, Prince Mohammed bin Salman bin Abdulaziz Al Saud, on the Kingdom's successful bid to host Expo 2030, as we embark alongside the Saudi people on an exceptional journey toward a promising future. With the Kingdom's esteemed role as the host of Expo 2030, we join hands with the global community to achieve a shared vision and create an exhibition that transcends boundaries, once again underscoring the Kingdom's eminent global stature and its exemplary capability to host significant international events.

We pray for the continued blessings of security and stability upon our nation under its wise leadership. We look forward to a prosperous year in 2024, by the grace of God.

Basil bin Saud Al-Arifi
Chairman of the Board of Directors

At a glance on the company, incorporation and capital development

01

19/11/1979

The company was first established by Sheikh. Saud bin Mohammed bin Nasser AL-Arifi (God have mercy on him) as a sole proprietorship establishment in the name of Medical and Scientific Equipment House.

02

09/12/2000

The establishment was transformed into a limited liability company with a capital of (20,000,000) Saudi riyals.

03

19/ /11 2002

in accordance with the partners' decision, the company's capital was increased to (21,000,000) Saudi riyals.

04

20/05/2015

the company was transformed into a closed joint stock company pursuant to Ministry of Commerce Resolution No. 542/Q.

05

20/05/2015

the company was transformed into a closed joint stock company pursuant to Ministry of Commerce Resolution No. 542/Q which licensed the company to transform into a closed joint stock company and Ministerial Resolution No. 573/Q.

06

01/07/2015

approving the announcement of the company's transformation from a limited liability company to a closed joint-stock company and keeping the same commercial registration number 1010166664 issued from Riyadh.

07

23/06/2016

the company's capital was increased to (120,000,000) Saudi riyal as approved by the extraordinary general assembly.

08

08/06/2017

the company's capital was increased to (200,000,000) Saudi riyals divided into (20,000,000) ordinary shares at a nominal value of (10) Saudi riyals per share.

09

03/11/ 2021

the Capital Market Authority approved the company's request to offer (6,000,000) shares for public listing, representing (30%) of the company's shares.

10

28/02/2022

The company's shares were listed on the Saudi Stock Exchange (Tadawul).

11

03/09/2023

With the approval of the Extraordinary General Assembly, the company's capital was increased to become SAR 300,000,000, divided into 30,000,000 ordinary shares with a nominal value of SAR 10 per share.

1979

Since

Board of Directors

The company's management is characterized by professionalism and experience, as well as stability and keeping pace with developments since its establishment along with its ability to expand by adding new activities and businesses in all operating sectors in the company. The company's board of directors consists of (6) members:



Mr. Basil bin Saud bin Mohammad Al-Arifi

- Chairman of the Board of Directors
- Saudi
- 06/06/1986
- Non-Executive

Educational Qualifications:

- High School Diploma - Science - Department of Natural Sciences - AISarh National Schools - Riyadh - Kingdom of Saudi Arabia.
- Diploma - English Language - California State University - San Bernardino - United States of America.

Areas of Expertise:

- Chairman of the Board of Directors - SMEH (Public Joint-Stock Company; PJSC hereafter)
- Member of the Remuneration and Nomination Committee - SMEH (PJSC)
- Member of the Risk Management Committee - SMEH (PJSC)
- Member of the Board of Directors - German Metal Surface Treatment Chemicals Company (Closed Joint-Stock Company; CJSC hereafter)
- Member of the Board of Directors - Saud Al-Arifi Endowment Company (Limited Liability Company; LLC hereafter)
- Managing Director - National Company for Sulphur Products (CJSC)
- Member of the Board of Directors - Dirat Al-Amar Real Estate Company (CJSC)
- Member of the Board of Directors - Protecta Vision (LLC)
- Chairman of the Board of Directors - Girgas Pharmaceutical Warehouse Company (LLC)
- Member of the Board of Directors - Rawabi Marketing International (CJSC)
- Member of the Board of Directors - Al-Wateen Air Conditioning and Refrigeration Company (LLC)

2015 - Present
2023 - Present
2020 - 2023


2017 - Present

2017 - Present
2016 - Present
2016 - Present
2015 - Present
2015 - Present
2015 - Present
2021 - Present

Current Board Memberships or Management Positions in Companies

- SMEH - Saudi Arabia
- German Metal Surface Treatment Chemicals Company - Saudi Arabia
- Rawabi Marketing International - Saudi Arabia
- National Company For Sulphur Products - Saudi Arabia
- Dirat Al-Amar Real Estate Company - Saudi Arabia
- Protecta Vision - Saudi Arabia
- Girgas Pharmaceutical Warehouse Company - Saudi Arabia
- Saud Al-Arifi Endowment Company - Saudi Arabia
- Al-Wateen Air Conditioning and Refrigeration Company - Saudi Arabia

PJSC
CJSC
CJSC
CJSC
CJSC
LLC
LLC
LLC
LLC
LLC



Mr. Bandar bin Saud bin Mohammad Al-Arifi

- Vice-Chairman
- Saudi
- 07/06/1978
- Non-Executive

Educational Qualifications:

- Bachelor's degree - Business Administration and Information Systems - University of Hull - United Kingdom.

Areas of Expertise:

- Vice Chairman of the Board of Directors - SMEH (PJSC)
- Member of the Remuneration and Nomination Committee - SMEH (PJSC)
- Chairman of the Board of Directors - NABD Medical Industries (LLC)
- Member of the Board of Directors - German Metal Surface Treatment Chemicals Company (CJSC)
- Member of the Board of Directors - Saud Al-Arifi Endowment Company (LLC)
- Chairman of the Board of Directors - National Company For Sulphur Products (CJSC)
- Member of the Board of Directors - Dirat Al-Amar Real Estate Company (CJSC)
- Executive Director - Protecta Vision (LLC)
- Member of the Board of Directors - Girgas Pharmaceutical Warehouse Company (LLC)
- Vice Chairman of the Board of Directors - Rawabi Marketing International (CJSC)
- Vice Chairman of the Board of Directors - Al-Wateen Air Conditioning and Refrigeration Company (LLC)
- General Manager and Founder - Union Land Company General Trading (Sole Proprietorship)

2015 - Present
2020 - Present
2019 - Present
2017 - Present
2017 - Present
2016 - Present
2016 - Present
2015 - Present
2015 - Present
2015 - Present
2021 - Present
2003 - Present

Current Board Memberships or Management Positions in Companies

- SMEH - Saudi Arabia
- German Metal Surface Treatment Chemicals Company - Saudi Arabia
- Rawabi Marketing International - Saudi Arabia
- National Company For Sulphur Products - Saudi Arabia
- Dirat Al-Amar Real Estate Company - Saudi Arabia
- NABD Medical Industries - Saudi Arabia
- Protecta Vision - Saudi Arabia
- Girgas Pharmaceutical Warehouse Company - Saudi Arabia
- Saud Al-Arifi Endowment Company - Saudi Arabia
- Al-Wateen Air Conditioning and Refrigeration Company - Saudi Arabia
- Union Land Trading Co. - Saudi Arabia

PJSC
CJSC
CJSC
CJSC
CJSC
LLC
LLC
LLC
LLC
LLC
Sole Proprietorship



Mr. Barakat bin Saud bin Mohammad Al-Arifi

Managing Director (CEO)
 Saudi
 24/04/1982
 Executive

Educational Qualifications:

- Bachelor's degree - Media - King Saud University - Kingdom of Saudi Arabia.

Areas of Expertise:

- Managing Director and CEO - SMEH (PJSC)
- Chairman - German Metal Surface Treatment Chemicals Company (CJSC)
- Member of the Board of Directors - Saud Al-Arifi Endowment Company (LLC)
- Member of the Board of Directors - National Company For Sulphur Products (CJSC)
- Member of the Board of Directors - Dirat Al-Amar Estate Company (CJSC)
- Vice Chairman of the Board of Directors - Protecta Vision (LLC)
- Vice Chairman of the Board of Directors - Girgas Pharmaceutical Warehouse Company (LLC)
- Member of the Board of Directors - Rawabi Marketing International (CJSC)
- CEO - Al-Wateen Air Conditioning and Refrigeration Company (LLC)
- Director and Founder - Barakat Al Khair Trading Company (Sole Proprietorship)

2015 - Present
2017 - Present
2017 - Present
2016 - Present
2016 - Present
2015 - Present
2015 - Present
2015 - Present
2021 - Present
2003 - Present

Current Board Memberships or Management Positions in Companies

- SMEH - Saudi Arabia
- German Metal Surface Treatment Chemicals Company - Saudi Arabia
- Rawabi Marketing International - Saudi Arabia
- National Company For Sulphur Products - Saudi Arabia
- Dirat Al-Amar Real Estate Company - Saudi Arabia
- Protecta Vision - Saudi Arabia
- Girgas Pharmaceutical Warehouse Company - Saudi Arabia
- Saud Al-Arifi Endowment Company - Saudi Arabia
- Al-Wateen Air Conditioning and Refrigeration Company - Saudi Arabia
- Barakat Al Khair Trading Company - Saudi Arabia

PJSC
CJSC
CJSC
CJSC
CJSC
LLC
LLC
LLC
LLC
Sole Proprietorship



Mr. Muhammad bin Ibrahim Abdulmohsen Al Hogail

Board Member
 Saudi
 28/03/1980
 Independent

Educational Qualifications:

- Bachelor's degree - Sharia - Imam Mohammad Ibn Saud Islamic University - Kingdom of Saudi Arabia

Areas of Expertise:

- General Manager, Partner, and Founder - Muhammed Ibrahim Al-Hogail & Co. Law Firm (Professional Firm)
- Independent Member of the Board of Directors - SMEH (PJSC)
- Chairman of the Remuneration and Nomination Committee - SMEH (PJSC)
- Member of the Risk Committee - SMEH (PJSC)
- Member of the Audit Committee - SMEH (PJSC)
- Member of the Board of Directors - Rawabi International Marketing Company (CJSC)
- Notary certified by the Saudi Ministry of Justice
- General Manager, Owner, and Founder - Muhammed Ibrahim Al-Hogail Law Office

2020 - Present
2019 - Present
2020 - Present
2020 - Present
2020 - Present
June 2023 - Present
2016 - Present
2008-2020

Current Board Memberships or Management Positions in Companies

- Muhammad Ibrahim Al-Hogail & Co. Law Firm - Saudi Arabia
- SMEH - Saudi Arabia
- Rawabi International Marketing Company - Saudi Arabia

Professional Firm
PJSC
CJSC



Mr. Hassan bin Ali bin Abdul Mohsen Al-Jeshi

- Board Member
- Saudi
- 30/08/1982
- Independent

Educational Qualifications:

- Master's degree - Financial Management - George Washington University - United States of America.
- Bachelor's degree - Financial Management - King Fahd University of Petroleum and Minerals - Dhahran - Saudi Arabia.

Areas of Expertise:

- CEO - Malaz Capital (CJSC)
- Member of the Arranging & Advisory Subcommittee - Capital Market Institutions Committee
- Member of the Board of Directors - SMEH (PJSC)
- Chairman of the Risk Management Committee - SMEH (PJSC)
- Member of the Board of Directors - Saudi Tourism Development Company
- Member of the Board of Directors - Rawabi Marketing International (CJSC)
- Head of Equity Capital Markets - Al Ahli Capital
- Head of Investment Banking - Samba Capital
- Assistant General Manager, Team Leader - Samba Capital
- Group Head of Corporate Finance - Alistithmar Capital
- Manager, Investment Banking - Samba Capital

- 2022 - present
- 2021 - Present
- 2022 - present
- July 2023 - Present
- December 2023 - Present
- June 2023 - Present
- 2021 - June 2022
- 2020 - June 2021
- 2017 - January 2020
- 2013 - 2017
- 2005 - 2010

Current Board Memberships or Management Positions in Companies

- SMEH - Saudi Arabia
- Risk Management Committee - SMEH - Saudi Arabia
- Malaz Capital - Saudi Arabia
- Rawabi Marketing International - Saudi Arabia
- Saudi Tourism Development Company - Saudi Arabia
- Capital Market Institutions Committee - Saudi Arabia

- PJSC
- PJSC
- CJSC
- CJSC
- CJSC
-



Mr. Munir bin Ahmed bin Mohammed Al-Sari

- Board Member
- Saudi
- 08/04/1988
- Independent

Educational Qualifications:

- Master's degree - Executive MBA - Quantic School of Business and Technology - United States of America.
- Bachelor's degree - Financial Management - King Fahd University of Petroleum and Minerals - Dhahran - Saudi Arabia.

Areas of Expertise:

- Member of the Board of Directors - SMEH (PJSC)
- Board Member and CEO - Tareem Enterprises for Investment (LLC)
- Member of the Board of Directors - Manafeth Ambulance and Handicap Vehicles (CJSC)
- Investment Portfolio and Offices Management - Manafeth Ambulance and Handicap Vehicles
- Entrepreneurship, Investment Tours, and Investor Relations - Badir Program for Technology Incubators and Accelerators
- Corporate and Financial Markets Operations Management - Derayah (CJSC)

- July 2023 - Present
- 2020 - Present
- 2021 - Present
- 2017 - Present
- 2012-2017
- 2010 - 2012

Current Board Memberships or Management Positions in Companies





- Tareem Enterprises for Investment - Saudi Arabia
- SMEH - Saudi Arabia
- Manafeth Ambulance and Handicap Vehicles - Saudi Arabia

- LLC
- PJSC
- CJSC





Mr. Louay Ali Al-Sartawi

-  Chairman of the Audit Committee
-  Jordanian
-  01/01/1972
-  External Board Member

Educational Qualifications:

- Bachelor's degree - Accounting - University of Jordan - Economics - Jordan.
- CPA Certification - Chartered Accountant - American Institute of Certified Public Accountants (AICPA) - United States of America.
- JCPA Certification - Chartered Accountant - Jordanian Association of Certified Public Accountants - Jordan.
- CFE Certificate Certified Fraud Examiner - Association of Certified Fraud Examiners (ACFE) - Texas - United States of America.





Areas of Expertise:

- Chairman of the Audit Committee - SMEH (PJSC)
- CFO - United Yousef M Naghi Co. Ltd (CJSC)
- CFO - International Recruitment Company (CJSC)
- CFO - Al Haddad Group
- CFO - Al-Arifi Group
- CFO - ACES, Sumitomo Corporation
- CFO - Rabigh Arabian Water and Electricity Company (RAWEC)
- Finance Manager - Ahmed Mohamed Saleh Baeshen and Co.
- Assistant Audit Manager - Arthur Andersen
- Auditing Supervisor - KPMG
- Senior Auditor - Ernst & Young

October 2019 - Present
2021 - Present
2019 - 2021
2015 - 2019
2012 - 2015
2010 - 2012
2007 - 2010
2001 - 2007
1999 - 2001
1998 - 1999
1993 - 1998



Mr. Ahmed Nihad Al-Zaeem

-  Member of the Audit Committee
-  Jordanian
-  26/12/1976
-  External Board Member


Educational Qualifications:

- Fellowship Certificate - Accounting - Saudi Organization for Chartered and Professional Accountants - SOCPA - Kingdom of Saudi Arabia.
- Bachelor's degree - Accounting - Applied Science University - Jordan.

Areas of Expertise:


- Member of the Audit Committee - SMEH (PJSC)
- Shared Services Director - PBCO
- Finance Director - Qoot Association
- Finance Director, Exposure Holding
- Financial Controller - PepsiCo-Bughshan
- Assistant Audit Manager - PricewaterhouseCoopers (PwC)
- Senior Auditor at Arthur Andersen & Co.

October 2019 - Present
2020 - Present
2013 - 2019
2010 - 2013
2007 - 2010
2004 - 2007
2000 - 2004



Mr. Mohamed Abdel Fattah Mohamed Abdel Fattah

- Member of the Audit Committee
- Egyptian
- 09/11/1978
- External Board Member



Bashir Saud Mohammed Al-Arifi*

- Board Member and Board Secretary
- Saudi
- Nonexecutive

Educational Qualifications:

- Bachelor's degree - Accounting - Mansoura University - Egypt.
- CMA Certificate - Certified Management Accountant - Institute of Management Accountants (IMA) - United States of America.

Areas of Expertise:

- Member of the Audit Committee - SMEH (PJSC)
- Head of Costs Department - Chemical Companies Group (Rawabi Marketing International - National Company for Sulfur Products - German Metal Surface Treatment Chemicals Company) (CJSC)
- Head of Accounts - National Company for Sulfur Products (CJSC)
- Senior Accountant - National Company for Sulfur Products (CJSC)
- Management Accountant - SMEH (CJSC)
- Accountant - SMEH (CJSC)
- Accountant at multiple trading companies in the Arab Republic of Egypt


November 2021 - Present
2019 - Present
2018 - present
2014 - 2018
2010 - 2014
2003 - 2010
1999-2003

Mr. Bashir Al-Arifi is a member of the company's board of directors since 2015G for the second term, in addition to being a member of the company's nominations and remuneration committee. He holds a bachelor's degree in Commerce specializing in quantitative methods and statistics from King Saud University, Saudi Arabia in 2009. He currently holds the following positions:

- Managing Director, German Metal Surface Treatment Chemicals Co. (closed joint stock), chemical sector, from 2017G to date.
- Director, Saud Al-Arifi Endowment Company (limited liability company), real estate sector, from 2017G to date.
- Chairman, Deerah Al Ammar Real Estate Company (closed joint stock), real estate sector, from 2016G to date.
- Deputy Chairman, the National Company for Sulphur Products (NCSP) (closed joint stock), real estate sector, from 2016G to date.
- Director, Roaa Al Hymaya (Protecta Vision) (limited liability company), specialized medical devices maintenance sector, from 2016G to date.
- Managing Director, Rawabi Marketing International (RMI) (closed joint stock), chemical sector, from 2015G to date.
- Director, Girgas Pharmaceutical Warehouse Co. (limited liability company), pharmaceutical, medical supplies, pharmacies, and cosmetics sector, from 2015G to date.

*Resignation was submitted on 03/15/2023

**Names of members of the executive management
Their current and previous jobs, qualifications and experience:**



Mr. Yasser Ahmed Alsafadi

- General Manager of Financial Affairs
- Palestinian
- 13/06/1970

Educational Qualifications:


- Master's in Accounting, University of Southern California - Los Angeles, United States.
- Bachelor's in Accounting, King Saud University - Kingdom of Saudi Arabia.
- CMEI- in Finance, Saudi Capital Market Authority - Kingdom of Saudi Arabia.
- CPA in Finance, American Institute of Certified Public Accountants - United States.
- CMA in Finance, Institute of Management Accountants - United States.

Areas of Expertise:

- Financial Director, Scientific & Medical Equipment House.
- Company (Al-Arifi Group), Riyadh, Kingdom of Saudi Arabia.
- Financial Director for Whites Pharmacies and Treasures (part of Dr. Sulaiman Al Habib Medical Group), Riyadh, Kingdom of Saudi Arabia.
- Group Financial Controller, Alfannar Company, Riyadh, Kingdom of Saudi Arabia.
- Financial Director, Saudi Research and Publishing Company, Riyadh, Kingdom of Saudi Arabia.
- Senior Auditor, Ernst & Young (formerly Arthur Andersen), Jeddah and Riyadh, Kingdom of Saudi Arabia.
- Financial and Administrative Executive, Al Khurayji Establishment, Jeddah, Kingdom of Saudi Arabia.

2019 - present
2013 - 2019

2011 - 2013
2004 - 2011
2000 - 2004
1994 - 2000



Mr. Faisal bin Hawas Al-Atawi

- Deputy Managing Director of Operations and Maintenance
- Saudi
- 23/07/1979

Educational Qualifications:

- Doctorate in Health Services Management, Helwan University, Arab Republic of Egypt.
- Master's in Executive Management, Selsal Academy for Management and Entrepreneurship, Arab Republic of Egypt.
- Master's in Health Services Management, Majmaah University, Kingdom of Saudi Arabia.
- Bachelor's in Health Services Management, Al-Ghad International Colleges for Applied Medical Sciences, Kingdom of Saudi Arabia.

