



**SCIENTIFIC AND MEDICAL EQUIPMENT HOUSE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
AND INDEPENDENT AUDITOR'S REVIEW REPORT
FOR THE THREE- MONTH AND THE NINE-MONTH PERIODS
ENDED 30 SEPTEMBER 2025**

SCIENTIFIC AND MEDICAL EQUIPMENT HOUSE COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
AND INDEPENDENT AUDITOR'S REVIEW REPORT
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2025

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**INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM FINANCIAL INFORMATION
TO THE SHAREHOLDERS OF SCIENTIFIC AND MEDICAL EQUIPMENT HOUSE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

Introduction

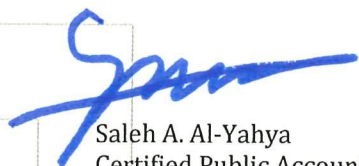
We have reviewed the accompanying interim condensed consolidated statement of financial position of Scientific and Medical Equipment House Company, (A Saudi Joint Stock Company) (the "Company") and its subsidiaries (collectively referred to as "Group") as at 30 September 2025, and the related interim condensed consolidated statement of profit or loss and other comprehensive income for the three-month and nine month periods ended 30 September 2025, and the related interim condensed consolidated statements of changes in equity and cash flows for the nine-month period then ended, and other explanatory notes. Management is responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on this interim financial information based on our review.

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", that is endorsed in the Kingdom of Saudi Arabia. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with IAS 34 as endorsed in the Kingdom of Saudi Arabia.

For and on behalf of Alluhaid and Alyahya Chartered Accountants



Saleh A. Al-Yahya
Certified Public Accountant
License No. 473

Riyadh: 20 Jumada al Ula1447H
(11 November 2025)



SCIENTIFIC AND MEDICAL EQUIPMENT HOUSE COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2025

	Notes	30 September 2025 س.م (Unaudited)	31 December 2024 س.م (Audited)
ASSETS			
Non-current assets			
Property, plant, and equipment		26,058,520	29,789,154
Right-of-use assets		14,966,766	16,449,700
Investment properties		30,967,196	31,226,545
Intangible assets		1,304,155	971,000
Prepayments and other debit balances non-current portion		3,108,558	3,108,558
Total non-current assets		76,405,195	81,544,957
Current assets			
Inventories		67,724,559	103,207,010
Trade receivables and contract assets	5	660,590,025	587,148,702
Prepayments and other debit balances		79,461,450	66,260,065
Due from related parties	6a	33,034,258	25,539,825
Cash and cash equivalents		23,933,362	88,064,217
Total current assets		864,743,654	870,219,819
TOTAL ASSETS		941,148,849	951,764,776
EQUITY AND LIABILITIES			
EQUITY			
Share capital	7	300,000,000	300,000,000
Statutory reserve		36,586,165	36,586,165
Retained earnings		171,749,442	174,021,556
Equity attributable to the shareholders of the Parent Company		508,335,607	510,607,721
Non-controlling interests		(7,414,011)	(5,619,787)
TOTAL EQUITY		500,921,596	504,987,934
LIABILITIES			
Non-current liabilities			
Employees' defined benefits obligations		68,219,310	70,078,886
Lease liabilities		7,651,328	9,011,392
Long-term borrowings	8	5,400,000	6,775,000
Total non-current liabilities		81,270,638	85,865,278
Current liabilities			
Lease liabilities – current portion		6,057,779	5,677,668
Long-term borrowings - current portion	8	2,150,000	1,550,000
Short-term borrowings	8	155,321,136	185,138,364
Trade payables		62,235,087	56,251,385
Accrued expenses and other credit balances		101,471,989	87,038,781
Due to related parties	6b	1,167,650	-
Contract liabilities		13,189,114	10,243,328
Zakat payable		17,363,860	15,012,038
Total current liabilities		358,956,615	360,911,564
TOTAL LIABILITIES		440,227,253	446,776,842
TOTAL EQUITY AND LIABILITIES		941,148,849	951,764,776

Chief Financial Officer
Mr. Yasser Ahmed El-Safadi

Chief Executive Officer
Mr. Faisal bin Hawas Al-Atawi

Chairman of the Board of Directors
Mr. Basil Bin Saud Al-Arifi

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

SCIENTIFIC AND MEDICAL EQUIPMENT HOUSE COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME (UNAUDITED)
FOR THE THREE-MONTH AND THE NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2025

	Notes	Three-month period ended		Nine-month period ended	
		30 September 2025 س	30 September 2024 س	30 September 2025 س	30 September 2024 س
Continuing operations:					
Revenue	12	200,520,087	218,385,114	694,788,277	650,005,138
Cost of revenue	12	(171,901,592)	(183,606,335)	(593,662,338)	(542,923,767)
Gross profit		28,618,495	34,778,779	101,125,939	107,081,371
Selling and marketing expenses		(7,257,734)	(5,832,046)	(18,297,218)	(14,110,972)
General and administrative expenses		(13,970,992)	(15,721,765)	(44,323,781)	(46,022,459)
(Charge for) / reversal of expected credit losses	5	(478,477)	4,090,201	(1,325,694)	5,052,226
Operating profit		6,911,292	17,315,169	37,179,246	52,000,166
Finance cost		(3,565,113)	(5,964,933)	(11,059,487)	(19,871,334)
Other income	9	4,852,626	4,623,898	10,821,496	12,116,926
Profit before zakat from continuing operations		8,198,805	15,974,134	36,941,255	44,245,758
Zakat for the period		(1,333,842)	(3,195,948)	(11,007,593)	(9,705,833)
Net profit for the period from continuing operations		6,864,963	12,778,186	25,933,662	34,539,925
Discontinued operations:					
Net loss for the period from discontinued operation	1	-	(1,886,807)	-	(7,995,637)
Net profit for the period		6,864,963	10,891,379	25,933,662	26,544,288
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		6,864,963	10,891,379	25,933,662	26,544,288
Net profit / (loss) for the period attributable to:					
Shareholders of the parent company		7,667,485	10,909,564	27,727,886	27,338,467
Non-controlling interests		(802,522)	(18,185)	(1,794,224)	(794,179)
		6,864,963	10,891,379	25,933,662	26,544,288
Net profit / (loss) attributable to shareholders arises from:					
Continuing operations		7,667,485	12,777,503	27,727,886	35,254,148
Discontinued operations		-	(1,867,939)	-	(7,915,681)
		7,667,485	10,909,564	27,727,886	27,338,467
Total comprehensive income for the period attributable to:					
Shareholders of the parent company		7,667,485	10,909,564	27,727,886	27,338,467
Non-controlling interests		(802,522)	(18,185)	(1,794,224)	(794,179)
		6,864,963	10,891,379	25,933,662	26,544,288
Basic and diluted earnings per share attributable to the shareholders of the parent company:					
From continuing operations		0.26	0.43	0.92	1.18
From discontinued operations		-	(0.06)	-	(0.26)
Total	10	0.26	0.37	0.92	0.91



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SCIENTIFIC AND MEDICAL EQUIPMENT HOUSE COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2025

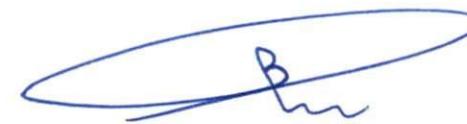
	Attributable to the shareholders of the parent				Non-controlling interests	Total equity
	Share capital ﷲ	Statutory reserve ﷲ	Retained earnings ﷲ	Total ﷲ	ﷲ	ﷲ
As at 1 January 2024 (Audited)	300,000,000	36,586,165	174,180,026	510,766,191	(3,998,442)	506,767,749
Net profit for the period	-	-	27,338,467	27,338,467	(794,179)	26,544,288
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period	-	-	27,338,467	27,338,467	(794,179)	26,544,288
Disposal of a subsidiary (note 1)	-	-	-	-	(42,649)	(42,649)
As at 30 September 2024 (Unaudited)	300,000,000	36,586,165	201,518,493	538,104,658	(4,835,270)	533,269,388
As at 1 January 2025 (Audited)	300,000,000	36,586,165	174,021,556	510,607,721	(5,619,787)	504,987,934
Net profit for the period	-	-	27,727,886	27,727,886	(1,794,224)	25,933,662
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period	-	-	27,727,886	27,727,886	(1,794,224)	25,933,662
Dividends (note 15)	-	-	(30,000,000)	(30,000,000)	-	(30,000,000)
As at 30 September 2025 (Unaudited)	300,000,000	36,586,165	171,749,442	508,335,607	(7,414,011)	500,921,596