Areas of Expertise:

- Deputy Managing Director of Operations and Maintenance, Scientific & Medical Equipment House.
- General Manager of the General Department for the Maintenance of Medical Equipment, Ministry of Health.
- General Manager of the Saudi Red Crescent Authority's Eastern Province Branch.
- General Manager of the Saudi Red Crescent Authority's Al-Jouf Region Branch.
- Director of Internal Auditing, Childbirth and Children's Hospital in Dammam.
- Shift Manager at the Childbirth and Children's Hospital in Dammam.
- Management of Investigation and Follow-up at the Childbirth and Children's Hospital in Dammam.
- Patient Affairs Management at the Healthcare Services Program of the Royal Commission Hospital in Jubail.
- Follow-up Officer at the Office of the Director of Healthcare Services Program at the Royal Commission Hospital in Jubail.
- General Supervisor at the Office of the Commander of King Fahd Naval Academy in Jubail.


2022 - present

2020 - 2022
2019 - 2020
2018 - 2019
2017 - 2018
2016 - 2017
2015 - 2016




2014 - 2015

2014 - 2014
2000 - 2014

Names of members of the executive management
Their current and previous jobs, qualifications and experience:



Mr. Faisal bin Rashrash Al-Anzi


 General Manager of Human Resources and Administrative Affairs
  Saudi
  11/12/1977

Educational Qualifications:




- Master of Human Resource Management - Midocean University - United Arab Emirates.
- Bachelor of Business Administration - Imam Muhammad Ibn Saud University - Kingdom of Saudi Arabia.
- Diploma in Advanced Human Resource Management - Society for Human Resource Management (SHRM) - United States of America.
- Human Resource Management Course - Saudi Electronic University - Kingdom of Saudi Arabia.
- Supervisory Leadership Skills Course - Saudi Electronic University - Kingdom of Saudi Arabia.

Areas of Expertise:

- General Manager of Human Resources and Administrative Affairs - Scientific & Medical Equipment House. **2021 - present**
- Human Resources Manager - Saudi Industrial Development Company "SIDC". **2018 - 2021**
- Personnel Affairs Manager - Saudi Vetonic Company Limited "SAVETO". **2011 - 2018**
- Human Resources and Administrative Affairs Manager - Al-Raghad Telecommunications Factory. **2007 - 2011**
- Administrative Affairs Manager - Engineering Achievement for Telecommunications. **2002 - 2007**
- Relationship Supervisor - National Company for Publishing and Distribution. **1997 - 2002**



Mr. Abdullah Fareed Abdullah

 General Manager of the Medical Devices Trading and Supply Sector
  Egyptian
  11/06/1973

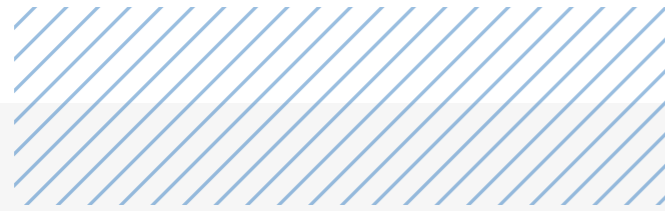
Educational Qualifications:

- Bachelor's Degree - Pharmaceutical Sciences - Zagazig University - Arab Republic of Egypt.

Areas of Expertise:

- General Manager of Medical Devices Trading and Supply Department - Scientific & Medical Equipment House.
- Pharmacy Sector Manager - Naqaa United Pharmaceuticals Company.
- Executive Manager - Pack Comfort Company.
- Commercial Manager - Kunooz Pharmacies Chain.
- Operations Manager - Farhan Al-Nader Pharmacies Chain.

2023 - present
2019 - 2023
2014 - 2018
2007 - 2013
1999 - 2007



The board of directors has the widest powers in managing the company and its affairs inside and outside the Kingdom without prejudice to the competencies of the General Assembly of Shareholders, as stipulated in the Company's By-Laws.

The responsibilities of the board of directors include the following:

1. The board of directors represents all shareholders and must exercise the duties of care and loyalty in managing the company and everything that would safeguard its interests, develop and maximize its value.
2. The company's board of directors holds the responsibility on its actions, even if it delegates authority to committees, agencies, or individuals to exercise some of its powers. In all cases, the board of directors may not issue a general or indefinite power of attorney.
3. layout plans, policies, strategies, and the main objectives of the company, supervise their implementation, review them periodically, and ensure the availability of the necessary human and financial resources to achieve them, including
 - Develop, review and direct the company's overall strategy, main business plans, and risk management policies and procedures.
 - Determine the optimal capital structure for the company, its strategies and financial objectives, and approve all kinds of projected budgets.
 - Oversee the company's major capital expenditures and acquire and dispose of assets.
 - Setting performance objectives and monitoring implementation and overall performance in the company.
 - Periodic review and approval of organizational and functional structures in the company.
 - Verify the availability of human and financial resources necessary to achieve the company's objectives and main plans.
4. Establish systems and controls for internal control and provide general supervision over them, including
 - Develop a written policy to address actual and potential conflict of interest cases for board members, executive management, and shareholders, including misuse of the company's assets and facilities and misconduct resulting from transactions with related parties.
 - Ensure the integrity of the financial and accounting systems, including those related to the preparation of financial reports.
 - Ensure the application of appropriate control systems for measurement by developing a general perception of the risks that the company may face, create an environment that is familiar with the culture of risk management at the company level, and share it transparently with the company's stakeholders and related parties.
 - Annual review of the effectiveness of the company's internal control procedures.
5. Prepare clear and specific policies, standards and procedures for membership of the board of directors in a manner that does not conflict with the mandatory provisions and put them into practice after approval by the General Assembly.
6. Develop a written policy regulating the relationship with stakeholders in accordance with the provisions of the regulation.
7. Develop policies and procedures that ensure the company's compliance with laws and regulations as well is commitment to disclose material information to shareholders and stakeholders and verify compliance with them by the executive management.
8. Supervise the company's financial management, cash flows, and financial and credit relations with others.
9. Propose to the extraordinary general assembly what it deems appropriate regarding the following:
 - Increasing or decreasing the company's capital.
 - Dissolving the company before the deadline specified in the company's articles of association or deciding its continuation..
10. Propose to the Ordinary General Assembly what it deems appropriate regarding the following:
 - Use of the company's consensual reserve in case it was formed by the extraordinary general assembly and not allocated for a specific purpose.
 - Create additional reserves or financial allocations for the company.
 - Method of distributing net profits of the company..
11. Prepare and approve the company's interim and annual financial statements before publishing them.
12. Prepare and approve the board of directors' report before its publication.
13. Ensure the accuracy and integrity of the data and information to be disclosed, in accordance with the applicable disclosure and transparency policies and Laws.
14. Establish effective communication channels that allow shareholders to review on a continuous and periodic basis the various aspects of the company's activities and any material developments.
15. Forming specialized committees emanating from it by decisions specifying the duration of the committee, its powers and responsibilities and how the board will monitor its, provided that the formation decision includes naming the members and defining their tasks, duties, and rights, along with evaluating the performance of such committees and their members.
16. Determine the types of remunerations granted to company employees, such as fixed remunerations, performance-related bonuses, and bonuses in the form of shares, in a manner that does not conflict with the regulatory controls and procedures issued in implementation of the Companies Law for Listed Joint Stock Companies.
17. Setting the values and standards that govern work in the company.



The interest of board members, senior executives, their relatives (first degree) and major shareholders

The following tables show the shares owned by members of the Board of Directors, senior executives, their spouses, minor children, brothers, sisters, fathers and mothers, and a table showing the shares owned by major shareholders that exceed (5%) of the company's shares at the beginning and end of the year 2023 and the percentage of change:

First: Board of Directors Members

#	Name	Number of shares at the beginning of the year 2023	Number of shares at the end of the year 2023	Percentage of change from the beginning of the year 2023	Ownership by first-degree relatives
1	Basil bin Saud Al-Arifi	1,516,620	1,830,000	120.66%	16,474,536
2	Bandar bin Saud Al-Arifi	1,516,620	2,237,115	147.51%	16,067,421
3	Barakat bin Saud Al-Arifi	1,516,620	1,940,430	127.94%	16,195,455
4	Muhammad bin Ibrahim Al-Hogail	-	-	-	-
5	Hassan bin Ali Al-Jishi	-	-	-	-
6	Munir bin Ahmed Al-Sirri	-	-	-	-

Second: Senior Executives

#	Name	Number of shares at the beginning of the year 2023	Number of shares at the end of the year 2023	Percentage of change from the beginning of the year 2023	Ownership by first-degree relatives
1	Yasser Ahmed Al-Safadi	-	-	-	-
2	Faisal bin Rashrash Al-Anazi	-	-	-	-
3	Faisal bin Hawass Al-Atawi	-	-	-	-
4	Abdullah Farid Abdullah	-	-	-	-

Third: Ownership of major shareholders exceeding 5% of the company's shares as of 31/21/2023

#	Name	Balance at the beginning of the year 2023	Balance at the end of the year 2023	%	Change
1	Badr bin Saud Al-Arifi	1,516,620	2,274,930	7.58%	150%
2	Bashir bin Saud Al-Arifi	1,391,100	1,833,000	6.11%	131.77%
3	Matar bin Saud Al-Arifi	1,114,856	1,830,000	6.10%	164.15%

Company's Main Activities and Sectors

We at Scientific & Medical Equipment House work to provide a range of advanced professional services and solutions by the highest standards of quality, perfection, and safety to all our customers in all sectors.

First: Operation and Maintenance sector

The operations and maintenance sector is considered the largest sector in the company and it is unique and diverse in its services relying in the execution of works on the highest global quality standards and distinguished highly qualified foundations and experiences aiming to make a qualitative shift in operation and maintenance services in their medical and non-medical types, cleaning, medical and non-medical equipment and devices maintenance, providing food and hospitality services, nutrition, gardening landscaping and providing these services to both governmental and business sectors. Through its strong belief in the necessity of establishing a professional working team that includes talented and distinguished individuals who provide services to its clients through its deep vision of service execution methods and providing them in an integrated manner that enables meeting all its clients' requirements across the kingdom. This sector is divided into several sub-sectors which are:



Medical operation and Hospital management

Medical operation activities include providing specialized human resources in the medical sector such as doctors, nurses, specialists and consultants. The company is currently operating and managing a number of medical facilities for a number of government agencies (such as university medical centers affiliated with the Ministry of Education and public hospitals). The company's name has been associated with a number of public hospitals and other medical facilities in the Kingdom.



Non-medical operation and maintenance

It is related to maintenance services, cleaning and non-medical operation of health facilities and others, by providing adequate support to the infrastructure in those facilities to ensure the provision of the most appropriate environment for work. Medical and maintenance. In this regard, the company relies on its more than four decades of experience in carrying out its tasks, mainly related to non-medical services in medical facilities and maintenance. For example, providing human resources, including engineers, technicians, labor and security guards, cleaning services, supplying hygiene materials and water, in addition to maintaining non-medical devices, systems, equipment, consumables and spare parts.



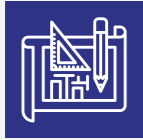
Maintenance and operation of medical devices and equipment

It is related to the provision of medical maintenance services necessary for medical devices and equipment, as the company is one of the most important service providers in the field of maintenance and repair of medical devices and equipment, and it is one of the leading companies in its field of work. Medical maintenance services have received concurrence and approval from all customers, whether in the public or private sectors. The company conducts currently, medical equipment maintenance works for many health facilities in most regions of the Kingdom.



Catering & Food supply

It is related to the provision of catering services, cooked and uncooked food catering to hospitals in the Kingdom, supply of foodstuffs, meat, poultry products, vegetables and fresh and frozen fruits to hospitals and all sectors in the Kingdom. The company provides its services through a work system based on the latest international and health-related standards to ensure the best results for its customers. The catering activity is also characterized by the ability to supply all types of foods for special medical cases such as children, infants, childbirth and other cases that depend on providing special nutrition and according to doctors' directions of the treating doctors.



Contracting and Construction Sector

It is related to general contracting and construction of buildings, roads, bridges, electrical, electronic, and mechanical works, in the governmental and private sectors. The company is classified in the first grade by Contractors Classification Agency of the Ministry of Municipal and Rural Affairs, including electrical and mechanical works. The company enjoys the confidence of its customers, as reflected in the size of the projects implemented by it to date, which include building hospitals, medical facilities, military facilities, educational facilities, and provision of necessary infrastructure services such as fire extinguishing systems, security system, etc.

The company endeavors to develop its products and services to meet the evolving needs of markets and take advantage of its competitive strength that stems from the diversity of its activities and sectors, which is reflected on the development of the financial and competitive performance of the company, and hence prompts it to develop carefully drawn plans to expand in all sectors to acquire the largest percentage of the total The competitive market, which will have a significant impact on consistently meeting the needs of customers and providing its various activities.

The company pays great attention to achieving international quality standards, which is clearly reflected on the efficiency of its business as well as its ability to organize administrative processes in an institutional and methodological manner. The company has started to implement the international quality system and obtained the following certificates, all of which are valid until 2023:

Commercial sector

(sales of medical devices and supplies and after-sales maintenance services)

The company owns (22) commercial agencies (exclusive - distribution) for leading international companies in the field of medical devices and equipment. The company is considered an official commercial agent for these international companies in the Kingdom of Saudi Arabia, which contributes to providing integrated medical services to its clients in the public and private sectors, including selling and supplying medical equipment and devices, in addition to their maintenance and operation.

The most important exclusive agencies are:

					
Bayer Healthcare, USA	Hans Hermann GmbH, Germany	Medical Packaging Inc., USA	Sechrist Ind., USA	Iradimed Corp., USA	UVDI Ultraviolet Devices Inc., USA
					
Nanosonics, Australia	Suntech Medical, USA	Entemed, Netherlands	Heine Optotechnik, Germany	Steel Co., Italy	Oxypharm, France
					
Dr. Schumacher GmbH, Germany	COSMED SRL, Italy	TEKNA s.r.l, Italy	RIMSA P.LONGANI S.R.L, Italy	heyer medical AG	

The company constantly and continuously works on developing its offered products and services to meet the changing market needs and benefit from the competitive strength stemming from the diversity of its activities and sectors which is reflected on the development of the financial and competitive performance of the parent company, which drives it to carefully develop expansion plans across all sectors to acquire the largest percentage of the total competitive market which will greatly impact continuing to meet clients' needs and the company's continuity in providing its different activities.



Subsidiaries and/or Owned Companies

The company owns stakes in four limited liability companies, which are Roaa Al Hymaya (Protecta Vision), Girgas Pharmaceutical Warehouse Co, Al-Wateen Air Conditioning and Refrigeration Company, and NABD Medical Industries Company. The following figure shows the ownership structure of the company and its subsidiaries:



Roaa Al Hymaya (Protecta Vision)

It is a limited liability company with a capital of (2,000,000) Saudi riyals, 100% owned by Scientific & Medical Equipment House. The Roaa Al Hymaya Company conducts several activities, including import, export, wholesale and retail trade in electronic, electrical and mechanical equipment and devices, laundries, incinerator equipment, pumps, generators and their spare parts and maintenance as well as maintenance of specialized medical devices.

Girgas Pharmaceutical Warehouse Co.

It is a limited liability company with a capital of (500,000) Saudi riyals, 100% owned by Scientific & Medical Equipment House. Girgas Pharmaceutical Warehouse Co. carries out the activity of drug warehouses and retail sale of medical devices, equipment and supplies. Girgas Pharmaceutical Warehouse Co. owns a 99% stake in Naqaa Al Mutaheda for Medicine Company, the main activity of which is in pharmacies, drug warehouses, and wholesale and retail sale of devices, equipment and medical supplies.

Naqaa Al Mutaheda for Medicine

It is a limited liability company with a capital of (50,000) Saudi riyals, (99%) owned by of Girgas Pharmaceutical Warehouse Co. in partnership with Mr. Imad Hamza Abdullah Al-Sobky who owns (1%) stake. Naqaa Al Mutaheda for Medicine conducts business in retail sale and wholesale trade of devices, equipment, medical supplies, scientific devices, pharmacies and drug stores, and selling medicines.

Wateen Airconditioning and Refrigeration Company

It is a limited liability company with a capital of (500,000) Saudi riyals, 100% owned by Scientific & Medical Equipment House. Wateen Air Conditioning and Refrigeration Company is engaged in the installation, maintenance and repair of refrigeration and air conditioning systems.

NABD Medical Industries

It is a limited liability company with a capital of (4,000,000) Saudi riyals, (51%) owned by Scientific & Medical Equipment House, jointly with the Multi-Zone Medical Company, a limited liability company with commercial registration No. 1010497509, dated 04/27/1438H (49%). NABD Medical Industries operates in the manufacture of pacemakers, electrocardiograph devices, catheter, feeding and suction tubes, and so on.

NABD Medical Industries has obtained a license to start its factory production of “arterial catheter balloons” from the Food and Drug Authority, as the first Saudi product in the Gulf, Middle East and North Africa region of this type, to complement the company’s strategic plan and keep pace with its goals and objectives of the Kingdom’s Vision 2030 by promoting development in all aspects of the medical manufacturing sector in the Kingdom.

Future Doors Contracting Company

It is a limited liability company (one person) with a capital of (100,000) Saudi riyals, (100%) owned by Scientific & Medical Equipment House, and Future Doors Contracting Company practices the installation, maintenance and repair of heating, gas, gas pipes, steam, fire, irrigation and air conditioning systems.

Al-Ahd Al-Jadeed Company

It is a limited liability company (one person) with a capital of (100,000) Saudi riyals, (100%) owned by Scientific & Medical Equipment House, and the Al-Ahd Al-Jadeed Company practices the installation, extension and maintenance of electrical wires, communications, networks, lighting systems, fire alarms and security devices.



Overview of the Company Departments

The company comprises several departments concerned with services, public policies and strategic plans. Several sub-sections fall under the main department that support its various business and activities. Each department includes a full functional cadre of competent administrators and professionals in various disciplines.

Following is a brief description of the main Managerial support departments in the company:



Financial Department

The company's financial department is responsible for managing and processing all activities related to cash operations, financing, investment and settling the company's obligations. In addition to those, it is responsible for good cash management (inbound and outbound cash flows), planning and investment to generate funds and optimum use of them in order to achieve the company's objectives, maximize market value of its shares, implement project programs as planned with the highest level of efficiency, quality and profitability at the lowest possible cost.



Human Resources and Administrative Affairs Department

Human Resources Department is responsible for developing and implementing human resources strategies, developing policies and procedures related to the effective management of human resources and the company's administrative affairs, developing, and using them effectively, as well as attracting, appointing, developing and retaining employees, evaluating the company's organizational structure and job tasks as well as laying out job descriptions for jobs. The Human Resources Department also supervises the preparation and review of the general framework for job grades, structure of salaries, wages, allowances, and all other administrative activities in the company.



Studies Department

Planning and Studies Department is responsible for securing and studying all tenders for all sectors of the company, in accordance with the regulations and work procedures that govern such activity. The department uses all available technology means to facilitate its work procedures through the use of the Ministry of Finance's accreditation platform, which is dedicated to presenting all government tenders, which include all sectors in which the company operates. The department operates in cooperation with the company's support departments (Human Resources – Finance – Procurement and Contracts) for the purposes of achieving its objectives, which are to award the largest number of tenders in favor of the company at competitive prices.



Projects Department

The Projects Department is responsible for operating and managing all projects in all sectors in which the company operates (health care, medical operation of hospitals, medical and non-medical operation and maintenance, catering and food supply, contracting and construction) in accordance with the regulations and work procedures that govern such activities. The Projects Department uses the best methods and resources in implementation of the pre-established plans and in accordance with the approved study of the projects. The department strives to reconcile the requirements of contractual obligations, satisfy customer needs and attend to the company's interest in all transactions related to project contracts in order to tighten control over the items of expenses and constantly strive to reduce costs within the permissible limits.



Supply Chain Department (Procurement and Contracts - Warehouses)

Procurement and Contracts Department is the only unit responsible for implementing the procurement and contract management operations in the company. It is also responsible for following up the implementation until the required items reach the stores or the contracted works are completed in accordance with the agreed terms.