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SCIENTIFIC AND MEDICAL EQUIPMENT HOUSE COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2025

	Nine-month period ended	
	30 September 2025	30 September 2024
	ﷲ	ﷲ
OPERATING ACTIVITIES		
Profit before zakat from continuing operations	36,941,255	44,245,758
Loss before zakat from discontinued operations	-	(8,695,407)
Profit before zakat	36,941,255	35,550,351
Adjustments for non-cash items:		
Depreciation of property, plant and equipment	7,326,608	7,850,445
Depreciation of investment properties	259,349	259,350
Depreciation of right-of-use assets	6,137,633	7,089,203
Amortization of intangible assets	119,703	280,304
Charge for / (Reversal) of expected credit losses	1,325,694	(5,052,226)
Provision for slow-moving inventories	2,125,877	-
(Gain) / loss on disposal of property, plant and equipment	(558,022)	506,070
(Gain) / loss on terminated leases contracts	(11,955)	148,582
Finance cost	11,059,487	21,287,322
Employees' defined benefits obligation	12,232,904	13,708,572
	76,958,533	81,627,973
Changes in working capital:		
(Increase) / decrease in trade receivables and contract assets	(74,767,017)	187,462,512
Decrease in inventories	33,356,574	1,746,969
Increase in prepayments and other debit balances	(13,201,385)	(6,072,498)
Increase in trade payables	5,983,702	8,079,372
Increase in accrued expenses and other credit balances	14,433,208	7,783,709
Increase in contract liabilities	2,945,786	4,202,569
Increase in due from / to related parties, net	(6,326,783)	(4,359,651)
	39,382,618	280,470,955
Employees' defined benefits obligation paid	(14,092,480)	(7,887,700)
Zakat paid	(8,655,771)	(8,078,392)
Net cash flows provided by operating activities	16,634,367	264,504,863
INVESTING ACTIVITIES		
Purchase of property, plant, and equipment	(5,149,516)	(3,027,843)
Proceeds from disposal of property, plant, and equipment	2,111,564	2,631,573
Purchase of intangible assets	(452,858)	-
Proceeds from sale of a subsidiary	-	1,747,256
Net cash flows (used in) / provided by investing activities	(3,490,810)	1,350,986
FINANCING ACTIVITIES		
Notes payable	-	(10,469,229)
Payment of principal portion of lease liabilities	(6,428,896)	(8,491,112)
Proceeds from short-term borrowings	335,415,379	638,141,224
Repayments of short-term borrowings	(365,232,607)	(784,017,865)
Repayments of long-term borrowing	(775,000)	(625,000)
Financing costs paid	(10,253,288)	(20,524,200)
Dividends paid	(30,000,000)	-
Net cash flows used in financing activities	(77,274,412)	(185,986,182)
Net (decrease) / increase in cash and cash equivalents	(64,130,855)	79,869,667
Cash and cash equivalents at beginning of the period	88,064,217	16,947,670
Cash and cash equivalents at the end of the period	23,933,362	96,817,337
Non-cash transactions		
Additions to right-of-use assets against lease liabilities	5,024,868	7,203,535
Termination of right-of-use assets against lease liabilities	370,169	5,497,896



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

**SCIENTIFIC AND MEDICAL EQUIPMENT HOUSE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2025**

1. ORGANIZATION AND ACTIVITY

Scientific and Medical Equipment House Company (the "Company" or "Parent Company") is a Saudi joint stock company, under Commercial Registration No. 1010166664, issued in Riyadh dated 3 Rabi' Al- Awwal 1422 H (corresponding to 26 May 2001).

The Company is licensed to engage in general contracting of buildings, roads, bridges, electrical, electronic and mechanical works, dams, roads and bridges, maintaining, cleaning, managing and operating of medical centers, cities' cleanliness, maintaining and operating of industrial, water and sewage works, maintenance of scientific and medical equipment, wholesale and retail trade in medical, laboratorial and scientific equipment and its accessories, import and export services, and catering services.

The registered address of the Company is P.O. Box 1584, Riyadh 11441, Kingdom of Saudi Arabia.

The accompanying interim condensed consolidated financial statements include the assets and liabilities of the Company and its branches listed below, where the Company is also operating under sub-commercial registrations:

Commercial registration number	Commercial name	City	Registration date	Activity
1010228685	Scientific and Medical Equipment House Company for Contracting	Riyadh	01/02/1428H	General contracting for buildings, roads and bridges.
1010358380	Scientific and Medical Equipment House Company	Riyadh	06/02/1434H	Operating restaurants, supplying, cooking, serving nutrition services and trading foodstuffs.
1010358386	Scientific and Medical Equipment House Company	Riyadh	06/02/1434H	Sale of safety equipment, installation and maintenance of firefighting and fire alarms equipment, filling and maintenance of fire extinguishers.
1010399879	Scientific and Medical Equipment House Company	Riyadh	27/02/1435H	Importing, selling, installation and maintenance of security surveillance cameras, security detectors, inspection and burglar alarm devices.
1010608122	Scientific and Medical Equipment House Company for Private Civil Security Guards	Riyadh	11/08/1438H	Providing a private civil security guard service.
1010613686	Scientific and Medical Equipment House Company	Riyadh	26/03/1439H	Maintenance and operation contracting.
1010636049	Al-Biruni Medical Industries Co.	Riyadh	26/09/1441H	Manufacture of ordinary radiological equipment, tubes, devices and its accessories for medical, scientific and research purposes, including (X-rays, beta rays, gamma rays).
1010653676	Scientific and Medical Equipment House Company	Riyadh	27/01/1442H	Medical operating of hospitals.
1010653677	Scientific and Medical Equipment House Company	Riyadh	27/01/1442H	Repairing and maintenance of radiological, electronic, medical and therapeutic equipment, cleaning services for governmental buildings, building maintenance services activities.
1009081998	Scientific and Medical Equipment House Company	Riyadh	02/02/1446H	Land freight for goods.

SCIENTIFIC AND MEDICAL EQUIPMENT HOUSE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
(CONTINUED)
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2025

1. ORGANIZATION AND ACTIVITY (CONTINUED)

The interim condensed consolidated financial statements include the financial information of the Company and its subsidiaries (collectively referred to as the "Group"). The subsidiaries listed below are limited liability companies registered in the Kingdom of Saudi Arabia:

Company's name	Ownership % as at		Activity
	30 September 2025	31 December 2024	
Girgas Trading Co. Drug Store Co. *	100%	100%	A warehouse for wholesale and retail trade in medical supplies.
Protecta Visions Co.	100%	100%	Import, export, wholesale and retail trade in medical, electronical, electrical and mechanical equipment and devices, laundries, incinerator equipment and pumps.
Nabd Medical Industries Co.	51%	51%	Manufacture of pacemakers, manufacture of ECG devices, manufacture of tubes for catheterization, nutrition and liposuction, etc.
Alwateen A/C & Refrigeration Co.	100%	100%	Cooling and air conditioning systems installation, maintenance and repair.
New Era Co. Ltd.	100%	100%	Installation and extension of television, satellite, computer and telecommunications networks. Installation and maintenance of fire alarm, security and lighting systems and equipment. Extension of electrical and communication wires.
Future Doors Contracting Co.	100%	100%	Installation and maintenance of cooling, air conditioning, electric, gas and oil heating systems. Extension and maintenance of gas, steam and fire pipes. Installation, extension and maintenance of air conditioning and irrigation pipes.
The House of Food Supplies Co.	100%	100%	Refrigerated food warehouses, wholesale of food and drinks

* During the year ended 31 December 2024, Girgas signed a sale purchase agreement ("Girgas" or the "Seller") with Nada Al Hayat Medical Company – Holding ("Nada" or the "Buyer") for the sale of United Purity Pharmaceutical Company dated 25 August 2024.

Accordingly comparative figures in this interim financial information have been presented to present it as discontinued operations.

**SCIENTIFIC AND MEDICAL EQUIPMENT HOUSE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
(CONTINUED)
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2025**

2. BASIS OF PREPARATION

Statement of Compliance

These interim condensed consolidated financial statements have been prepared in accordance with the International Accounting Standard (IAS 34) "Interim Financial Reporting" that is endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants (SOCPA) and should be read in conjunction with the Group's last annual consolidated financial statements for the year ended 31 December 2024.