The warehouse management is concerned with all activities related to estimating the company's needs of different materials and items, receiving those incoming items, examining and arranging them inside the stores and maintaining them in accordance with the appropriate methods for the nature of each item, applying security and safety means in the stores, and disbursing various materials and supplies, and spare parts to the users and/or clients in accordance with the applicable procedures and approved regulations and in a manner that ensures the achievement and implementation of project programs within their plans with the highest level of efficiency, quality and profitability and the lowest possible cost and without extravagance, loss or damage that exceeds the inevitable acceptable limits within the scope of the company's field of operation.



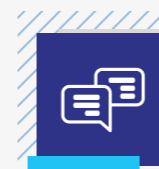
Sales of Medical Devices and Equipment and After-Sales Maintenance Department

Sales Department is responsible for implementing all sales activities of the company through the approved sales plan. It seeks to focus on all sales and distribution techniques, increase the efficiency and train sales representatives, in order to achieve and increase sales as much as possible, which may contribute to boosting company's profits.



Information Technology Department

Information Technology Department is responsible for providing technical support to all company departments with regard to information technology services. It aims to achieve excellence in the field of innovative information technology infrastructure. The department endeavors to attract and benefit from the latest information technologies and to be a pioneer in this field with its qualified human resources and advanced services.



Internal Audit Department

Internal Audit Department is responsible for promoting and protecting the value and assets of the company by providing objective and independent advisory services to the owners and shareholders of the company based on all risk factors and future outlook. Internal Audit Department aims to help improve the company's business by ensuring that the internal control and governance procedures are in place, efficient and effective. It also assists the board of directors, audit committee and executive management to carry out their activities with high efficiency, by following a systematic method in implementing their works.

As part of the company's management concern and care to protect shareholders interests, it constantly seeks to adhere to the highest standards of governance, based on disclosure, transparency and participation in decision-making in order to achieve the company's objectives. The company's commitment to follow and apply the highest standards of governance comes to ensure that the board of directors acts in a manner that achieves the interests of shareholders to the fullest, and to provide a true, clear and fair picture of the company's financial conditions and results of its operations.

Vision, mission and values

About the Company

SMEH's journey of success began in 1979, when Sheikh Saud bin Mohammed bin Nasser Al-Arifi founded the Company as a sole proprietorship in Riyadh. The venture transformed in the year 2000 into a limited liability company with a capital of SAR 20 million. Then in 2016, SMEH became a closed joint-stock company and gradually escalated its capital, which had reached SAR 200 million at the time of its listing on the Saudi Stock Exchange (Tadawul) under symbol 4014 on 28 February 2022. On 3 September 2023, the Extraordinary General Assembly authorized a further capital increase by way of issuing bonus shares to shareholders from retained earnings, raising the current capital to SAR 300 million, divided into 30 million ordinary shares.

Driven by its ambitious strategic vision, SMEH has achieved numerous milestones that solidified its leading position in the Saudi market. Through this vision, the Company aims to offer a wide range of high quality solutions and services in line with the highest standards of efficiency, quality, and expertise, to establish its position as one of the premier providers of services, solutions, and products, and the preferred choice of both the public and private sectors in the Kingdom for project implementation in accordance with the highest quality standards and global best practices across all relevant sectors.






Vision

To be a Saudi leading player in every market and industry we operate in (including operation and maintenance, contracting and construction, catering, medical devices, equipment and supplies, and security and safety), dedicated to growth with quality performance and committed to maximum success, while maintaining our core values in line with the community convenience and security, and rendering all our services professionally to all our clients.

Mission

To provide our clients with unique medical and non-medical solutions, committed to quality performance and maximum success while always maintaining our core values.

Company's Values

				
Excellence, quality, and effectiveness	Teamwork	Leadership	Community service	Integrity

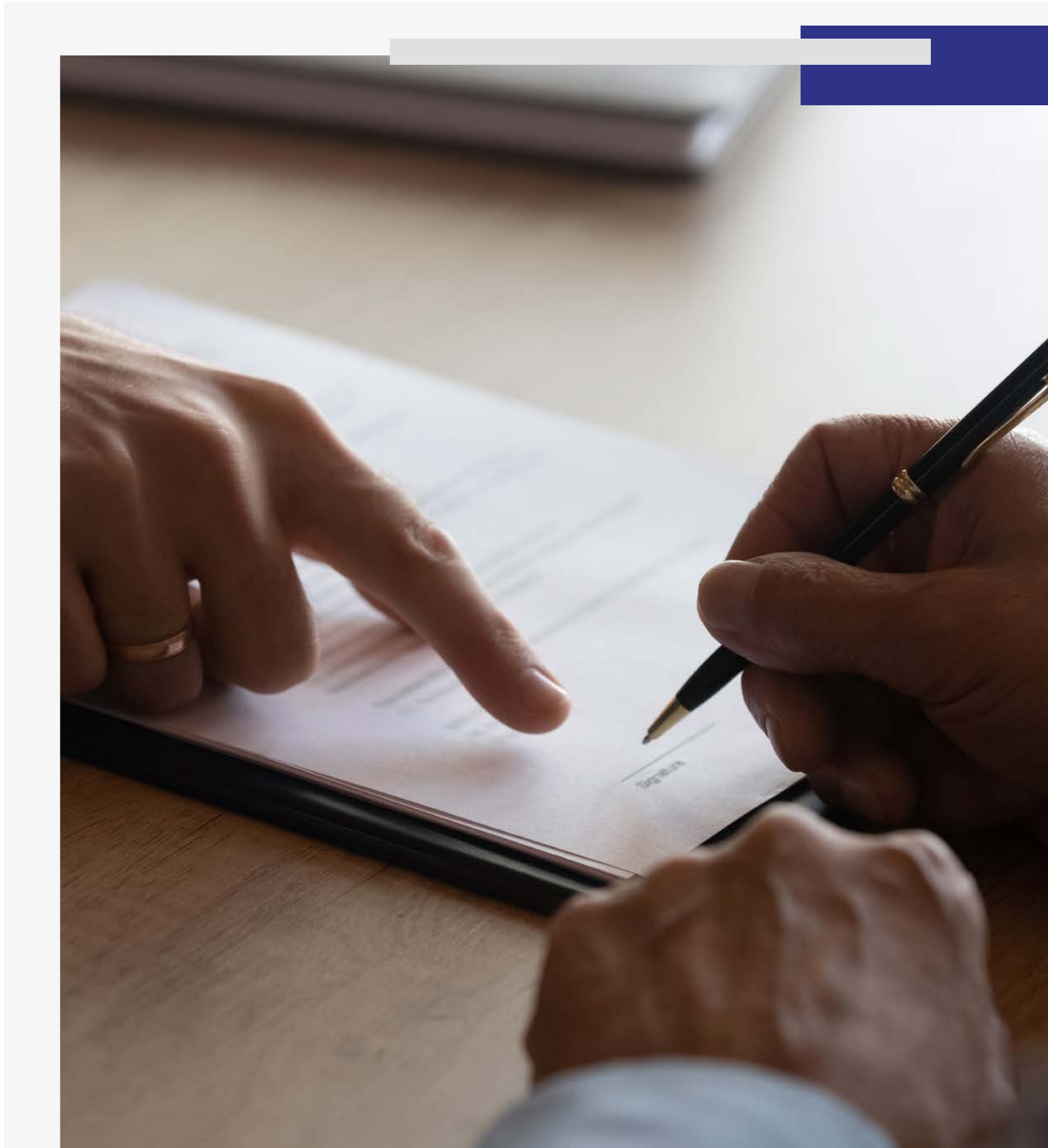


Strategic Partnerships and Key Clients

SMEH has successfully built a broad customer base through strategic partnerships, enabling it to secure more than 22 medical commercial agencies (as an exclusive agent or as a distributor) for several prestigious international medical devices and equipment companies. SMEH represents these companies commercially in the Kingdom of Saudi Arabia, through the sale and supply of medical equipment and devices and the provision of maintenance, operation, and spare parts. This enhances SMEH's leading presence as a professional provider of comprehensive medical services to all its clients in both the public and private sectors. Some of our most notable exclusive agencies:

Our Clients

We pride ourselves in providing distinguished services in every detail of our work, our clients' satisfaction is the measure of our successes. We understand that our clients' needs are "unique" and we work hard to meet those needs with a focus on our goal of providing results that add value and achieve customer satisfaction, which also helps establish lasting relationships based on trust between us and our clients. Our clients come first for the company, and our employees do their utmost to meet these clients' expectations as we are constantly enhancing our services to meet our clients' aspirations. We work closely with a wide range of clients from various sectors and regions across the kingdom in the public and private sectors. Here is a list of some of our major clients we are proud to work with:



Certifications

SMEH places paramount importance on meeting global quality standards, a commitment that is clearly reflected in its operational efficiency across all sectors and its ability to streamline administrative processes in a modern institutional and systematic manner. SMEH is committed to implementing a global quality management system and has obtained the following certifications:

- 
Global Quality Certification
 ISO 9001:2015 Quality Management System
 Certification body: Intercert
- 
International Quality Certification (OSHA)
 ISO 45001:2018 Occupational Health and Safety Management System
 Certification body: Ostia Management Pvt. Ltd..
- 
Global Quality Certification
 ISO 22000:2005 Food Safety Management System
 Certification body: QS Zurich AG
- 
Hazard Analysis and Critical Control Point (HACCP) Certificate
 for SMEH's food system quality
 Certification body: G-CERTI
- 
Global Quality Certification
 ISO 22000:2018 Food Safety Management Systems for SMEH's quality management system for patient meals and nutritional needs
 Certification body: TÜV AUSTRIA
- 
Global Quality Certification
 ISO 2200:2005 Food Safety Management System for SMEH's quality management system for patient and employee meals and nutritional needs
 Certification body: TÜV NORD
- 
OSHA Certification
 ISO 22000:2018 Food Safety Management Systems for SMEH's quality management system for patient meals and nutritional needs
 Certification body: TÜV AUSTRIA

Quality certification standards encompass various aspects, including: achieving customer satisfaction, implementing self-assessment procedures to enhance performance, conducting comprehensive reviews of all organizational structures and improvement procedures, documenting results and processes, collecting and utilizing statistical data, conducting internal and external audit operations, and several other standards.



Company Strategy

01

Diversification of related activities – entry into new areas (markets)

The company intends to take advantage of a wide range of manufacturing investment opportunities, particularly in healthcare and medical products, since these opportunities will help improve and increase the company's sales, diversify its income, and meet client needs. All these efforts would have a significant impact on diversification of the services that lead to improving long-term growth rates. Moreover, the Company will continue to improve the quality of services provided, boost operational efficiency, diversify activities and add new products and medical equipment agencies, thereby enhancing and increasing the Company's profitability.

02

Financial planning and strategic studies

The Company attaches great importance to financial planning and feasibility studies. These include studies of all estimated costs of its projects, in addition to projected revenue studies and financial flows schemes, ensuring a clear perception, which leads to the realization of the objectives of those studies that may contribute to higher profitability of the Company.

03

Strengthening relationships with the strategic clients

The Company's long-term relationship with public and private clients is key to its excellent reputation and high quality of services provided. The Company enjoys the highest classification as a contractor for Government contracts, enabling it to bid for all tenders related to medical and non-medical operation and maintenance, catering, food supply and contracting. Moreover, the Company further reviews its market coverage plans to ensure optimal coverage, maintain and enhance relationships with clients, and expand its services, which may directly help scale up its business and boost its profitability.

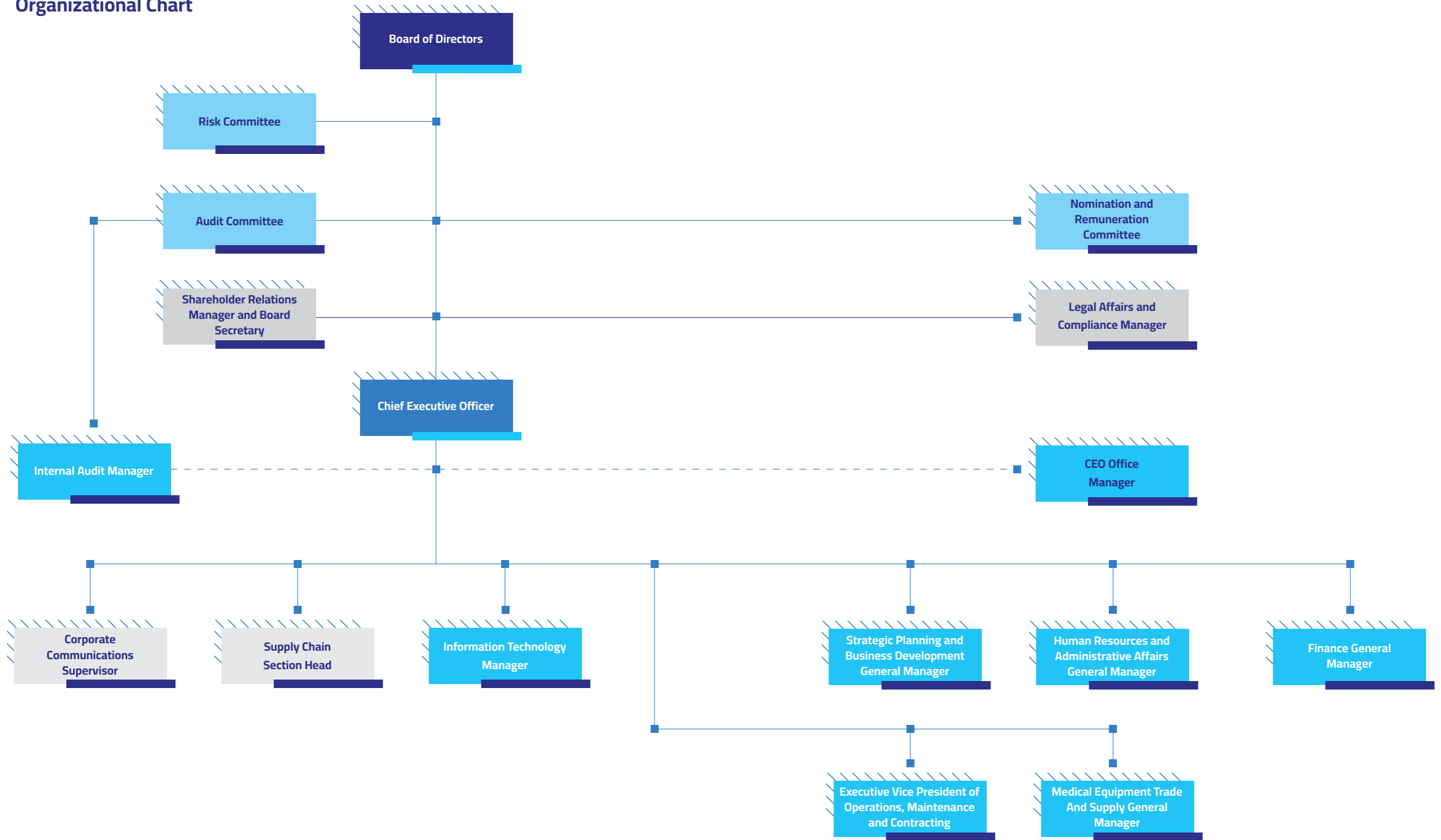
04

Bolstering the Company's capabilities and improving governance procedures

The Company seeks to attract talent, appoint, train, develop and qualify employees and new graduates in all sectors in which it operates, whether in healthcare, operation, maintenance, catering or contracting, by fully operationalizing the role of human resources department to support staff development and nationalization. In addition, the Company is strengthening its governance and compliance system through policies, regulations, and procedures that govern the work and compliance with the relevant laws, which will contribute to accurate and speedy delivery of business, maintenance of the Company's assets and mitigating risks.



Organizational Chart



Challenges, Risks and the Company's Policy in Managing and Monitoring them

The Board of Directors continually reviews the company's policies related to risk management and evaluates them annually with the Risk Management Committee to ensure the implementation of approved policies and programs and to mitigate risks that the company may face. The Risk Management Committee also ensures that the risk management system is efficiently and effectively implemented at all levels in SMEH and its subsidiaries. The Risk Management Committee effectively requires regular risk assessment, mitigation of their impacts, monitoring and reporting at the company level.

1- Strategic Risks

These are the risks that negatively affect the company's ability to achieve its long-term strategic objectives, as they relate to market variables, general economic decisions, and industrial and economic changes. The company's ability to implement its current strategies is also subject to various factors, some of which are beyond its control, for example the extent to which the company can obtain additional financing contracts to achieve its expected goals or strategies. If the company is unable to achieve its objectives or strategies for any reason, this will negatively affect the company's business, financial position, results of operations and future expectations. Therefore, the company makes every effort and determination to achieve its overall goals. SMEH deals with these risks and manages them in a manner commensurate with its capabilities, conducts regular reviews of these risks, determines their impact and develops appropriate measures to overcome them.

2- Operational Risks

These consist of deficiencies in the company's operational processes and systems that affect sales, marketing and the ability to meet customer demands. SMEH may be exposed to such risks, such as the unavailability of suitable manpower in services, maintenance, cleaning and landscaping to meet customer demands, rising wages for them and medical staff, rising prices of imported raw materials and medical supplies, cessation or delay in delivery for economic reasons, and the high cost of global transportation and shipping, which affects the company's business and contracting activities with the relevant authorities.

SMEH takes the necessary measures to deal with and mitigate these risks, as it monitors procedures related to raw materials, tools and medical device equipment and is keen to obtain exclusive agencies, attract skilled medical staff and technical workers at competitive prices on an ongoing basis, which will raise the efficiency of providing the best distinguished services.

3- Competitive Risks

SMEH sells its products and provides its services in competitive markets that are subject to market forces of supply and demand and increased market competition intensity and the presence of similar companies in the same field exposes the company to competitive risks that affect the company's and subsidiaries' business volume.

If the company becomes in a market dominant position or is classified as a company with a dominant position by the General Authority for Competition, the company's operations will be subject to the conditions and controls contained in the Competition Law. In case the company violates the provisions of the Competition Law and any ruling is issued against it regarding such violation, it may be subject to a fine which is an enormous risk that must be avoided by following the Competition Law regulations.

SMEH monitors and periodically reviews these risks, determines their impact and develops appropriate measures to overcome them, such as developing marketing methods and providing the best integrated quality in medical and non-medical operation and maintenance services, meeting all governmental and private tender requirements, and developing pricing policies commensurate with current market changes in order to maintain market shares and maintain distinguished relationships with major clients.

4- Human Resources Risks

Human resources risks consist of several key factors, including employment nationalization and maintaining nationalization ratios in each profession according to the decisions of the Ministry of Human Resources and Social Development, attracting and retaining qualified and distinguished human resources to work for the company. The company relies on a considerable number of health practitioners and administrative staff, and if the company faces any difficulty in providing these staff, it will negatively affect the company's business, financial position, results of operations and future expectations. Therefore, the company's policy to avoid this type of risk is to comply with Saudization requirements in addition to exercising due diligence in the recruitment and selection of competent employees through various recruitment channels.

SMEH attaches special importance to its human resources and employment nationalization, as it continuously works on recruiting and developing national cadres and gradually localizing and increasing nationalization rates for its jobs, attracting distinguished skills and competencies to work according to the company's strategy and benefit from the initiatives of the Ministry of Human Resources and Social Development (Tamheer, Hadaf, etc.).

The Human Resources Department also faced the challenge of attracting nursing staff for projects and bids won by the company during ٢٠٢٣, and the Human Resources Department succeeded in attracting the required nursing staff and raising their salaries after conducting a market study and calculating average salaries. The Human Resources Department succeeded in overcoming this effectively.

5- Information Technology Risks

These consist of internal and external risks and threats despite the availability of an advanced information security system which leads to negatively affecting the company's operations resulting in a set of damages such as service interruption, data loss, unauthorized access to systems and data and information disclosure.

SMEH manages technology risks through a set of procedures and steps including developing policies and procedures for dealing with information technology systems and developing regulatory controls related to cyber security, providing necessary skills and competencies, providing cyber security technology, programs and advanced firewalls, and protection programs against viruses in order to reduce the risk of business continuity interruption in the event of any cyber attack or sudden database outage.

Information systems are at risk and prone to damage in general due to computer viruses and hacker attacks. If the company's information systems stop working due to attacks, this will disrupt the company's business and negatively affect data and workers' rights. Therefore, the Information Technology Department works hard to develop systems to counter these attacks.