These interim condensed consolidated financial statements do not include all the information and disclosures required for a complete set of consolidated financial statements, however, accounting policies and selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since 31 December 2024.

The interim period is considered as an integral part of the full financial year, however, the results of operations for the interim periods may not be a fair indication of the results for the full-year operations.

Preparation of Interim Condensed Consolidated Financial Statements

The material accounting policies adopted in the preparation of these interim condensed consolidated financial statements have been consistently applied to all the periods presented unless otherwise stated.

The preparation of these interim condensed consolidated financial statements requires the use of certain critical accounting estimates. It also requires the Group's management to exercise judgment in applying the Group's accounting policies.

The interim condensed consolidated financial statements have been prepared on a historical cost basis except for employees' defined benefits obligations, which are measured using the projected unit credit method.

Furthermore, these interim condensed consolidated financial statements are prepared using the accrual basis of accounting and the going concern basis.

Basis of Consolidation

The interim condensed consolidated financial statements comprise the interim condensed financial statements of the Company and subsidiaries controlled by the Company (collectively referred to as Group). Subsidiaries' interim condensed financial statements are prepared for the same reporting period as that of the Company, using consistent accounting policies.

Subsidiaries are the companies controlled by the Group. The Group controls an investee if, and only if, the Group has:

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

The Group re-assesses whether or not it controls the investee, if facts and circumstances indicate that there is a change to one or more of the control's elements mentioned above.

**SCIENTIFIC AND MEDICAL EQUIPMENT HOUSE COMPANY
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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
(CONTINUED)
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2025**

2. BASIS OF PREPARATION (CONTINUED)

Basis of Consolidation (continued)

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

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

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Balances between the Company and its subsidiaries, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the interim condensed consolidated financial statements.

Functional and Presentation Currency

The interim condensed consolidated financial statements are presented in Saudi Riyals (ﷲ), which is the Group's functional currency.

3. USE OF JUDGMENTS AND ESTIMATES

In preparing these interim condensed consolidated financial statements, management has made judgments and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Judgements and estimates are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual results may differ from these estimates and assumptions.

The significant judgements made by the management in applying the Group's material accounting policies and the primary sources of estimating the unreliability were the same as those described in the last annual consolidated financial statements.

4. MATERIAL ACCOUNTING POLICY INFORMATION

The accounting policies applied in preparing the interim condensed consolidated financial statements are consistent with those followed in preparing the Group's annual consolidated financial statements for the year ended 31 December 2024, except for the application of the new amendments that became effective on 1 January 2025. The Group did not early adopt any standard, interpretation or amendment issued but not yet effective.

a) NEW CURRENTLY EFFECTIVE REQUIREMENTS

<u>New accounting standards or amendments:</u>	<u>Effective date</u>
Lack of Exchangeability – Amendments to IAS 21	1 January 2025

Management anticipates that these new standards, interpretations and amendments will be adopted in the consolidated financial statements for the period of initial application. Adoption of these new standards, interpretations and amendments may have no material impact on the consolidated financial statements of the Group except for IFRS 18 in the period of initial application.

b) FORTHCOMING IFRS REQUIREMENTS

<u>New accounting standards or amendments:</u>	<u>Effective date</u>
Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7	1 January 2026
Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7	
Annual Improvements to IFRS Accounting Standards – Volume 11	
IFRS 18 Presentation and Disclosure in Financial Statements	1 January 2027
IFRS 19 Subsidiaries without Public Accountability: Disclosures	
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	Available for optional adoption/ effective date deferred indefinitely

SCIENTIFIC AND MEDICAL EQUIPMENT HOUSE COMPANY
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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
(CONTINUED)
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2025

5. TRADE RECEIVABLES AND CONTRACT ASSETS

		ﷲ	
		30 September 2025 (Unaudited)	31 December 2024 (Audited)
Trade receivables	5-A	494,602,481	457,411,050
Contract assets	5-B	190,659,554	153,095,687
		685,262,035	610,506,737
Allowance for expected credit losses	5-C	(24,672,010)	(23,358,035)
		660,590,025	587,148,702