6- Financial Risks

These are the risks that have a financial impact on the company's operations. SMEH may be exposed to a variety of financial risks including interest rate fluctuation risks on financing and loans and bank facilities agreements, credit risks and liquidity shortage risks. SMEH seeks to minimize the potential negative effects on the company's financial performance, and the risks that threaten the company and how the company deals with them are as follows:

▪ Liquidity Risks

These are the risks of inability to secure the necessary liquidity to meet obligations related to financial instruments. Liquidity risks may result from the inability to sell a financial asset quickly and at a value close to its fair value. In addition, the company may fail to provide the necessary funds to meet its financial obligations arising from operating activities and capital expenditures and its liabilities on time. The company does not guarantee that no contingencies requiring immediate liquidity will occur, and the company may incur potential capital expenditure commitments, and there is no guarantee of the company's ability to secure those expenditures which will negatively affect the company's position.

SMEH manages liquidity by regularly monitoring to ensure the availability of sufficient liquidity to meet any future obligations when due as much as possible, preparing flexible estimated cash budgets to address liquidity shortages in order to balance inflows and outflows to accounts at the required level of liquidity for short-term operating needs, obtaining credit facilities from suppliers and creditors for long periods, and streamlining expenses.

▪ Loan and Credit Facility Risks

Loan and credit facility risks arise from the company's inability to meet its financial obligations to banks and incur financial losses. SMEH's loan and credit risks which it may potentially be exposed to consist primarily of its operating activity, especially operation contracts for facilities with governmental and private entities in the company's delayed sectors, or dealing with subsidiary companies' clients who may lack sufficient financial solvency.

SMEH works to manage credit and financing risks and loans with banks and signing agreements, and using them to guarantee projects and contracts with governmental authorities, by implementing some procedures and controls whereby the use of credit facilities is applied in proportion to the financial solvency of the project. The concerned management also monitors exposure to credit risks periodically. SMEH also prepares the necessary periodic studies to ensure the financial position of SMEH's investments and measure their impact on financial results and take appropriate procedures for these risks.

▪ Risks of Zakat and Tax Liabilities

The company and its subsidiaries submit tax returns for all years as the company calculates zakat at the level of subsidiaries independently. It is worth mentioning that the zakat certificate is issued annually and the company has obtained all zakat assessments since inception. The Zakat, Tax and Customs Authority may go back to any previous year and demand payment of additional zakat differences that the company bears and which may affect its business, so the company seeks to pay dues annually so as not to hinder.

▪ Risks Related to Reliance on Local and Foreign Agents and Suppliers and Subcontractors

The company obtains most of its products and devices from local and foreign agents, suppliers and subcontractors. The company and its subsidiaries may be exposed to the risk of shortage of supplied quantities due to reliance on local and foreign agents, suppliers and subcontractors, which results in delays in customs procedures, quality assurance risks, and other potential problems. Therefore, the company continuously monitors the ongoing changes in regulations and systems related to the activities of suppliers, registration and customs clearance procedures, inspection and imposed fees.

▪ Risks Related to Revenue and Accounts Receivable Concentration Through Reliance on Major Clients

The company and its subsidiaries rely in their business on substantially providing services to government agencies through manpower supply contracts that may range from three to five years. Therefore, the largest part of the company's revenue depends on these government agencies. If the contractual relationship with the relevant authorities is negatively affected, this will impact the company's business.

7- Risks Related to Corporate Governance

The company's success in proper governance depends on the extent to which the Board of Directors, its committees, executive management and employees understand and properly implement these rules. Not implementing these rules will definitely negatively affect the company. Therefore, the Board of Directors has adopted a Corporate Governance Regulation that includes procedures and rules that the company must comply with under the Corporate Governance Regulations issued by the Capital Market Authority. The company's General Assembly also approved the Audit Committee Charter and the Nomination and Remuneration Committee Charter.

▪ Risks of Non-Compliance with Professional Code of Conduct and Internal Regulations

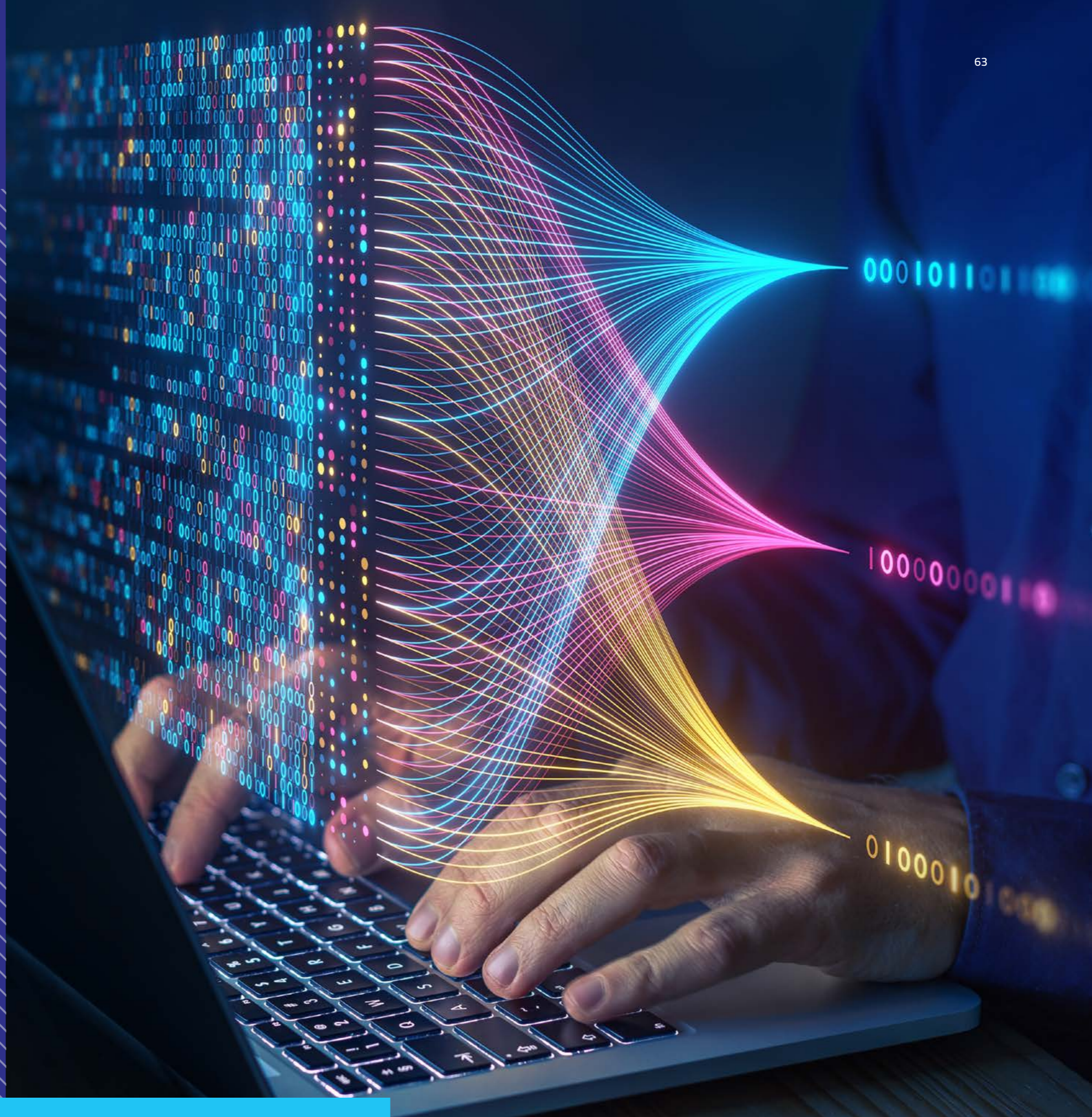
The company and its subsidiaries comply with a set of systems, regulations and regulations, whether at the level of ministerial decisions or with regard to professional code of conduct and internal regulations. Violating the regulations issued by the authorities concerned may affect the company's business and operations. Therefore, the management has developed an integrated policy to comply with these rules.

▪ Risks of Company's Inability to Obtain Licenses, Permits and Government Approvals or Inability to Renew Them

The company and its subsidiaries are subject to many regulations and laws that require them to obtain a number of licenses, permits and approvals from the relevant regulatory authorities in Saudi Arabia to carry out their activity. The company and its subsidiaries carry out activities (medical operation and maintenance, contracting, food and hospitality services under a number of licenses, certificates and permits). These permits must remain valid, and if the company is unable to maintain the validity of those permits, it may not be able to renew or obtain new permits it may need, which will result in suspension or disruption of the company's business. To avoid this predicament, the company continuously reviews its permits and complies with the rules of the authorities.

Analysis of Activity Results

02



Annual financial results for the fiscal year ending on December 31, 2022G

Income statement – (SAR'000)	2022G	2023G
Revenues	713,821	799,276
Cost of revenue cost	(558,974)	(666,224)
Gross profit	154,845	133,052
Selling and marketing expenses	(10,265)	(18,064)
General and administrative expenses	(67,643)	(67,839)
Provision for expected credit losses	(39,429)	21,505
Operating profit	37,509	68,654
Financing costs	(20,987)	(27,818)
Other income, net	11,216	12,115
Profit before zakat	27,739	52,115
Zakat	(12,123)	(15,951)
Profit for the year	15,616	37,801
Other Comprehensive Income		
Other comprehensive income items that will not be later reclassified to profit or loss:		
Changes in the fair value of equity investment at equivalent value through other comprehensive income	-	-
Actuarial losses on specific benefit obligations to employees	(663)	-
Other Comprehensive Loss	(663)	338
Total comprehensive income for the year	14,952	38,139

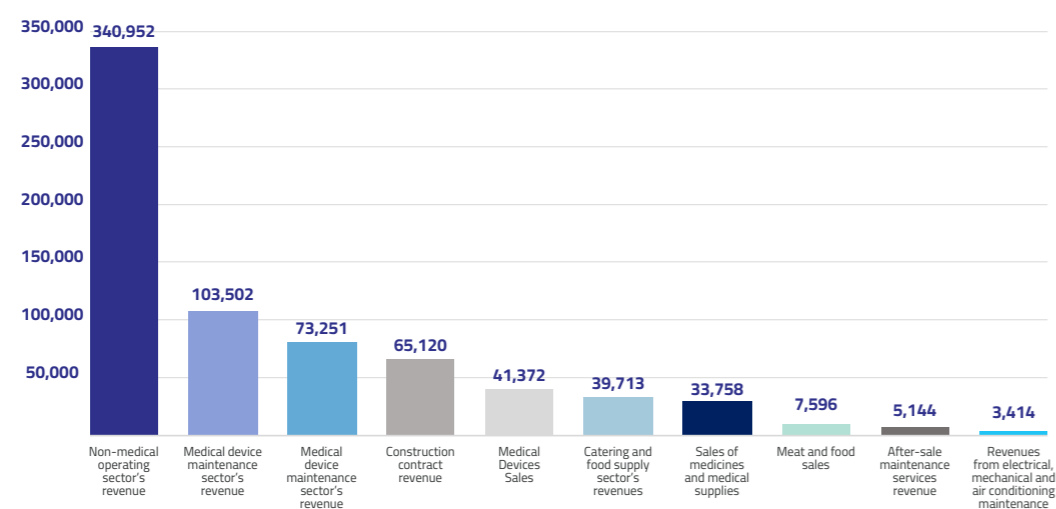
Income statement – (SAR'000)	2022G	2023G
Profit for the year Related to:		
Company shareholders	17,566	40,059
Non-controlling equity shareholders	(1,950)	(2,257)
	14,952	38,139
Basic and diluted earnings per share	.09	1.34



Geographical Analysis of Revenue



Revenue analysis by operating segment (Million SR)



Revenues	Fiscal year 2022G	Central Region	Eastern Region	Western Region	Southern Region	Northern Region	Total	(%) from total revenue
Non-medical operating sector's revenue	426,455	12,719	54,361	254,314	67,795	37,266	426,455	53%
Medical device maintenance sector's revenue	75,771	3,836	2,252	12,911	52,478	4,293	75,771	9%
Medical operating sector's revenue	87,974	34,256	0	4,774	36,254	12,690	87,974	11%
Catering and food supply sector's revenues	55,029	14,844	25,119	13,619	1,447	-	55,029	7%
Revenues from electrical, mechanical and air conditioning maintenance	2,826	2,826	-	-	-	-	2,826	0%
Total	648,056	68,481	81,732	285,619	157,974	54,249	648,056	81%
Construction contract revenue	45,001	27,473	17,528	-	-	-	45,001	6%
Medical Devices Sales	57,809	42,401	6,479	6,741	1,230	957	57,809	7%
Meat and food sales	8,119	8,119	-	-	-	-	8,119	1%
After-sale maintenance services revenue	11,820	8,361	435	1,025	1,573	425	11,820	1%
Sales of medicines and medical supplies	28,472	28,472	-	-	-	-	28,472	4%
Total	799,276	183,307	106,174	293,385	160,778	55,632	799,276	100%
(%) from total revenue	-	23%	13%	37%	20%	7%	100%	-

Segment Report for the last (5) years

	Operation and maintenance and commercial division 2023	Contracting 2023	Catering House of Food supply 2023	Subsidiaries 2023	eliminations and adjustments 2023	Total 2023 (SAR'000)
Revenues	703,038	45,001	0	67,336	(16,099)	799,276
Cost of revenues	(596,748)	(29,445)	0	(56,130)	16,099	(666,224)
Gross profit	106,290	15,556	0	11,206	0	133,052
Profit/loss for the year	30,920	9,138	0	(31,700)	29,443	37,801

	Operation and maintenance and commercial division 2022	Contracting 2022	Catering House of Food supply 2022	Subsidiaries 2022	eliminations and adjustments 2022	الاجمالي 2022 (SAR'000)
Revenues	595,539	65,120	7,596	51,943	(4,377)	713,821
Cost of revenue	(469,634)	(49,731)	(8,300)	(37,685)	6,377	(588,974)
Gross profit	125,905	15,389	(705)	14,457	-	154,847
Profit/loss for the year	9,924	7,910	(4,412)	(27,568)	29,716	15,616

	Operation and maintenance and commercial division 2021	Contracting 2021	Catering House of Food supply 2021	Subsidiaries 2021	eliminations and adjustments 2021	الاجمالي 2021 (SAR'000)
Revenues	611,308	50,083	10,512	39,254	(11,704)	699,453
Cost of revenue	(487,324)	(34,512)	(11,540)	(24,798)	11,704	(546,470)
Gross profit	116,591	15,571	(1,028)	14,457	-	152,984
Profit/loss for the year	68,263	8,376	(3,353)	(13,497)	16,959	76,749

	Operation and maintenance and commercial division 2020	Contracting 2020	Catering House of Food supply 2020	Subsidiaries 2020	eliminations and adjustments 2020	الاجمالي 2020 (SAR'000)
Revenues	498,982	76,160	5,711	41,788	(5,166)	617,475
Cost of revenue	(386,215)	(49,575)	(4,515)	(31,487)	5,166	(466,627)
Gross profit	112,767	26,584	1,196	10,300	0	150,848
Profit/loss for the year	56,197	18,386	178	(7,653)	7,052	74,161

	Operation and maintenance and commercial division 2019	Contracting 2019	Catering House of Food supply 2019	Subsidiaries 2019	eliminations and adjustments 2019	الاجمالي 2019 (SAR'000)
Revenues	459,792	128,197	0	13,018	(3,990)	597,017
Cost of revenue	(363,602)	(93,171)	0	(10,420)	3,990	(463,203)
Gross profit	96,190	35,026	0	2,598	0	133,814
Profit/loss for the year	45,858	24,811	0	(409)	147	70,407



Business results analysis for the last (5) years

Income statement – (SAR'000)	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023
Revenues	597,017	617,475	699,453	713,821	799,276
Cost of revenue cost	(463,203)	(466,627)	(546,470)	(558,974)	(666,224)
Gross profit	133,814	150,848	152,983	154,847	133,052
Selling and marketing expenses	(9,989)	(13,557)	(10,459)	(10,265)	(18,064)
General and administrative expenses	(55,736)	(49,234)	(59,101)	(67,644)	(67,839)
Provision for expected credit losses	0	0	0	(39,429)	21,505
Operating profit	68,089	88,057	83,423	37,509	68,654
Financing costs	(21,178)	(13,782)	(13,980)	(20,987)	(27,818)
Financing Income	357	0	0	0	0
Other income, net	23,466	7,279	15,391	11,217	12,115
Profit before zakat	70,734	81,554	84,834	27,239	52,951
	12%	13%	4%	-206%	
Zakat	(327)	(7,393)	(8,085)	(12,123)	(15,150)
Profit for the year	70,407	74,161	76,749	15,616	37,801
Related to:					
Company shareholders	70,669	74,761	77,524	17,567	40,059
Non-controlling equity shareholders	(262)	(600)	(775)	(1,951)	(2,257)
Net profit for the year/period	70,407	74,161	76,749	15,616	37,801
Other comprehensive income items that will not be reclassified to profit or loss in subsequent years:					
Changes in fair value of equity investments at fair value through other comprehensive income	1,015	(78)	745		0
Actuarial gains (losses) on employee benefit obligations	3,504	(2,425)	(2,814)	(663)	338

Income statement – (SAR'000)	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023
Share of non-controlling shareholders' equity from actuarial losses	-	-	-	-	338
Total Other Comprehensive Income/(Loss)	4,519	(2,703)	(2,069)	(663)	0
Comprehensive income	74,926	71,458	74,680	14,953	38,139

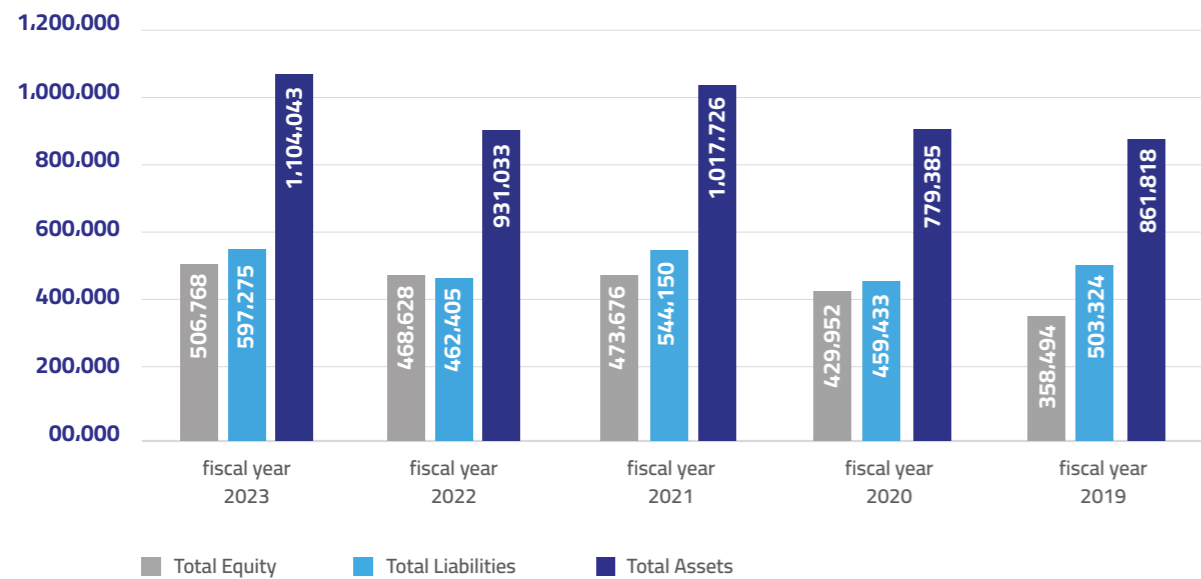
Clarifications:

- Revenue increased by 11.9% to reach SAR 799.3 million in the fiscal year 2023, primarily due to:
 1. The commencement of several new projects that had been announced in previous periods, especially in the medical and non-medical operations and catering sectors, which led to an increase in operational revenue.
 2. An increase in sales in the medical devices and equipment sector.
- Cost of revenue rose by 19.1% to reach SAR 666.2 million in the fiscal year 2023, due to higher operational costs such as salaries and wages for medical staff and increased costs of projects from labor, spare parts, and subcontracting.
- As a result of the aforementioned increase in cost of revenues, the gross profit margin decreased during 2023.
- Selling and marketing expenses increased by 76% during 2023 due to new hires to support the sales team in the medical devices and equipment sector, in addition to recording motivating sales commissions for the year.
- General and administrative expenses did not change significantly over the two years (only a 0.3% increase).
- In compliance with the application of International Financial Reporting Standard (IFRS) 9 for measuring the expected credit losses of trade receivables and contract assets, and based on the assessment by the external auditor using the provision matrix method within the expected credit loss assessment model, there was an increase in the expected credit loss allowance during 2022 by SAR 38 million. The expected credit loss allowance for the current year 2023 has been reassessed based on the risk percentages associated with the historical events of debt collection and future expectations thereof, resulting in a reduction of SAR 21.5 million.
- Financing costs rose by 6.8% to SAR 6.8 million due to an increase in interest rates on short-term loans.
- Other income increased by 8% due to higher collections from the Human Resources Development Fund compensations.
- Zakat costs rose by SAR 3 million during the year 2023, in accordance with the zakat calculation according to the Zakat and Income Authority system.
- Net profit increased by 142% between the two years due to the revaluation of the expected credit loss allowance for the current year based on the risk percentages associated with the historical events of debt collection and future expectations thereof. This led to a reduction in the allowance by SAR 21.5 million.

Assets, liabilities and shareholders' equity for the last (5) years.

Description	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023 (SAR'000)
Total Assets	861.818	889.385	1,017.826	931,033	1,104,043
Total Liabilities	503.324	459.433	544.150	462,405	597,275
Total Equity	358.494	429.952	473.676	468,628	506,768
	-	48%	47%	50%	46%

Total assets, liabilities and equity



Information related to the company's loans

Short term loans	Balance at 01/01/2023	New loans	Settled loans	Balance at 31/12/2023 (SAR'000)
Arab National Bank	-	60,566,136	25,586,083	34,980,053
Saudi Fransi Bank	58,526,443	345,744,221	316,799,872	87,470,792
Riyad Bank	78,299,991	119,666,899	181,670,659	16,296,230
SABB Bank	7,795,719	18,901,806	17,854,053	8,843,472
The Saudi Investment Bank	21,632,212	386,474,751	315,592,843	92,514,119
Saudi National Bank	3,784,107	308,572	3,784,107	308,572
AlBilad Bank	-	76,421,051	37,534,044	38,887,007
Alinma Bank	-	57,697,277	17,453,530	40,243,747
Total short-term loans	170,038,471	1,065,780,713	916,275,192	319,543,992
Long term loans	Balance at 01/01/2023	New loans	Settled loans	Balance at 31/12/2023 (SAR'000)
Industrial Development Fund	6,200,000	-	-	6,200,000
Wa'ed-Entrepreneurship	3,750,000	-	375,000	3,375,000
Total long-term loans	9,950,000	-	375,000	9,575,000
Payment notes	Balance at 01/01/2023	New loans	Settled loans	Balance at 31/12/2023 (SAR'000)
	7,841,356	47,772,247	42,884,374	12,729,229
Total payment notes	7,841,356	47,772,247	42,884,374	12,729,229
Due to banks	Balance at 01/01/2023	New loans	Settled loans	Balance at 31/12/2023 (SAR'000)
Riyad Bank	-	1,789,123	1,789,123	-
SABB Bank	-	-	-	-
The Saudi Investment Bank	-	105,646	105,646	-
Banque Saudi fransi	-	13,662,469	13,662,469	-
Total bank payables	-	15,557,238	15,557,238	-
Total bank obligations				341,848,221

Dividends Distribution

03



Overview of the company's dividend policy:

In reference to the extraordinary general assembly meeting held on Wednesday, June 29, 2022, the shareholders approved the amendment of Article (47) of the company's Articles of Association regarding "dividend distribution" to comply with the requirements of the public joint-stock companies listed in the Saudi Exchange market "Tadawul". The amendment was made to the original dividend distribution policy of the company. The chairman and members of the board of directors reviewed the amendments to the policy in the board meeting on November 6, 2022, according to the amendments that occurred to the company's Articles of Association and approved by the extraordinary general assembly in its meeting with the shareholders on June 29, 2022. The board approved the amendments in accordance with the company's Articles of Association concerning dividend distribution, and the final version of the company's dividend distribution policy was issued on November 6, 2022, and work began with it.

The dividend distribution process is subject to certain restrictions according to the company's Articles of Association. Article (49) of the company's Articles of Association stipulates that the company's annual net profits after deducting all general expenses and other costs shall be distributed as follows:

1. A reserve of (10%) of the net profits is set aside to form the statutory reserve of the company, and the ordinary general assembly may decide to stop this allocation when the reserve reaches (30%) of the paid-up capital.
2. The ordinary general assembly may, based on a proposal from the board, set aside a (10%) reserve of the net profits to form a voluntary reserve allocated for a specific purpose or purposes.
3. The ordinary general assembly may decide to create other reserves to the extent that it serves the company's interest or ensures the distribution of dividends as stable as possible to shareholders, and the assembly may also deduct from the net profits amounts to establish social institutions for the company's employees or to assist what is existing of these institutions.
4. The ordinary general assembly, based on a proposal from the board of directors, may distribute the remainder of the profits to the shareholders in the form of cash amounts or bonus shares in the company's capital that are non-redeemable by the shareholders in the proportion proposed by the board of directors and approved by the general assembly, or the remainder may be carried forward to the next fiscal year after approval by the ordinary general assembly of shareholders.
5. The ordinary general assembly may delegate the board of directors for a year to distribute interim dividends quarterly or semi-annually, and the delegation to the board of directors is renewed annually.
6. Preferred shareholders of any class or group shall receive their share of the profits according to the ratios, terms, and times specified in the company's Articles of Association or in the decisions of the extraordinary general assembly issued in this regard, and preferred shares have priority in dividend distribution over ordinary shares where the announced profits for the holders of preferred shares - if any - are reserved, and the remainder after that is distributed to the holders of ordinary shares.
7. Pursuant to Article (9) (Receiving Dividends) of the Corporate Governance Regulations of Scientific & Medical Equipment House, "The shareholder is entitled to his share of the profits according to the decision of the general assembly issued concerning the distribution of dividends to shareholders, or the decision of the board of directors to distribute interim dividends. The decision specifies the entitlement date and the distribution date, provided that the decision is implemented in accordance with what is stipulated in the executive regulations of the companies' system for listed joint-stock companies."

Dividend analysis (declared/distributed) for the last (5) years.

Clarification	2018	2020	2021	2022*	2023
Net profits	70,407	74,161	76,749	15,616	
Dividends	20,000	30,000	20,000	-	
Dividend to net profit ratio	28.4%	70.9%	26%	-	
Number of shares	20,000	20,000	20,000	-	
Distributed Profit	1	1,5	1	100	
Distribution ratio	10%	1.5%	10%	40%	
Distribution Date	-	30/06/2021	25/07/2022	03/09/2023	

* The percentage of dividends distributed for the year 2022 from the balance of retained profits in 2022 was 40%, which was capitalized in the company's capital through the distribution of bonus shares.

Board of Directors, General Assembly and Corporate Governance

04



Record of 2023 Board Meetings and Resolutions

In 2023, the Board of Directors held 7 meetings. Below is a summary of each Board meeting and the resolutions issued therein:

01	Date	Attendance Record
	30/03/2023	%83 - Legal Quorum for the Meeting (First Session) Achieved

Meeting/Decisions Summary:

1. Review of resolution passed by circulation to approve the resignation of Board Member Mr. Bashir bin Saud Al-Arifi.
2. Review of resolution passed by circulation to appoint of Mr. Khalil Turki Sulaiman as an Advisor to the Board of Directors.
3. Discussion of the consolidated annual financial statements for the fiscal year ending on 31/12/2022.
4. Review of the Company's 2022 Annual Report.
5. Review of the Audit Committee's 2022 Report.
6. Review of the Remuneration and Nomination Committee's 2022 Report.
7. Issuance of invitation to the Annual Ordinary General Assembly and approval of agenda items.
8. Amendment of the company's organizational structure and addition of new positions.
9. Approval of regulations and procedures for catering sector studies and tenders.
10. Approval of regulations and procedures for the medical maintenance sector.

02	Date	Attendance Record
	21/05/2023	%83 - Legal Quorum for the Meeting (First Session) Achieved

Meeting/Decisions Summary:

1. Review of resolution passed by circulation to approve collaboration and cooperation with the Construction & Planning Company (C&P).
2. Discussion of preliminary consolidated financial statements for Q1 of FY2023 ending on 31/12/2023.
3. Approval of regulations and procedures for the non-medical operations and maintenance sector.
4. Opening of Board membership nomination process for the next term.

03	Date	Attendance Record
	11/06/2023	%83 - Legal Quorum for the Meeting (First Session) Achieved



Meeting/Decisions Summary:

1. Recommendation by CEO to increase the Company's capital by way of issuing bonus shares to shareholders, for the purpose of enhancing the Company's strategic growth and asserting its financial solvency and strong financial standing.
2. Amendment of CEO's basic salary and allowances.
3. Recommendation by CEO to amend and increase the basic salaries of 64 employees, with the total increase amounting to SAR 77,200.
4. Recommendation by CEO to grant annual bonuses for the year 2022 totaling SAR 2.4 million to 85 employees.

04	Date	Attendance Record
	05/07/2023	%83 - Legal Quorum for the Meeting (First Session) Achieved



Meeting/Decisions Summary:

1. Recommendation by the Head of the Remuneration and Nomination Committee of a list of candidates for the Board's second term.
2. Presentation of the draft Board of Directors Charter.

05	 Date	 Attendance Record
	09/08/2023	100% - All Board Members Present (Second Session)



Meeting/Decisions Summary:

1. Appointment of Board Chairman.
2. Appointment of Board Vice Chairman.
3. Appointment of Managing Director (CEO).
4. Appointment of Board Secretary.
5. Appointment of Company's representatives to CMA and Tadawul.
6. Formation of the Remuneration and Nomination Committee.
7. Formation of the Risk Management Committee.

06	 Date	 Attendance Record
	13/08/2023	100% - All Board Members Present (Second Session)

Meeting/Decisions Summary:

1. Discussion of preliminary consolidated financial statements for Q2 of FY2023 ending on 30/06/2023.
2. Review of the Board Chairman's recommendation of NABD Medical Industries.
3. Review of the Remuneration and Nomination Committee Chairman's study and recommendation regarding annual bonuses and meeting attendance allowances for Board Members.

07	 Date	 Attendance Record
	07/11/2023	100% - All Board Members Present (Second Session)

Meeting/Decisions Summary:

1. Discussion of the preliminary consolidated financial statements for Q3 of FY2023, ending on 30/09/2023.
2. Adoption of Board of Directors Charter and Regulations.
3. Adoption of organizational structure V.6, authority and responsibility matrix, and human resources management policies, procedures, and regulations.
4. Adoption of information technology management policies and procedures.
5. Adoption of regulations for the medical operations sector (management and projects - studies and tenders).
6. Adoption of quality management system (QMS) for the contracting sector.

The table below illustrates the attendance record of Board Members:


#	Name	Position	Capacity	30/03/2023p	21/05/2023p	11/06/2023p	05/07/2023p	09/08/2023p	13/08/2023p	07/11/2023p	Attendance Rate (%)
1	Basil bin Saud bin Mohammad Al-Arifi	Chairman	Non-Executive	✓	✓	✓	✓	✓	✓	✓	100%
2	Bandar bin Saud bin Mohammad Al-Arifi	Vice Chairman	Non-Executive	✓	✓	✓	✓	✓	✓	✓	100%
3	Barakat bin Saud bin Mohammad Al-Arifi	Managing Director	Executive	✓	✓	✓	✓	✓	✓	✓	100%
4	Bashir bin Saud bin Mohammad Al-Arifi*	Member	Non-Executive	-	-	-	-	-	-	-	0%
5	Muhammad bin Ibrahim Abdulmohsen Al Hogail	Member	Independent	✓	✓	✓	✓	✓	✓	✓	100%
6	Hassan bin Ali bin Abdul Mohsen Al-Jeshi	Member	Independent	✓	✓	✓	✓	✓	✓	✓	100%
7	Munir bin Ahmed bin Mohammed Al-Sari**	Member	Independent	-	-	-	-	✓	✓	✓	43%

* Mr. Bashir bin Saud Al-Arifi submitted his resignation from the Board on 15/03/2022, and did not attend any Board meetings during the year 2023.

** The Members of the Board of Directors were re-elected for a second term during the Ordinary General Assembly held on 31/07/2023. Munir Al-Sari was elected on 31/07/2023 to fill the vacant seat on the Board following the resignation of Mr. Bashir Al-Arifi.

Record of 2023 General Assembly Meetings and Resolutions

During the year 2023, the Board of Directors held (12) meetings in which it discussed the following:

01	 Date 25/05/2023	Day Thursday	Type Second Ordinary General Assembly
Quorum	Number of Shareholders Present 314 Shareholders	Number of Shares Present 11,867,977 shares	Percentage %59.34

Summary of Agenda Items/Resolutions of the Extraordinary General Assembly (First Session):

No.	Item
1	Review and discussion of the Board's Report on the fiscal year ending on 31/12/2022.
2	Discussion and approval of the Company Auditor's report on the fiscal year ending on 31/12/2022.
3	Review and discussion of the financial statements for the fiscal year ending on 31/12/2022.
4	Approval of the selection of Turki Abdulmohsen Alluhaid and Saleh Abdullah AlYahya Chartered Accountants to serve as the Company's auditors from among nominated accountants and auditors based on the Audit Committee's recommendation for the examination, review, and audit of the Company's financial statements for Q2 2023, Q3 2023, and Q1 2024, as well as the 2023 Annual Financial Statements; and determination of their fees.
5	Approval of the disbursement of a bonus amounting to SAR 720,000 for the Board of Directors for the fiscal year ending on 31/12/2022.
6	Approval of the release of liability of Board Members for the year 2022.
7	Approval of the authorization of the Board of Directors with the powers of the General Assembly as stipulated in Paragraph (1) of Article (27) of the Companies Law for a period of one year from the date of the General Assembly's approval or until the end of the authorized Board's term, whichever is earlier, in accordance with the conditions specified in the Implementing Regulations of the Companies Law as applicable to listed joint-stock companies.
8	Approval of the amendment of the Audit Committee's Regulations.
9	Approval of the amendment of the Remuneration and Nomination Committee's regulations.
10	Approval of Board membership policies, standards, and procedures.
11	Approval of Compensation Policy for members of the Board, Board Committees, and Executive Management.



No.	Item
12	Approval of the works and contracts made between the Company and Rawabi Marketing International Co., with which Mr. Basil Saud Al-Arifi (Board Member), Mr. Bandar Saud Al-Arifi (Vice Chairman of the Board), Mr. Barakat Saud Al-Arifi (Board Member), and Mr. Bashir Saud Al-Arifi (Board Member) have a direct relationship, for the leasing of the Company's building located on Prince Abdulaziz bin Jalawi Street in Sulaymaniyah to Rawabi Marketing International Co. without preferential terms, including building maintenance and operation works, for a total amount of SAR 864,000 during the year 2022.
13	Approval of the works and contracts made between the Company and Rawabi Marketing International Co., with which Mr. Basil Saud Al-Arifi (Board Member), Mr. Bandar Saud Al-Arifi (Vice Chairman of the Board), Mr. Barakat Saud Al-Arifi (Board Member), and Mr. Bashir Saud Al-Arifi (Board Member) have a direct relationship, for the leasing of labor at prevailing market rates without preferential terms, for a total amount of SAR 6,656,625 during the year 2022.
14	Approval of the works and contracts made between the Company and Rawabi Marketing International Co., with which Mr. Basil Saud Al-Arifi (Board Member), Mr. Bandar Saud Al-Arifi (Vice Chairman of the Board), Mr. Barakat Saud Al-Arifi (Board Member), and Mr. Bashir Saud Al-Arifi (Board Member) have a direct relationship, for the issuance of approved purchase orders for the supply of cleaning materials for projects at prevailing market rates without preferential terms, for a total amount of SAR 2,260,005 during the year 2022.
15	Approval of the works and contracts made between the Company and Rawabi for Smart Services and Devices, with which Mr. Basil Saud Al-Arifi (Board Member), Mr. Bandar Saud Al-Arifi (Vice Chairman of the Board), Mr. Barakat Saud Al-Arifi (Board Member), and Mr. Bashir Saud Al-Arifi (Board Member) have a direct relationship, for the provision of technical support to SMEH without preferential terms, including maintenance and operation of the Company's networks, computers, servers, and monitoring of operations on SAP with the implementing company, for a total amount of SAR 3,088,478 during the year 2022.
16	Approval of the works and contracts made between the Company and the National Sulfur Products Company, with which Mr. Basil Saud Al-Arifi (Managing Director), Mr. Bandar Saud Al-Arifi (Chairman of the Board), Mr. Barakat Saud Al-Arifi (Board Member), and Mr. Bashir Saud Al-Arifi (Vice Chairman of the Board) have a direct relationship, for the leasing of the Company's building located on Prince Abdulaziz bin Jalawi Street in Sulaymaniyah to the National Sulfur Products Company without preferential terms, including building maintenance and operation works, for a total amount of SAR 384,000 during the year 2022.

No.	Item
17	Approval of the works and contracts made between the Company and the National Sulfur Products Company, with which Mr. Basil Saud Al-Arifi (Managing Director), Mr. Bandar Saud Al-Arifi (Chairman of the Board), Mr. Barakat Saud Al-Arifi (Board Member), and Mr. Bashir Saud Al-Arifi (Vice Chairman of the Board) have a direct relationship, for the leasing of labor at prevailing market rates without preferential terms, for a total amount of SAR 5,985,269 during the year 2022.
18	Approval of the works and contracts made between the Company and the National Sulfur Products Company, with which Mr. Basil Saud Al-Arifi (Managing Director), Mr. Bandar Saud Al-Arifi (Chairman of the Board), Mr. Barakat Saud Al-Arifi (Board Member), and Mr. Bashir Saud Al-Arifi (Vice Chairman of the Board) have a direct relationship, for approved purchase orders for the supply of construction services and cleaning materials for projects at prevailing market rates without preferential terms, for a total amount of SAR 5,499,076 during the year 2022.
19	Approval of the works and contracts made between the Company and the German Metal Surface Treatment Chemicals Company, with which Mr. Basil Saud Al-Arifi (Board Member), Mr. Bandar Saud Al-Arifi (Board Member), Mr. Barakat Saud Al-Arifi (Chairman of the Board), and Mr. Bashir Saud Al-Arifi (Board Member) have a direct relationship, for the leasing of the Company's building located on Prince Abdulaziz bin Jalawi Street in Sulaymaniyah to the German Metal Surface Treatment Chemicals Company without preferential terms, including building maintenance and operation works, for a total amount of SAR 264,000 during the year 2022.
20	Approval of the works and contracts made between the Company and the German Metal Surface Treatment Chemicals Company, with which Mr. Basil Saud Al-Arifi (Board Member), Mr. Bandar Saud Al-Arifi (Board Member), Mr. Barakat Saud Al-Arifi (Chairman of the Board), and Mr. Bashir Saud Al-Arifi (Board Member) have a direct relationship, for the leasing of labor at prevailing market rates without preferential terms, for a total amount of SAR 845,484 during the year 2022.
21	Approval of the works and contracts made between the Company and the German Metal Surface Treatment Chemicals Company, with which Mr. Basil Saud Al-Arifi (Board Member), Mr. Bandar Saud Al-Arifi (Board Member), Mr. Barakat Saud Al-Arifi (Chairman of the Board), and Mr. Bashir Saud Al-Arifi (Board Member) have a direct relationship, for approved purchase orders for the supply of cleaning materials for projects at prevailing market prices without preferential terms, for a total amount of SAR 287,191 during the year 2022.
22	Approval of the works and contracts made between the Company and Dirat Al-Amar Real Estate, with which Mr. Basil Saud Al-Arifi (Board Member), Mr. Bandar Saud Al-Arifi (Board Member), Mr. Barakat Saud Al-Arifi (Board Member), and Mr. Bashir Saud Al-Arifi (Chairman of the Board) have a direct relationship, for the construction of a commercial complex on Al-Takhassusi Street in Riyadh without preferential terms, for a total amount of SAR 7,216,396 during the year 2022.
23	Approval of the works and contracts made between the Company and Dirat Al-Amar Real Estate, with which Mr. Basil Saud Al-Arifi (Board Member), Mr. Bandar Saud Al-Arifi (Board Member), Mr. Barakat Saud Al-Arifi (Board Member), and Mr. Bashir Saud Al-Arifi (Chairman of the Board) have a direct relationship, for the leasing of units in the King Fahd building without preferential terms, for a total amount of SAR 2,108,544 during the year 2022.
24	Approval of the works and contracts made between the Company and Dirat Al-Amar Real Estate, with which Mr. Basil Saud Al-Arifi (Board Member), Mr. Bandar Saud Al-Arifi (Board Member), Mr. Barakat Saud Al-Arifi (Board Member), and Mr. Bashir Saud Al-Arifi (Chairman of the Board) have a direct relationship, for the issuance of approved purchase orders for the supply of purchases, spare parts, and cleaning materials at prevailing market prices without preferential terms, for a total amount of SAR 887,675 during the year 2022.