5 -A Trade Receivables

		ﷲ	
		30 September 2025 (Unaudited)	31 December 2024 (Audited)
Trade receivables – Government and semi-government sector		414,588,697	403,014,947
Trade receivables – Private sector		78,748,777	54,024,372
Retentions		1,265,007	371,731
		494,602,481	457,411,050

5 -B Contract assets

It represents balances relating to the performance completed against operation and maintenance contracts and constructions projects that were not billed as of period / year end:

		ﷲ	
		30 September 2025 (Unaudited)	31 December 2024 (Audited)
Operation and maintenance contracts		185,341,415	148,058,946
Construction projects		5,318,139	5,036,741
		190,659,554	153,095,687

5 -C Allowance for expected credit losses

The movement in the allowance for expected credit losses is as follows:

		ﷲ	
		30 September 2025 (Unaudited)	31 December 2024 (Audited)
Balance at the beginning of the period / year		23,358,035	27,945,225
Charge/(reversal) for the period / year		1,325,694	(4,568,842)
Disposal of a subsidiary		-	(3,169)
Write off		(11,719)	(15,179)
Balance at the end of the period / year		24,672,010	23,358,035

6. RELATED PARTIES BALANCES AND TRANSACTIONS

The related parties represent the Group's shareholders, key management personnel and the entities owned or managed by these parties, as well as the entities that have control or joint control or have significant influence over these parties.

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6. RELATED PARTIES BALANCES AND TRANSACTIONS (CONTINUED)

The following is a summary of significant transactions that took place between the Group and related parties during the three-month and nine-month periods ended 30 September:

Related party name	Relationship	Nature of transactions	Three-month period ended		Nine-month period ended	
			30-Sept 2025	30-Sept 2024	30-Sept 2025	30-Sept 2024
			(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
			ﷲ	ﷲ	ﷲ	ﷲ
Rawabi Marketing International Co.	Affiliate	Expenses paid on behalf of an Affiliate	381,066	2,009,907	502,256	2,235,447
		Rental income	216,000	216,000	648,000	648,000
		Revenue from construction	201,321	2,549,145	2,519,653	2,549,145
		Revenue from maintenance and operating contracts	840,884	1,198,339	2,770,792	3,752,082
Rawabi for Smart Services & Devices Co.	Affiliate	Purchases	948,750	1,207,500	2,846,250	3,105,000
National Company for Sulfur Products	Affiliate	Expenses paid on behalf of an Affiliate	485,748	844,298	837,849	1,215,445
		Revenue from maintenance and operating contracts	1,236,744	1,272,674	3,802,992	3,941,675
		Rental income	96,000	96,000	288,000	288,000
German Metal Surface Treatment Chemicals Co	Affiliate	Expenses paid on behalf of an Affiliate	34,750	493,016	34,993	463,131
		Rental income	66,000	66,000	198,000	198,000
		Maintenance and operating revenues	195,606	189,047	618,517	643,792
		Purchases	-	-	84,606	-
Dirat Al Amar Real Estate Co.	Affiliate	Expenses paid on behalf of an Affiliate	662,484	821,153	1,156,098	1,684,277
		Rent paid	1,315,397	1,391,022	2,950,668	2,941,390
		Revenue from maintenance and operating contracts	201,307	-	1,033,674	-
Uni Land for Trading Est.	Affiliate	Expenses paid on behalf of an Affiliate	889,998	331,188	1,677,404	331,188
		Purchases	1,104,936	438,217	3,070,081	438,217
Wareed Medical Industries Company	Affiliate	Revenue from construction contract	286,400	394,557	6,886,519	394,557
Barakat Al Khair for Trading Est.	Affiliate	Expenses paid on behalf of an Affiliate	-	2,625	-	2,625

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6. RELATED PARTIES BALANCES AND TRANSACTIONS (CONTINUED)

6 (a). Due From Related Parties

	ﷲ	
	30 September 2025 (Unaudited)	31 December 2024 (Audited)
Rawabi Marketing International Company	21,459,383	19,941,318
Wareed Medical Industries Company	7,806,419	201,321
Dirat Al Amar Real Estate Company	1,839,297	2,600,193
Uni Land for Trading Establishment	1,404,316	2,796,993
National Company for Sulfur Products	524,843	-
	<u>33,034,258</u>	<u>25,539,825</u>

6 (b). DUE TO RELATED PARTIES

	ﷲ	
	30 September 2025 (Unaudited)	31 December 2024 (Audited)
Rawabi for Smart Services & Devices Company	948,750	-
German Metal Surface Treatment Chemicals Co	218,900	-
	<u>1,167,650</u>	<u>-</u>

7. SHARE CAPITAL

The authorized, issued and fully paid share capital of the Company consists of 30 million shares of ﷲ 10 each (31 December 2024: 30 million shares of ﷲ 10 each).