No.	Item
25	Approval of the works and contracts made between the Company and Union Land Company General Trading, with which Mr. Bandar Saud Al-Arifi (General Manager) has a direct relationship, for the supply of consumables (electrical - catering) through the issuance of approved purchase orders at prevailing market prices and based on the agreed value of consumable materials without preferential terms, for a total amount of SAR 3,596,924 during the year 2022.
26	Approval of the works and contracts made between the Company and Barakat Al-Khair Trading Company, with which Mr. Barakat Saud Al-Arifi (General Manager) has a direct relationship, for the supply of consumables (mechanical - air conditioning), through the issuance of approved purchase orders at prevailing market prices and based on the agreed value of consumable materials without preferential terms, for a total amount of SAR 4,915,470 during the year 2022.

02



Date 31/07/2023 **Day** Monday **Type** Third Ordinary General Assembly

Quorum

Number of Shareholders Present
269 shareholders

Number of Shares Present
13,262,073 shares

Percentage
% 66.31

Summary of Agenda Items/Resolutions of the Ordinary General Assembly (First Session):

#	Item
1	Approval of the election of the following board members from among the candidates for the new term, which begins from the date of the Ordinary General Assembly held on July 31, 2023, with a duration of three Gregorian years, ending on July 30, 2026: <ol style="list-style-type: none"> Mr. Basel bin Saud bin Mohammed Al-Arifi (Non-Executive Member) Mr. Bandar bin Saud bin Mohammed Al-Arifi (Non-Executive Member) Mr. Barakat bin Saud bin Mohammed Al-Arifi (Executive Member) Mr. Mohammed bin Ibrahim bin Abdulmohsen Al-Huqail (Independent Member) Mr. Hassan bin Ali bin Abdulmohsen Al-Jishi (Independent Member) Mr. Munir bin Ahmad bin Mohammed Al-Sari (Independent Member)
2	Approval for authorizing the Board of Directors for its term commencing on July 31, 2023, with the powers granted to the General Assembly under Paragraph (1) of Article Twenty-Seven of the Companies Law. This authorization is valid for one year from the date of the General Assembly's approval or until the conclusion of the Board of Directors' term, whichever occurs first, and is subject to the terms outlined in the Executive Regulations of the Companies Law pertaining to publicly listed joint-stock companies.

03  **Date** 03/09/2023 **Day** Sunday **Type** Second Extraordinary General Assembly

Quorum

Number of Shareholders Present	Number of Shares Present	Percentage
275 shareholders	12,686,605 shares	63.43 %

Summary of Agenda Items/Resolutions of the Ordinary General Assembly (First Session):

#	Item
1	<ul style="list-style-type: none"> ▪ Approval of the Board's recommendation regarding the increase in the Company's capital from SAR 200,000,000 to SAR 300,000,000 through the issuance of bonus shares to the Company's shareholders, as follows: <ul style="list-style-type: none"> ▪ Total increase amount: SAR 100,000,000. ▪ Capital before the increase: SAR 200,000,000. ▪ Capital after the increase: SAR 300,000,000. ▪ Increase percentage: 50%. ▪ Number of shares granted: One (1) share for each two (2) owned shares. ▪ Number of shares before the increase: 20,000,000 ordinary shares with a fully paid nominal value of SAR 10 per share. ▪ Number of shares after the increase: 30,000,000 ordinary shares with a fully paid nominal value of SAR 10 per share. ▪ The Company's capital increase shall be carried out by the capitalization of a total amount of SAR 100,000,000 in retained earnings. ▪ Through said capital increase, the Company aims to enhance its strategic growth and assert its financial solvency and strong financial standing. ▪ The entitlement date for shareholders owning shares shall be at the end of the trading day of the Company's Extraordinary General Assembly, and for shareholders registered in the Company's Shareholders Register at the Securities Depository Center (Eadaa) at the end of the second trading day following the date of the Extraordinary General Assembly. ▪ In case of fractional shares, the fractions shall be aggregated into a single portfolio for all shareholders and sold at market price, then the value shall be distributed among the entitled shareholders within a period not exceeding 30 days from the date of determining the new shares eligible for each shareholder. ▪ Amendment of Article (7) of the Company's Articles of Association relating to the Company's capital and shares to reflect the increase in the capital. ▪ Amendment of Article (8) of the Company's Articles of Association relating to subscription to shares to reflect the increase in the capital.
2	Approval of amending the Company's Articles of Association to align with the new Companies Law and to reorganize and renumber the articles to conform to the proposed amendments.

Shareholder Records

The company submitted requests for 9 shareholder records during the year 2023, which were as follows:

No.	Record Type	Date	Reason for record request
1	Detailed investment portfolio record (B)	25/01/2023	Corporate procedures
2	Detailed investment portfolio record (B)	08/03/2023	Other
3	Detailed investment portfolio record (B)	05/04/2023	Corporate procedures
4	Detailed investment portfolio record (B)	01/05/2023	Corporate procedures
5	Detailed investment portfolio record (B)	25/05/2023	Ordinary General Assembly
6	Detailed investment portfolio record (B)	13/06/2023	Corporate procedures
7	Detailed investment portfolio record (B)	31/07/2023	Ordinary General Assembly
8	Detailed investment portfolio record (B)	03/09/2023	Extraordinary General Assembly
9	Detailed investment portfolio record (B)	27/11/2023	Other



Board Committees

The company's board of directors formed a number of committees to improve the company's management, meet the statutory requirements, and ensure optimal performance of the company, in addition to assisting the board in carrying out its duties more effectively. Following is an explanation of competencies of each committee and its current members:

Audit Committee:

It is a committee formed by a decision of the general assembly of the company for a period of (3) years from shareholders or others, provided that the chairman of the committee is an independent member (indicative paragraph), and does not include any of the executive members of the board of directors and that among the members of the committee is specialized in financial and accounting affairs, and the committee was formed according to the decision of the general assembly of shareholders held on Monday 14/10/2019G until 13/10/2022G, then the committee was formed for its second session by a decision of the extraordinary general assembly held on Wednesday On 29/06/2022G, it was also approved to increase the number of seats of the Committee from (3) to (4) seats to become (4) members by a decision of the Ordinary General Assembly held on Tuesday 15/11/2022G, and the members of the Committee are characterized by experience and good knowledge of the financial, operational, administrative and legal aspects.

The primary role of the Audit Committee is to assist the members of the Board of Directors in discharging their supervisory responsibilities related to the audits, the Company's internal control systems, the Company's financial statements and other financial information, and the Company's compliance with legal and regulatory requirements.

The Committee's terms of reference include, but are not limited to:

1. Study the policies and work procedures governing the company's business as a whole and express an opinion thereon.
2. Study the accounting policies of the company and express an opinion on them to the Board of Directors, taking into account their suitability to the nature of the company's work.
3. Recommending to the Board of Directors the appointment of the external auditor, terminating their contract, determining professional fees, while ensuring their independence.
4. Study the interim (preliminary) and annual financial statements, before presenting them to the Board of Directors, and express opinion and recommendations thereon.
5. Studying the governance and risk systems in the company in general, stating its opinion and recommendations and submitting what it deems appropriate to the Board of Directors.
6. Review the reports of the Internal Audit Department, verify the extent of implementation of recommendations related to governance, risk and control systems, and submit them to the Board of Directors whenever the Committee finds that the recommendations have not been taken into account.

The following members of the Committee were appointed as approved in the general assembly meeting held on 14/10/2019G:

Committee Members:

Mr. Loay Ali Al-Sartawi	Chairman of the Committee	from outside the Council
Mr. Ahmed Nihad Al-Zaeem	member of the Committee	from outside the Council
Mr. Mr. Mohamed Abdel Fattah Mohamed	member of the Committee	from outside the Council
Mr. Mohammed Ibrahim Al-Hogail	member of the Committee	Independent



Summary of Audit Committee meetings:

Date	Beginning	End
17/02/2023	15:00 PM	22:30 PM

Attendance status	Committee quorum
Attended in person	Chairman + members of the committee

Attendees
Mr. Loay Al-Sartawi Committee Chairman Mr. Ahmed Al-Zaeem Member of the Audit Committee Mr. Nasser Hassan Operations Auditor
Mr. / Mohamed Abdel Fattah Member of the Audit Committee Mr. Mohammed Al-Hogail Member of the Audit Committee
Mr. Ahmed Al-Najjar Internal Audit Manager Mr. Mamdouh Morsi Senior financial and operational auditor

01- Discussion and Approval

Discussion and Approval:

- Internal Audit Management Report on Non-Medical Operations and Maintenance (Management - Projects).
- Annual Internal Audit Management Report for the year 2022.

Date	Beginning	End
18/02/2023	09:00 AM	14:30 PM

Attendance status	Committee quorum
Attended in person	Chairman + members of the committee

Attendees
Mr. Loay Al-Sartawi Committee Chairman Mr. Ahmed Al-Zaeem Member of the Audit Committee
Mr. / Mohamed Abdel Fattah Member of the Audit Committee Mr. Mohammed Al-Hogail Member of the Audit Committee
Mr. Ahmed Al-Najjar Internal Audit Manager

02- Discussion and Approval

Discussion and Approval:

- Annual Report issued by the Audit Committee for the Board of Directors for the year 2022.
- Annual Report issued by the Audit Committee for the General Assembly of the Company's shareholders for the year 2022 (in Arabic).
- Annual Report issued by the Audit Committee for the General Assembly of the Company's shareholders for the year 2022 (in English).
- Plan of the External Auditor (Baker Tilly MKM & Co) for its work regarding issuing the Company's annual financial statements for the fiscal year ending on 2022/12/31.
- Annual Internal Audit Management Plan for the year 2023.
- Renewal of the second edition of the Internal Audit Charter - February 2023, and recommendation to present it to the Board of Directors for approval.
- Renewal of the second edition of the Audit Committee Guide - February 2023, and recommendation to present it to the Board of Directors for approval.

Date	Beginning	End
29/03/2023	22:30 PM	12:07 AM

Attendance status	Committee quorum
Electronically (Zoom)	Chairman + members of the committee

Attendees
Mr. Loay Al-Sartawi Committee Chairman Mr. Basil Al-Arifi Chairman of Board of Directors Mr. Mohamed Hassan Auditor (Baker Tilly MKM) Mr. Mohammed Al-Hogail Member of the Audit Committee
Mr. Ahmed Al-Zaeem Member of the Audit Committee Mr. Yasser Al-Safadi Chief Financial Officer Mr. Ahmed Al-Najjar Internal Audit Manager
Mr. Mohamed Abdel Fattah Member of the Audit Committee Mr. Hassan Hussein Auditor (Baker Tilly MKM) Mr. Barakat Al-Arifi Managing Director of the Board of Directors (ceo)

03- Discussion and Approval

Discussion and Approval:

- Auditor Report (Baker Tilly MKM & Co) and the final draft of the Company's consolidated financial statements for the fiscal year ending on 31/12/2022. Annual Internal Audit Management Report for the year 2022.

Date	Beginning	End
15/04/2023	15:00 PM	16:00 PM

Attendance status	Committee quorum
Electronically (Zoom)	Chairman + members of the committee

Attendees
Mr. Loay Al-Sartawi Committee Chairman Mr. Mohammed Al-Hogail Member of the Audit Committee
Mr. Ahmed Al-Zaeem Member of the Audit Committee Mr. Yasser Al-Safadi Chief Financial Officer
Mr. / Mohamed Abdel Fattah Member of the Audit Committee Mr. Ahmed Al-Najjar Internal Audit Manager

04- Discussion and Approval

Discussion and Approval:

- Discussion of bids to provide "external audit and financial statement issuance" services (Second quarter 2023 - Third quarter 2023 - Annual for 2023 and the first quarter of 2024).

Date 20/05/2023 Beginning 13:00 PM End 13:50 PM			
Attendance status	Electronically (Zoom)	Committee quorum	Chairman + members of the committee
Attendees	Mr. Loay Al-Sartawi Committee Chairman	Mr. Ahmed Al-Zaeem Member of the Audit Committee	Mr. / Mohamed Abdel Fattah Member of the Audit Committee
	Mr. Ahmed Al-Najjar Internal Audit Manager	Mr. Yasser Al-Safadi Chief Financial Officer	Mr. Mohammed Al-Hogail Member of the Audit Committee
	Mr. Mohamed Hassan Auditor (Baker Tilly MKM)	Mr. Hassan Hussein Auditor (Baker Tilly MKM)	

05- Discussion and Approval

Discussion and Approval:

1. Auditor Report (Baker Tilly MKM & Co) and the final draft of the Company's preliminary consolidated financial statements for Q1 dated 03/31/2023.

Date 16/06/2023 Beginning 15:00 PM End 21:18 PM			
Attendance status	Attended in person	Committee quorum	Louay Al-Sartawi "the committee chairman" apologized for attendance (and member Ahmed Al-Zaeem on his behalf)
Attendees	Mr. Ahmed Al-Zaeem Member of the Audit Committee	Mr. / Mohamed Abdel Fattah Member of the Audit Committee	Mr. Mohammed Al-Hogail Member of the Audit Committee
	Mr. Ahmed Al-Najjar Internal Audit Manager	Mr. Mamdouh Morsi Senior financial and operational auditor	Mr. Nasser Hassan Operations Auditor
	Mr. Majid Khuzam Operational auditor - New appointment		

06- Discussion and Approval

Discussion and Approval:

1. Internal Audit Management Report on Information Technology Management.
2. Internal Audit Management Report on Contracting Sector Operations (Management - Projects).

Date 17/06/2023 Beginning 09:00 PM End 15:35 PM			
Attendance status	Attended in person	Committee quorum	Louay Al-Sartawi "the committee chairman" apologized for attendance (and member Ahmed Al-Zaeem on his behalf)
Attendees	Mr. Ahmed Al-Zaeem Member of the Audit Committee	Mr. / Mohamed Abdel Fattah Member of the Audit Committee	Mr. Mohammed Al-Hogail Member of the Audit Committee
	Mr. Ahmed Al-Najjar Internal Audit Manager	Mr. Mamdouh Morsi Senior financial and operational auditor	Mr. Majid Khuzam Operational auditor - New appointment

07- Discussion and Approval

Discussion and Approval:

1. Internal Audit Management Report on Warehouse Management.
2. Follow-up cards for implementing the recommendations of the previous Audit Committee regarding financial management, including management comments, progress in completing the recommendations, and obstacles to implementing them.
3. Follow-up cards for implementing the recommendations of the previous Audit Committee regarding human resources management (Employee Affairs - Administrative Affairs) - No. (2), including management comments, progress in completing the recommendations, and obstacles to implementing them.

Date 10/08/2023 Beginning 19:00 PM End 20:12 PM			
Attendance status	Electronically (Zoom)	Committee quorum	Chairman + members of the committee
Attendees	Mr. Loay Al-Sartawi Committee Chairman	Mr. Ahmed Al-Zaeem Member of the Audit Committee	Mr. / Mohamed Abdel Fattah Member of the Audit Committee
	Mr. Mohammed Al-Hogail Member of the Audit Committee	Mr. Yasser Al-Safadi Chief Financial Officer	Mr. Ahmed Al-Najjar Internal Audit Manager
	Mr. Shahrukh AbdulRaouf Auditor (Alluhaid & Alyahya Chartered Accountants Company)	Mr. Saleh Al-Yahya Responsible Partner (Alluhaid & Alyahya Chartered Accountants Company)	

08- Discussion and Approval

Discussion and Approval:

1. Auditor Report (Turki Alluhaid & Saleh AlYahya) and the final draft of the Company's preliminary consolidated financial statements for Q2 dated 30/06/2023.

Date 06/10/2023 Beginning 15:00 PM End 21:35 PM			
Attendance status	Attended in person	Committee quorum	Chairman + members of the committee
Attendees	Mr. Loay Al-Sartawi Committee Chairman	Mr. Ahmed Al-Zaeem Member of the Audit Committee	Mr. / Mohamed Abdel Fattah Member of the Audit Committee
	Mr. Mohammed Al-Hogail Member of the Audit Committee	Mr. Ahmed Al-Najjar Internal Audit Manager	Mr. Mamdouh Morsi Senior financial and operational auditor
	Mr. Nasser Hassan Operations Auditor	Mr. Majid Khuzam Operational auditor	

09- Discussion and Approval

Discussion and Approval:

1. Internal Audit Management Report on the Catering and Supply Sector (Management - Projects).
2. Internal Audit Management Report on the Medical Operations Sector (Management - Projects).
3. Internal Audit Management Report on the Medical Maintenance Sector (Management - Projects).
4. Follow-up cards for implementing the recommendations of the previous Audit Committee regarding warehouse management, including management comments, progress in completing the recommendations, and obstacles to implementing them.

Date 07/10/2023 Beginning 09:00 AM End 15:15 PM			
Attendance status	Attended in person	Committee quorum	Chairman + members of the committee
Attendees	Mr. Loay Al-Sartawi Committee Chairman	Mr. Ahmed Al-Zaeem Member of the Audit Committee	Mr. / Mohamed Abdel Fattah Member of the Audit Committee
	Mr. Mohammed Al-Hogail Member of the Audit Committee	Mr. Ahmed Al-Najjar Internal Audit Manager	Mr. Mamdouh Morsi Senior financial and operational auditor
	Mr. Nasser Hassan Operations Auditor	Mr. Majid Khuzam Operational auditor	

10- Discussion and Approval

Discussion and Approval:

1. Follow-up cards for implementing the recommendations of the previous Audit Committee regarding the contracting sector (Management - Projects), including management comments, progress in completing the recommendations, and obstacles to implementing them.
2. Follow-up cards for implementing the recommendations of the previous Audit Committee regarding the trade and supply of medical devices and equipment, including management comments, progress in completing the recommendations, and obstacles to implementing them.
3. Follow-up cards for implementing the recommendations of the previous Audit Committee regarding information technology management, including management comments, progress in completing the recommendations, and obstacles to implementing them.
4. Follow-up cards for implementing the recommendations of the previous Audit Committee regarding human resources management (Employee Affairs - Administrative Affairs) – No. (3), including management comments, progress in completing the recommendations, and obstacles to implementing them.

Date	06/11/2023	Beginning	19:00 PM	End	19:50 PM
Attendance status	Electronically (Zoom)	Committee quorum	Chairman + members of the committee		
Attendees	Mr. Loay Al-Sartawi Committee Chairman Mr. Mohammed Al-Hogail Member of the Audit Committee Mr. Shahrukh Abdul Raouf Auditor (Turki Al-Luhaid and Saleh Al-Yahya Company are certified accountants and auditors)	Mr. Ahmed Al-Zaeem Member of the Audit Committee Mr. Yasser Al-Safadi Chief Financial Officer Mr. Othman Jawed Responsible Director (Turki Al-Luhaid and Saleh Al-Yahya Certified Accountants and Auditors Company)	Mr. / Mohamed Abdel Fattah Member of the Audit Committee Mr. Ahmed Al-Najjar Internal Audit Manager		

11- Discussion and Approval

Discussion and Approval:

1. Auditor Report (Turki Alluhaid & Saleh AlYahya) and the final draft of the Company's preliminary consolidated financial statements for Q3 dated 30/09/023.

Date	08/12/2023	Beginning	15:00 PM	End	21:45 PM
Attendance status	Attended in person	Committee quorum	Chairman + members of the committee		
Attendees	Mr. Loay Al-Sartawi Committee Chairman Mr. Mohammed Al-Hogail Member of the Audit Committee Mr. Ziad Al Jabra Operational auditor - تعين جديد	Mr. Ahmed Al-Zaeem Member of the Audit Committee Mr. Ahmed Al-Najjar Internal Audit Manager	Mr. / Mohamed Abdel Fattah Member of the Audit Committee Mr. Mamdouh Morsi Senior financial and operational auditor		

12- Discussion and Approval

Discussion and Approval:

1. Internal Audit Management Report on Financial Management.
2. Internal Audit Management Report on the Trade and Supply of Medical Devices and Equipment Sector.
3. Internal Audit Management Report on the Non-Medical Operations and Maintenance Sector (Management - Projects).

Date	09/12/2023	Beginning	09:00 AM	End	14:30 PM
Attendance status	Attended in person	Committee quorum	Chairman + members of the committee		
Attendees	Mr. Loay Al-Sartawi Committee Chairman Mr. Mohammed Al-Hogail Member of the Audit Committee	Mr. Ahmed Al-Zaeem Member of the Audit Committee Mr. Ahmed Al-Najjar Internal Audit Manager	Mr. / Mohamed Abdel Fattah Member of the Audit Committee Mr. Mamdouh Morsi Senior financial and operational auditor		

13- Discussion and Approval

Discussion and Approval:

1. Follow-up cards for implementing the recommendations of the previous Audit Committee regarding the catering and supply sector (Management - Projects), including management comments, progress in completing the recommendations, and obstacles to implementing them.
2. Follow-up cards for implementing the recommendations of the previous Audit Committee regarding the medical operations sector (Management - Projects), including management comments, progress in completing the recommendations, and obstacles to implementing them.
3. Follow-up cards for implementing the recommendations of the previous Audit Committee regarding the medical maintenance sector (Management - Projects), including management comments, progress in completing the recommendations, and obstacles to implementing them.
4. Follow-up cards for implementing the recommendations of the previous Audit Committee regarding human resources management (Employee Affairs - Administrative Affairs) – No. (4), including management comments, progress in completing the recommendations, and obstacles to implementing them.
5. Review of the final approved outputs package from the Company's management for the project to develop the Company's internal systems issued by the business development consultant, Core-3.

Risk Committee

The committee formed by a decision of the board of directors for a period of (3) three years from non-executive board members provided that its members shall have an appropriate level of knowledge of risk and financial management. The risk committee meets whenever the need arises.

The main role of the Risk Committee is to assist the directors in assisting the members of the board of directors in determining the level of risks related to the company's operations and verifying the feasibility of the company's continuation and the successful continuation of its activity.

Appointment risk committee members from among the candidates was approved by the company's general assembly meeting held on 07/26/2020G.

Risk committee members:

Mr. Hassan bin Ali Al-Jeshi	Committee Chairman	Independent
Mr. Bandar Saud Al-Arifi	Committee member	Non-executive
Mr. Mohammed Al-Hogail	Committee member	Independent

Competences of the audit committee shall include (but not limited to) the following:

- Developing a comprehensive strategy and policies for risk management in line with the nature and size of the company's activities and verify their implementation, review and update based on the company's internal and external variables.
- Verifying the feasibility of the company's continuation and the successful continuation of its activity, while identifying the risks that may threaten its continuity during the next twelve months.
- Preparing detailed reports risk exposures and the proposed steps for managing these risks and submitting them to the Board of Directors.

Summary of the meetings of the Remuneration and Nomination Committee during the year 2023:

Date	Attendees	Committee Sessions
28/12/2023	All members	Second

01- Discussion and Approval

- Proposal to amend the Risk Management Committee work regulations.
- Annual review of the strategy, policy, procedures and risk management manual.
- Appointing a risk management officer in the company.
- Emerging tasks: (Reviewing the risk management releases approved by the Board of Directors).

Nominations and Remunerations Committee

The committee is formed by a decision of the board of directors for a period of (3) three years, from non-executive members of the board of directors, provided that at least one of them is an independent member. The committee shall meet at least once during the company's financial year.

The objectives of the nomination and remuneration committee are to enhance effectiveness and performance through recommending nominations for board members and senior executives who are qualified to achieve the company's vision.

Appointment of the members of the nomination and remuneration committee was approved from among the candidates during the company's general assembly meeting held on 26/07/2020G. The committee's competences include (but not limited to) the following:

1. Competencies relating to nominations:

- Preparing a clear policy for the remuneration of the members of the board of directors, the board committees and the executive management and submitting it to the board for consideration in preparation for approval by the general assembly, provided that such policy shall consider the adoption of performance-related criteria, disclosure and verification of their implementation.
- Clarifying the relationship between the remuneration granted and the applicable remuneration policy and indicate any material deviation from this policy.

2. Competencies relating to remuneration:

- Preparing a clear policy for the remuneration of the members of the board of directors, the board committees and the executive management and submitting it to the board for consideration in preparation for approval by the general assembly, provided that such policy shall consider the adoption of performance-related criteria, disclosure and verification of their implementation.
- Clarifying the relationship between the remuneration granted and the applicable remuneration policy and indicate any material deviation from this policy.

3. Competencies relating to governance:

- Verifying the company's compliance with the special rules set by the board of directors in relation to the company's corporate governance, in a manner that does not conflict with the mandatory provisions and related regulations, and act to monitor their application and verify their effectiveness.
- Reviewing, updating, and amending the rules when needed in accordance with the regulatory requirements and best practices.

Committee Members

Mr. Mohammed Al-Hogail	Committee Chairman	Independent
Mr. Bandar Saud Al-Arifi	Committee member	Non-executive
Mr. Basil Saud Al-Arifi	Committee member	Non-executive

Minutes of the Remuneration and Nomination Committee Meetings for the Year 2023:

Date	Attendees	Committee Sessions
21/05/2023	All members	First

01- Discussion and Approval

1. Annual review of the necessary requirements for membership in the Board and Executive Management.
2. Verification of the independence of independent members.
3. Opening of nominations for membership in the Board for the second term.
4. Determining the time that members should allocate for Board activities.

Date	Attendees	Committee Sessions
04/07/2023	All members	First

02- Discussion and Approval

1. Sorting applications and documents for nominations for memberships in the Board for the second term.
2. Studying compensations for Board members.

The procedures taken by the Board of Directors to inform its members, especially non-executive ones, about shareholders' proposals and feedback regarding the Company's performance include:

The Investor Relations department regularly communicates with shareholders under the supervision and guidance of the Board of Directors. All proposals are raised to the Board for the benefit of the Company and shareholders alike.

Proposals from shareholders and stakeholders are taken into consideration by the Company and integrated into various departments to achieve the desired goals. Moreover, investors and shareholders are kept informed about all significant events, especially through the Company's website www.smeh.com.sa, its social media accounts, and relevant platforms like the Saudi Exchange (Tadawul) and the Capital Market Authority, in addition to annual reports and disclosures.

Furthermore, members of the Board, especially non-executive ones, are briefed on shareholders' proposals and feedback concerning the Company's performance through the following measures:

1. The Board ensures that shareholders can exercise their rights and submit feedback and inquiries during General Assembly meetings, to be documented in the meeting minutes. Additionally, social media channels are designated for shareholders to submit inquiries and feedback, if any.
2. All proposals submitted by shareholders and stakeholders (if any) are presented to Board members during the first Board meeting.

Evaluating the Performance of Board Members and Executive Management

The Remuneration and Nomination Committee, based on its work procedures as approved by the General Assembly of the Company's Shareholders, has developed all the means and criteria related to the evaluation of the performance of the Board of Directors and the Executive Management. This was done without relying on or appointing any external consultancy to assess the members' performance, as the evaluation process is considered advisory. This is in accordance with Article (39) of the Corporate Governance Regulations issued by the Capital Market Authority under Decision No. 8-16-2017 dated 16/5/1438H corresponding to 13/2/2017G, based on the Companies Law issued by Royal Decree No. M/3 dated 28/1/1437H, as amended by the Capital Market Authority Board Decision No. 8-5-2023 dated 25/6/1444H corresponding to 18/1/2023G, based on the Companies Law issued by Royal Decree No. M/132 dated 1/12/1443H. The Committee evaluated the effective participation and commitment of the members to their duties and responsibilities, including attendance at board meetings, committees, and general meetings, and allocating the necessary time to each. The Committee also assessed the adequacy of the expertise and competencies of the Board members in achieving the Company's strategy and objectives.

The audit committee's opinion on the company's internal control system

Based on the implementation of the audit work during 2023G and the observations recorded by the Internal Audit Department, which were discussed and confirmed by both the Audit Committee and the Company's executive management, the Audit Committee confirms the following:

1. We have seen an evolution in the company's internal control system to give reasonable assurances to avoid material errors and prevent embezzlement, forgery and related losses.
2. The need to continue taking the necessary measures to improve internal control systems in accordance with business needs and best practices and to achieve the objectives of the company.
3. The need for continued cooperation and support of the executive management regarding the follow-up of the implementation of the recommendations of the Committee issued and the speed of taking corrective measures to implement them.

Remunerations of members of the board of directors, affiliated committees, and executive management (CEO - CFO)

The table below shows the remuneration of the members of the board of directors

First table

	Attending meetings						Variable Remuneration									
	Certain amount	Allowance for attending board sessions	Total allowance for attending committee sessions	In-kind Benefits	Remuneration for technical, administrative and advisory work	Remunerations of the chairman, the managing director, or the secretary, if he is a member	Total	A percentage of profits	Periodic remuneration	short term motivational plans	long term motivational plans	Granted Shares (Value to be entered)	Total	End of service indemnity	Grand total	Expenses allowance
First: Independent Members																
Muhammad Ibrahim Abdul Mohsen Al-Hogail	130,000	17,000	31,000				178,000						178,000		178,000	
Hassan Ali Abdul Mohsen Al-Jishi	130,000	17,000	3,000				150,000						150,000		150,000	
Mounir Ahmed Muhammad Al-Sirri	83,333	9,000	0				92,333						92,333		92,333	
Total	343,333	43,000	34,000				420,333						420,333		420,333	
Second: Non-Executive Members																
Basil Saud Mohammed Al-Arifi	130,000	17,000	0				147,000						147,000	0	147,000	
Bandar Saud Muhammad Al-Arifi	130,000	17,000	7,000				154,000						154,000	0	154,000	
Bashir Saud Muhammad Al-Arifi	20,000	0	0				20,000						20,000	0	20,000	
Total	280,000	34,000	7,000				321,000						321,000		321,000	
Third: Executive Members																
Barakat Saud Muhammad Al-Arifi	130,000	17,000	0				147,000						147,000	110,000	257,000	
Total	130,000	17,000	0				147,000						147,000	110,000	257,000	
Total	753,333	94,000	41,000				888,333						888,333	110,000	998,333	

The table below shows the remuneration of members of the committees emanating from the Board of Directors

Second table

	Fixed Remuneration (except for attendance allowance)	Allowance for attending sessions	Total (SAR'000)
Audit committee members			
1 - Louay Ali Al-Sartawi	80,000	18,000	98,000
2- Ahmed Nihad Al-Zaeem	60,000	24,000	84,000
3- Muhammad Abdel Fattah Al-Alfy	60,000	24,000	84,000
4 - Muhammad Ibrahim Al-Hogail	-	24,000	24,000
Total	200,000	90,000	290,000
Risk committee members			
1 - Hassan Ali Al-Jishi	-	3,000	3,000
2- Bandar Saud Al-Arifi	-	3,000	3,000
2- Muhammad Ibrahim Al-Haqil	-	3,000	3,000
Total	-	9,000	9,000
Members of the Nomination and Remuneration Committee			
2- Muhammad Ibrahim Al-Haqil	-	4,000	4,000
2- Bandar Saud Al-Arifi	-	4,000	4,000
3- Basil Saud Al-Arifi	-	-	-
Total	-	8,000	8,000
Total	200,000	107,000	307,000



The table below shows the remuneration of the executive management ⁽¹⁾



Third table

Senior Executive positions	Fixed Remuneration				Variable Remuneration					Grand total			
	Salaries	Allowances	in-kind benefits	Total	Periodic remunerations	Profits	short term motivational plans	long term motivational plans	Granted Shares (Value to be entered)		Total	End of service indemnity	Total remuneration of board executive members, if any
Total	2,574,000	600,000	178,333	3,352,333	800,000					4,152,333	203,500	⁽²⁾ 147,000	4,502,833

1) The company has disclosed the compensation elements of five of the top executives in aggregate in accordance with the regulatory requirements set forth in paragraph (b) of paragraph (4) of Article (90) of the Corporate Governance Regulations to protect the interests of the company, its shareholders and employees, and to avoid any harm that may result from detailed disclosure by job titles and positions. Accordingly, the details have not been presented as stated in Annex (1) on the Remuneration of the Top Five Executives attached to the Corporate Governance Regulations.

2) This is the same amount stated in Table No. (1) Remuneration of Board Members, and it has been restated according to the requirements of the Corporate Governance Regulations issued by the Capital Market Authority.

Disclosure of Remuneration Policy and How Remuneration of Board Members, Committees and Executive Management is Determined in the Company

The company's Ordinary General Assembly has issued its resolution approving the Remuneration Policy for the Members of the Board of Directors, Board Committees and Executive Management at its meeting held on Thursday 25/05/2023, which aims to regulate remuneration to attract board and committee members with appropriate competence and experience, enabling them to perform their duties with high professionalism and efficiency, and create an attractive work environment through which it can attract required human resources with skills and experiences and retain them, which contributes to raising the company's performance level and achieving its objectives.

Remuneration of the Members of the Board of Directors, Board Committees and Executive Management is disbursed as follows:

1. The Board determines and approves, based on the Nomination and Remuneration Committee recommendation, the nature and amount of remuneration received by each Board and Committee member in return for the work of the Board and Committees or any technical, administrative or advisory tasks assigned to him.
2. The Board determines and approves, based on the Nomination and Remuneration Committee recommendation, the nature and amount of remuneration received by the company's CEO and executives who report directly to him in the company's organizational structure.
3. A Board member is entitled to remuneration from the date of joining the Board or Committee and according to the duration of his membership.
4. Remuneration payment procedures for Board and Committee members shall be prepared by the Board Secretary and approved by the CEO.
5. Remuneration for Board and Committee members may be paid in quarterly installments, while profit-related remuneration is paid after approval by the General Assembly.
6. Remuneration for executive management is disbursed according to the payment mechanism followed in the company.

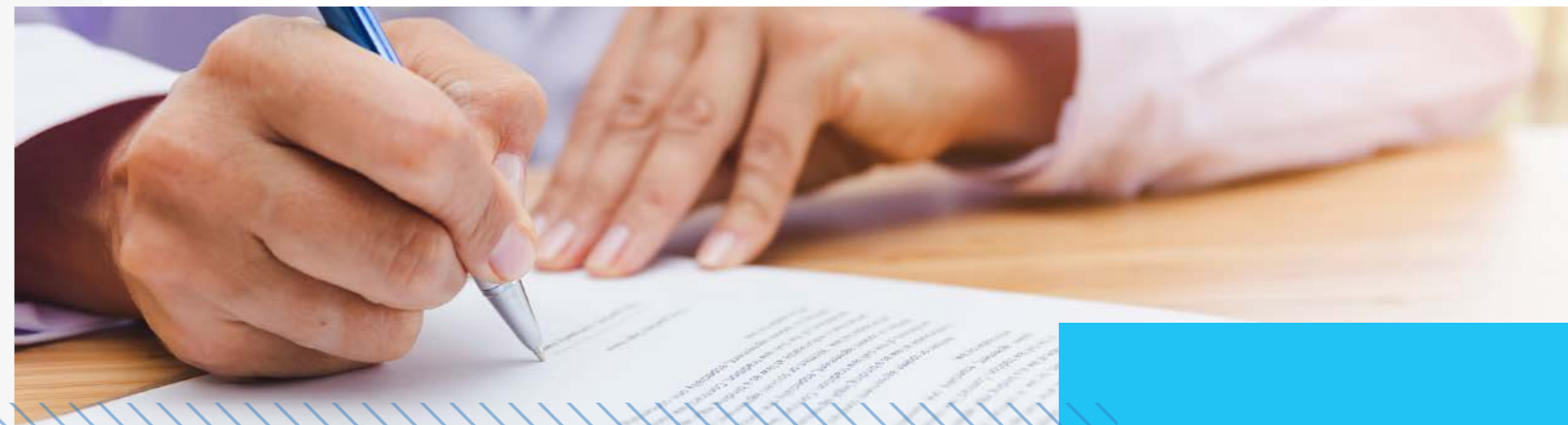
A study on reorganizing the remuneration and attendance allowance for Board and Committee members was also reviewed based on the recommendation of the Chairman of the Nomination and Remuneration Committee at the Board's sixth meeting in its second session on 13/08/2023, as the Board approved the recommendation and its implementation starting from the date of the Board's second session on 31/07/2023. The approval was on the following:

- Approving a Board membership allowance in the annual amount of (200,000) two hundred thousand Saudi Riyals for the member.
- Approving a Board meeting attendance allowance in the amount of (3,000) three thousand Saudi Riyals per session.
- The aforementioned remuneration shall be disbursed in accordance with the provisions of the Remuneration Policy for Members of the Board of Directors, Board Committees and Executive Management approved by the company's Ordinary General Assembly at its meeting held on Thursday 25/05/2023.

The relationship between the rewards granted and the applicable rewards policy and a statement of any material deviation

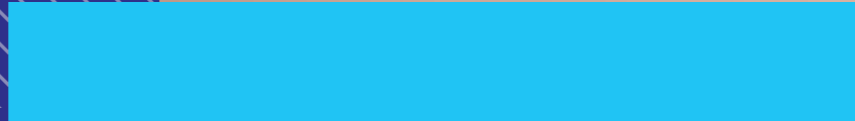
Remuneration and Compensation

- The main principles of corporate governance for companies operating in the Kingdom issued by the legislative and regulatory authorities require each company to coordinate the remuneration and compensation paid to board members, and that this compensation does not exceed the ceiling set by the supervisory controls established by these authorities. This is under the purview of the Nomination and Remuneration Committee of Scientific & Medical Equipment House Company, as stated in paragraph (Γ) of Article (O) of the Nomination and Remuneration Committee Work Regulations.
- The Companies Law stipulates that a company shall specify in its bylaws the method of compensating board members, and this compensation may be a specified amount, attendance allowance for meetings, in-kind benefits or a certain percentage of net profits, and a combination of two or more of these benefits is permitted. Article (Γ-) of the bylaws of Scientific & Medical Equipment House Company specifies this method.
- The company aims through these rewards to organize the attraction of competent and appropriately experienced board and committee members, enabling them to perform their duties with high professionalism and efficiency and retain them, as well as create an attractive work environment through which it can attract required human resources with skills and experiences and retain them, which contributes to raising the company's performance level and achieving its objectives, as mentioned in Article Two of the "Remuneration Policy for Members of the Board of Directors, Board Committees and Executive Management" of Scientific & Medical Equipment House Company.



Regulatory Disclosures

05



Agreements, Transactions and Contracts Executed Between the Company and Related Parties

The company and its subsidiaries deal in their ordinary course of business such as the company's contracts with suppliers, contractors and lease contracts with some related parties and their relatives including companies fully or partially owned by Board members. It is worth mentioning that all transactions with related parties do not differ from transactions with other commercial debtors in addition to all being subject to Board approval and obtaining a license from the shareholders' General Assembly.

Related party receivable account balances (due from related parties) amounted to 14.72 million Saudi Riyals as of December 31, 2023.