8. BANK FACILITIES

The Group has obtained Islamic bank facilities from local banks in the form of term loans (Murabaha and Tawarruq). Balance outstanding as at period end from these facilities amounts to ﷲ 162.9 million (31 December 2024: ﷲ 193.5 million). These facilities were obtained in accordance with the conditions stated in the bank facilities' agreements. The following are the facilities details:

	ﷲ	
	30 September 2025 (Unaudited)	31 December 2024 (Audited)
Short-term borrowings (a)	155,321,136	185,138,364
Long-term borrowings (b)	7,550,000	8,325,000
	<u>162,871,136</u>	<u>193,463,364</u>

(a) The movement of short-term borrowings is as follows:

	ﷲ	
	30 September 2025 (Unaudited)	31 December 2024 (Audited)
Opening balance	185,138,364	319,543,993
Additions during the period /year	335,415,379	764,160,031
Paid during the period /year	(365,232,607)	(898,565,660)
Ending balance	<u>155,321,136</u>	<u>185,138,364</u>

(b) This represents the amount withdrawn from a long-term loan facility which has been obtained by a subsidiary from the Saudi Industrial Development Fund with a total value of ﷲ 6,200,000 as well as a long-term loan amounting to ﷲ 3,750,000 obtained by the subsidiary from Saudi Aramco Entrepreneurship "Waed" in order to finance projects in progress.

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8. BANK FACILITIES (CONTINUED)

The movement of the long-term borrowings is as follows:

	ﷲ	
	30 September 2025 (Unaudited)	31 December 2024 (Audited)
Balance at the beginning of the period/year	8,325,000	9,575,000
Paid during the period/year	(775,000)	(1,250,000)
Balance at the end of the period/year	7,550,000	8,325,000
Current portion	2,150,000	1,550,000
Non-current portion	5,400,000	6,775,000

9. OTHER INCOME

	ﷲ			
	Three-month period ended		Nine-month period ended	
	30 September 2025 (Unaudited)	30 September 2024 (Unaudited)	30 September 2025 (Unaudited)	30 September 2024 (Unaudited)
Compensation from Human Resources Development Fund	3,947,558	4,245,898	7,978,691	10,947,287
Rental income (note 6)	378,000	378,000	1,134,000	1,134,000
Gain / (loss) on disposal of property, plant and equipment	340,123	-	558,022	(506,070)
Gain / (loss) on terminated lease contracts	11,955	-	11,955	(148,582)
Finance income	174,990	-	174,990	-
Others, net*	-	-	963,838	690,291
	4,852,626	4,623,898	10,821,496	12,116,926

*Others include an amount of ﷲ 963,839 as at 30 September 2025 resulting from reimbursement of certain costs resulting from the affirmation of the preliminary judgment by the Third Circuit of the Court of Appeals at the Commercial Court in Riyadh, whereby the Court issued the final ruling obligating the National Unified Procurement Company for Drugs, Medical Devices and Supplies (NUPCO) to pay Protecta Vision Company (a subsidiary) to pay a total of ﷲ 61,203,458, consisting of ﷲ 59,739,620 as the value of inventory, ﷲ 135,000 as expert fees, ﷲ 500,000 as attorney's fees, and ﷲ 828,838 as warehouse rent and insurance. The amount included under "Others, net" pertains solely to the reimbursement of expert fees ﷲ 135,000, and ﷲ 828,838 as warehouse rent and insurance.

10. BASIC AND DILUTED EARNINGS PER SHARE

The earnings per share is calculated based on the net profit for the period attributable to the Company's shareholders on the basis of the weighted average number of outstanding shares during that period, which amounted to 30 million (2024: 30 million) shares. The diluted earnings per share is the same as the basic earnings per share as the Group does not have any issued dilutive instruments.