Summary of Material Contracts and Agreements Between the Company and Related Parties

First: Service Provision Contracts and Supply Purchase Orders with Rawabi Global Marketing Company

Scientific & Medical Equipment House Company has concluded with Rawabi Global Marketing Company, of which Messrs. Basil Saud Al-Arifi (Board Member), Bandar Saud Al-Arifi (Vice Chairman of the Board), Bishr Saud Al-Arifi (Managing Director), Mohammed Ibrahim Al-Hukail (Board Member) and Hassan Ali Al-Jishi (Board Member) have indirect non-direct relationship, the following clauses:

- Lease contract for the company's building located on Prince Abdulaziz Bin Jiluwi Street in Sulaymaniyah to Rawabi Global Marketing Company, which includes maintenance and operation works for the building for a total amount of (864,000) Riyals during 2023.
- Manpower leasing contract at prevailing market price and without preferential conditions for a total amount of (5,890,400) Riyals during 2023.
- Contracting and construction of warehouses with Rawabi Global Marketing Company, which includes supply and implementation of all civil, structural, architectural, mechanical and electrical works for warehouses at prevailing market price, and there are no preferential conditions in this contract for a total amount of (4,012,726) Riyals during 2023.
- Purchase orders and supply of cleaning materials for projects under approved purchase orders and price quotes at prevailing market price for a total amount of (80,129) Riyals during 2023.

Second: Information Technology Service Contracts with Rawabi Smart Services and Devices Company

On 30/06/2020, Scientific & Medical Equipment House Company concluded a 5-year contract ending on 31/12/2025 with Rawabi Smart Services and Devices Company, of which Mr. Bandar Saud Al-Arifi (General Manager) has a direct relationship, in return for providing technical support to SMEH Medical Equipment Company without preferential conditions. The contract includes network, computer and server maintenance and operation and following up the work on the SAP computerized system with the implementing company, for a total amount of (3,585,750) Riyals during 2023.

Third: Service Provision Contracts and Supply Purchase Orders with National Sulfur Products Company

Scientific & Medical Equipment House Company has concluded with National Sulfur Products Company, of which Messrs. Basil Saud Al-Arifi (Managing Board Member), Bandar Saud Al-Arifi (Chairman of the Board), Barakat Saud Al-Arifi (Board Member) and Bishr Saud Al-Arifi (Vice Chairman of the Board) have indirect non-direct relationship, the following clauses:

- Lease contract for the company's building located on Prince Abdulaziz Bin Jiluwi Street in Sulaymaniyah to National Sulfur Products Company without preferential conditions. The contract includes maintenance and operation works for the building for an amount of (384,000) Riyals during 2023.
- Manpower leasing contract at prevailing market price and without preferential conditions for a total amount of (5,675,511) Riyals during 2023.
- Approved purchase order for rehabilitation works of the sulfur factory building in Riyadh at prevailing market price for a total amount of (1,723,281) Riyals during 2023.

Fourth: Service Provision Contracts and Supply Purchase Orders with German Metal Surface Treatment Chemicals Company

Scientific & Medical Equipment House Company has concluded with German Metal Surface Treatment Chemicals Company, of which Messrs. Basil Saud Al-Arifi (Board Member), Bandar Saud Al-Arifi (Board Member), Barakat Saud Al-Arifi (Chairman of the Board) and Bishr Saud Al-Arifi (Managing Board Member) have indirect non-direct relationship, the following clauses:

- Lease contract for the company's building located on Prince Abdulaziz Bin Jiluwi Street in Sulaymaniyah to German Metal Surface Treatment Chemicals Company without preferential conditions. The contract includes maintenance and operation works for the building for an amount of (264,000) Riyals during 2023.
- Manpower leasing contract at prevailing market price and without preferential conditions for a total amount of (842,274) Riyals during 2023.
- Purchase orders and supply of cleaning materials for projects under approved purchase orders and price quotes at prevailing market price for a total amount of (265,493) Riyals during 2023.

Fifth: Contract for Construction of Commercial Complex and Leasing of Commercial Units with Daira Al-Amar Real Estate Company

Scientific & Medical Equipment House Company has concluded with Daira Al-Amar Real Estate Company, of which Messrs. Basil Saud Al-Arifi (Board Member), Bandar Saud Al-Arifi (Board Member), Barakat Saud Al-Arifi (Board Member) and Bishr Saud Al-Arifi (Chairman of the Board) have indirect non-direct relationship, the following clauses:

- Contracting and construction of a commercial complex with Daira Al-Amar Real Estate Company for the supply and construction of the specialized commercial mall project. The contract includes supply and implementation of all civil, structural, architectural, mechanical and electrical works for the commercial complex at prevailing market price, and there are no preferential conditions in this contract. The total value of the contract amounted to (4,602,461) Riyals during 2023.
- Lease contract for commercial units in Scientific & Medical Equipment House Company building located on King Fahd Road without preferential conditions for an amount of (3,182,543) Riyals during 2023.

Sixth: Contracts for Supply of Electrical Consumables with Ittihad Land Trading Establishment

On 01/03/2022, Scientific & Medical Equipment House Company concluded a contract with Ittihad Land Trading Establishment, of which Mr. Bandar Saud Al-Arifi (General Manager) has a direct relationship, in return for a contract to supply consumables (electrical), through issuing approved purchase orders at prevailing market price, and according to the value of the agreed consumables (variable and calculated at the end of the year), and there are no preferential conditions in this contract. The total purchase orders amounted to (1,160,221) Riyals during 2023.

Seventh: Contracts for Supply of Mechanical Consumables and Catering with Barakat Al-Khair Trading Establishment – Top Executives (CEO)

On 01/03/2022, Scientific & Medical Equipment House Company concluded a contract with Barakat Al-Khair Trading Establishment, of which the Managing Board Member (CEO) Barakat Saud Al-Arifi (General Manager) has a direct relationship, in return for a contract to supply consumables (mechanical-catering), through issuing approved purchase orders at prevailing market price, and according to the value of the agreed consumables without preferential conditions. The total purchase orders amounted to (2,387,875) Riyals during 2023.



Statutory Payments Paid and Payable During 2023

These are the payments paid and/or payable to the General Authority of Zakat and Tax (Value Added Tax - Zakat - Customs Payables) - General Organization for Social Insurance - Governmental Fees (Residency - Visas - Companion Fees) as follows:

2023	Social insurance	tax	customs	Zakat	Residence fees, visas, and financial fees for companions
January	1,901,934	3,695,494	78,357	-	4,916,898
February	1,887,694	2,917,411	185,692	-	2,825,174
March	-	6,294,598	265,263	-	4,125,276
April	2,143,424	4,284,762	13,581	-	5,148,535
May	2,239,491	1,471,599	233,728	-	3,760,777
June	2,442,569	2,108	295,171	1,516,850	6,699,529
July	2,566,829	4,328,188	126,846	1,516,850	5,016,444
August	2,652,824	2,996,334	57,607	1,517,550	7,347,529
September	2,720,944	1,952,769	219,750	1,516,850	6,307,294
October	2,831,418	4,479,914	169,762	1,516,850	5,956,775
November	1,975,368	4,391,369	266,795	1,516,852	4,758,239
December	2,774,082	9,567,668	465,519	-	6,448,469
Total	26,136,577	46,382,214	2,378,072	9,101,802	63,310,939

Due for payment in 2023

#	Regular payments due	Amount in '000 SAR
1	Zakat, Tax and Customs Authority (VAT)	249,192
2	Zakat, Tax and Customs Authority (Zakat)	14,009,675
3	General Organization for Social Insurance	2,570,262
The total amount of statutory payments due		16,829,129

Investments and Reserves for the Benefit of Company Employees

No investments and/or savings programs have been established for the benefit of the company's employees, and their rights with the company are limited to the approved statutory provisions (end of service - travel tickets - vacations).

Penalties

These are the amounts incurred by the company as a result of violating applicable governmental regulations and laws during 2023 as follows:

Due for payment in 2023

2023	Ministry of Interior - Traffic	Labor Office Ministry of Justice	Ministry of Public Transport	Ministry of Municipal and Rural Affairs and Housing	(CMA)
January	1,200	10,000	-	-	-
February	100	-	-	32,000	-
March	750	-	-	-	40,000
April	750	-	-	-	-
May	-	-	-	-	-
June	200	-	-	-	-
July	-	-	3,450	-	-
August	-	-	-	-	-
September	1,750	-	-	-	20,000
October	1,000	-	-	-	-
November	-	-	-	-	-
December	-	-	-	-	-
Total	5,750	10,000	3,450	32,000	60,000
Reasons for the violation	Traffic violations on cars	Implementation of judicial rulings	Operating large cars	Get rid of waste	Violation of company advertisements

The company has been keen to take all necessary corrective measures and develop the necessary methods and means to avoid recurrence of such violations in the future.

Company's Social Contributions

The company believes in the importance of social responsibility in achieving sustainable development and feels its responsibility towards the society in which it operates so that it benefits all members of society, as it is an integral part of this society. In confirmation of this principle, the company made the following community contributions in 2023, which are divided into:

Social Contributions (Training, Development, and Employment)

#	Program			Entity	Year
	Training	Tamheer	Employment		
1	Internship Program	-	-		
2	Internship Program	-	-	King Saud University	2023
3	Internship Program	-	-	Imam Mohammad ibn Saud Islamic University	2023
4	-	Training of (12) newly graduated employees for a period of (3-6) months through the Tamheer program on the Ministry of Human Resources website.	-	College of Technolog	2023
5	-	-	Increased female employment by 7% direct employment	The Company's Various Sector	2023
				The Company's Various Sector	2023

Cash Contributions:

#	Amount	Occasion	Entity	Project	Year
1	20,000 Saudi Riyal	Celebrating the Founding Day	Capital Secretariat	Support within the Spatial Environment Project	2023
2	20,000 Saudi Riyal	Celebrating the Founding Day	Capital Secretariat	Support within the Spatial Database Project	2023

Application of International Accounting Standards IFRS and What Applies to the Company

The transition from the accounting standards issued by the Saudi Organization for Certified Public Accountants (SOCPA) to the international standards has been completed when preparing the financial statements for the fiscal year ending on December 31, 2018. The application of these amended international standards for financial reporting did not have any material impact on the amounts recorded for the current and previous years, but amendments to the conceptual framework references in the international standards for financial reporting may affect the accounting for future transactions or arrangements.

The company has also applied the amendments to the International Financial Reporting Standard (IFRS 9), International Accounting Standard (IAS 39), International Financial Reporting Standard (IFRS 7), International Financial Reporting Standard (IFRS 4), International Financial Reporting Standard (IFRS 15) Revenue from Contracts with Customers, and International Financial Reporting Standard (IFRS 16) Interest Rate Benchmark Reform – Phase 2.

In addition, the amendment to International Financial Reporting Standard (IFRS 16) Lease Concessions has been applied and the exemption granted from applying some of the Standard's requirements has been extended until June 30, 2022.

Differences from the Accounting Standards Adopted by the Saudi Organization for Certified Public Accountants (SOCPA) (formerly known as Certified Public Accountants)

There are no differences between the accounting standards adopted and applied by the company and those standards adopted by the Saudi Organization for Certified Public Accountants (formerly the Saudi Organization for Certified Public Accountants).

Company Auditor's Reservations

The company auditor's report did not include any reservations on the company's annual financial statements as of December 31, 2023.

Board of Directors Recommendations Regarding the Company's Auditor

There is no recommendation from the Board of Directors to replace the company's auditor before the end of his current appointment period as per the engagement agreement signed in this regard.

Compliance with the provisions of the Corporate Governance Regulations issued by the Capital Market Authority.

The company shall apply all provisions of the Corporate Governance Regulations issued by the Capital Market Authority, except for the provisions hereinafter.

Article/ Paragraph No.	Text of the Article	Clarifications
Article (92) Formation of the Corporate Governance Committee	If the Board of Directors forms a committee specialized in corporate governance, it shall delegate to it the powers stipulated under Article ninety-one of the Corporate Governance Regulations. This committee shall monitor any matters related to the implementation of corporate governance practices and shall provide the Board of Directors, at least annually, with reports and the recommendations it reaches.	Guidance Material The Board considers that there is no need to form a specialized committee for governance, as the activities of the Board and its committees are considered the main components of governance, and each contributes to achieving its objectives.
Article (39) Evaluation	<ol style="list-style-type: none"> The Board of Directors, based on the recommendation of the Remuneration and Nomination Committee, shall establish the necessary mechanisms for annually evaluating the performance of the Board, its members, committees, and the Executive Management. This shall be done through appropriate performance measurement indicators related to the extent of achieving the Company's strategic objectives, the quality of risk management, the adequacy of internal control systems, and others. The evaluation shall identify strengths and weaknesses and propose remedies that align with the Company's interests. Performance evaluation procedures must be written, clear, and disclosed to the Board members and relevant individuals involved in the evaluation. Performance evaluation should include the skills and expertise possessed by the Board, identifying strengths and weaknesses, with a focus on addressing weaknesses by nominating professional competencies capable of enhancing the Board's performance. Performance evaluation should also assess the working mechanisms of the Board in general. Individual evaluation of Board members should consider the level of active participation, commitment to duties and responsibilities, including attendance at Board and committee meetings, and the allocation of the necessary time to each. The Board shall make necessary arrangements to obtain an evaluation from an external specialized entity of its performance every three years. Non-executive Board members shall conduct periodic evaluations of the Chairman's performance, taking into account the views of executive members, without the chairman attending the discussion designated for this purpose. <p>This evaluation shall identify strengths and weaknesses and propose remedies in line with the Company's interests.</p>	Guidance Material

Article/ Paragraph No.	Text of the Article	Clarifications
Article (51) Paragraph (c) Formation of the Audit Committee	The Chairman of the Audit Committee must be an independent member.	Guidance Material The Chairman of the Audit Committee shall be a member from outside the Board, provided that they meet all the criteria for independent members, and possess the required expertise and knowledge for the position.
Article (84) Social Responsibility	The Ordinary General Assembly, based on a proposal from the Board of Directors, shall establish a policy to ensure a balance between its objectives and the goals of improving the social and economic conditions of the community.	Guidance Material
Article (85) Social Work Initiatives	The Board of Directors shall develop programs and determine the necessary means for implementing the Company's initiatives in the field of social work.	Guidance Material
Article (37) Paragraph (2) Training	Establish the necessary mechanisms to ensure that both the Board of Directors' members and committee members, as well as the Executive Management, have access to continuous training programs and courses aimed at developing their skills and knowledge in areas relevant to the Company's activities.	Guidance Material The Company is in the process of implementing a training mechanism to enhance the skills of the Board of Directors, committees, and Executive Management.

Most significant events and disclosures during the year 2023:

#	Event	2023
1	SMEH announces the signing of a contract for a project to transport, implement, and operate road safety devices and equipment in the Riyadh region with the Ministry of Transport and Logistics Services.	November 14
2	SMEH announces the preliminary consolidated financial results for the period ending on September 30, 2023 (nine months).	November 7
3	SMEH announces the award of a competition for a project with the Ministry of Transport and Logistics Services valued at SAR 25,490,003.	November 5
4	SMEH announces the latest developments regarding the Company's announcement of the issuance of a primary judicial ruling from the Fourth Appeals Department of the Commercial Court in Riyadh in favor of Protecta Vision (a subsidiary) in the lawsuit filed by Protecta Vision against the National Unified Procurement Company (NUPCO).	October 14
5	SMEH announces the deposit of proceeds from the sale of fractional shares resulting from an increase in the Company's capital into the accounts of eligible shareholders.	October 12
6	SMEH announces the latest developments regarding the company's announcement of the issuance of a primary judicial ruling in favor of Protecta Vision (a subsidiary) in the lawsuit filed by Protecta Vision against the National Unified Procurement Company (NUPCO).	October 12
7	SMEH announces the award of a competition for a project with the Ministry of Health valued at SAR 139,795,174.45.	October 8
8	SMEH announces the results of the second Extraordinary General Assembly meeting, which includes approval of the Company's capital increase (first session).	September 4
9	SMEH announces the commencement date of electronic voting on the agenda items of the first Extraordinary General Assembly meeting (first session).	August 29

#	Event	2023
10	SMEH announces the preliminary unified financial results for the period ending on June 30, 2023 (six months).	August 14
11	SMEH invites its esteemed shareholders to attend the first Extraordinary General Assembly meeting, which will discuss the Company's capital increase (first session), through modern technological means.	August 10
12	SMEH announces the appointment of the Chairman of the Board of Directors, Vice Chairman of the Board of Directors, and Executive Board Member (CEO), as well as the formation of committees, appointment of company representatives, and appointment of a council secretary.	August 9
13	SMEH announces the results of the Ordinary General Assembly meeting (first session).	August 1
14	SMEH announces the commencement date of electronic voting on the agenda items of the first Ordinary General Assembly meeting (first session).	July 26
15	SMEH invites its esteemed shareholders to attend the first Ordinary General Assembly meeting (first meeting) through modern technological means.	July 9
16	SMEH announces the recommendation of the Board of Directors to increase the Company's capital through share issuance.	June 11
17	SMEH announces the award of a competition for a project with the Ministry of Education worth (23,722,200) Saudi Riyals.	June 11
18	SMEH announces the results of the Ordinary General Assembly meeting (first session).	May 28

#	Event	2023
19	SMEH announces the opening of nominations for membership of the Board of Directors for the upcoming term.	May 28
20	SMEH announces the preliminary financial results for the period ending on March 31, 2023 (three months).	May 22
21	SMEH announces the commencement date of electronic voting on the agenda items of the first Ordinary General Assembly meeting (first session).	May 18
22	SMEH announces the award of a competition for a project with the Ministry of Health worth (224,873,714) Saudi Riyals.	May 9
23	SMEH announces the signing of a contract for operating dental clinics at Najran University with the Ministry of Education.	May 4
24	SMEH invites its esteemed shareholders to attend the Ordinary General Assembly (first session) meeting through modern technological means.	May 2
25	SMEH announces the award of a competition for a project with the Ministry of Education worth (45,999,986) Saudi Riyals.	April 13
26	SMEH announces the signing of a contract to operate the medical border guard center in Riyadh with the Border Guard.	April 9
27	SMEH announces the award of a competition for a project with the Ministry of Health worth (180,289,023.45) Saudi Riyals.	April 3
28	SMEH announces the annual financial results ending on 31/12/2022.	March 30

#	Event	2023
29	SMEH announces the signing of a contract for non-medical maintenance, cleaning, and operation services for the Almadina Almonwara Hospital at the King Salman Medical City in the Madinah region with the Ministry of Health.	March 28
30	SMEH announces the signing of a contract for nutrition services for the King Saud Medical City in Riyadh with the Ministry of Health.	March 27
31	Supplementary announcement from SMEH regarding the Company's receipt of declarations from several shareholders to retain a stake of no less than 50.07% of the total shares until December 31, 2024.	March 23
32	SMEH announces the award of a competition for a project with the Ministry of Education worth (20,700,000) Saudi Riyals.	March 21
33	SMEH announces the resignation of a member of the Board of Directors.	March 15
34	SMEH announces the award of a competition for a project with the Border Guard worth (68,844,794) Saudi Riyals.	March 7
35	SMEH announces the signing of an Islamic banking facilities agreement with Alinma Bank.	January 25
36	SMEH announces the award of a competition for a project with the Ministry of Health worth (173,500,000) Saudi Riyals.	January 22
37	SMEH announces the award of a competition for a project with the Ministry of Health worth (166,634,847.05) Saudi Riyals.	January 11
38	SMEH announces the award of a competition for a project with the Ministry of Health worth (194,815,695.35) Saudi Riyals.	January 8

Declaration

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1. The accounting records have been prepared in an accurate and proper manner.
2. The internal control system has been structured on robust and efficacious principles.
3. There is no probability or doubt regarding the company's capacity to continue its activities and maintain its continuity.
4. All members of the Board of Directors declare that they have no involvement or vested interest in any transactions or contracts that were executed during the year 2023 not disclosed in this report.
5. There are no employee benefit investments or reserves established, including but not limited to savings plans or share options.
6. The company acknowledges that there are no competing businesses to the company or to any of the branches of activity that it practices and which is practiced or was practiced by any member of the Board of Directors.

Finally, the Board of Directors expresses its gratitude for your esteemed confidence and pledges to exert additional effort and continuously strive to achieve the company's goals, vision, strategy, and future aspirations.

May God grant us success..





دار المعدات الطبية والعلمية
Scientific & Medical Equipment House



Investor.Relations@smeh.com.sa



smeh.com.sa



smeh@smeh.com.sa



[smeh_ksa](https://twitter.com/smeh_ksa)