11. COMMITMENTS AND CONTINGENCIES

Commitments and guarantees:

The Group has commitments in the form of letters of credit as of 30 September 2025 amounting to ﷲ 25.9 million (31 December 2024: ﷲ 27 million) and contingent liabilities against the letters of guarantee as of 30 September 2025 amounting to ﷲ 336.5 million (31 December 2024: ﷲ 329.4 million).

11. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Legal claim contingency:

During 2025, one of the Group customers, a governmental entity, deducted S 14.6 million from the payments of current ongoing projects with the Group. These deductions were for a service contract that was executed between years 2013 to 2019 and are made against alleged breaches of contract terms with respect to the provision of the aforementioned services. The Group has initiated legal proceedings against this and the latest court session is scheduled for 19 November 2025. The case remains open and under continuous legal follow-up by the Group. Management has assessed the likelihood of an unfavorable outcome and, based on in-house legal advice, recognized an estimated liability of S 2.7 million in the interim condensed consolidated financial statements.

Zakat contingency:

During 2025, the Group's zakat and income tax returns for the financial years 2021 to 2023 have been assessed by the Zakat, Tax and Customs Authority (ZATCA), resulting in additional zakat assessments totaling ﷲ 4.5 million. The differences primarily relate to the treatment of certain deductions and adjustments in the zakat base.

The Group filed formal objections against these assessments within the prescribed timelines. Following ZATCA's review of these objections, the objection for the year 2022 was rejected, resulting in a confirmed assessed difference amounting to ﷲ 1.08 million. Management has decided to contest this further on the relevant forum. The objections for the years 2021 and 2023 were accepted, and the initially assessed additional zakat liability by ZATCA for these years have been cancelled and are currently under re-examination by ZATCA.

Based on the current status of the proceedings and in consultation with its zakat and tax advisors, management has carried a provision of ﷲ 4.5 million (31 December 2024: ﷲ Nil) in these interim condensed consolidated financial statements representing the estimated exposure in respect of open assessments. Management believes that this provision is adequate and reflects the best estimate of the potential obligation as at the reporting date. Any difference arising upon final resolution of these assessments will be recognized in the period in which the matter is concluded.

12. SEGMENT INFORMATION

The operating segments are recorded in a manner consistent with the internal reporting structure. The Management monitors the operating results of its segments independently for the purpose of performance evaluation. For management purposes, the Group is organized into business units based on its products and services and has five reportable segments and all the operations are carried out in the Kingdom of Saudi Arabia, the segments are as follows:

- Operation and maintenance:** Deals with supply of medical and non-medical staff and medical equipment maintenance services.
- Medical equipment sales and post-sale maintenance services revenue:** Supplier of medical equipment and related spare parts.
- Construction segment:** Deals in general contracting of buildings, roads, electrical, electronic and mechanical works.
- **Meat and food segment:** Supplies refrigerated food warehouses, wholesale of food and drinks.
- Medicine and medical supplies:** Supplies segment is involved in wholesale and retail trade in medical supplies through pharmacies.

No operating segments have been aggregated to form the above reportable operating segments.

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12. SEGMENT INFORMATION (CONTINUED)

FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2025 (unaudited)							
	Operation and maintenance	Medical equipment sales and post-sale maintenance services revenue	Construction	Meat and food	Medicine and medical supplies	Eliminations	Total
External Customers	512,762,180	119,347,324	35,559,104	14,441,492	12,678,177	-	694,788,277
Inter Segment	19,855,541	-	-	1,160,247	-	(21,015,788)	-
Revenues	532,617,721	119,347,324	35,559,104	15,601,739	12,678,177	(21,015,788)	694,788,277
Cost of Sales	(474,487,250)	(88,372,344)	(28,018,335)	(14,975,598)	(8,824,599)	21,015,788	(593,662,338)
Gross profit	58,130,471	30,974,980	7,540,769	626,141	3,853,578	-	101,125,939
Selling and marketing expenses	(1,699,770)	(15,372,072)	-	(828,502)	(396,874)	-	(18,297,218)
General and administrative expenses	(36,452,648)	(1,634,360)	(3,370,400)	(1,163,949)	(1,750,262)	47,838	(44,323,781)
Reversal / (charge) for expected credit losses	1,824,306	(1,800,000)	-	(450,000)	(900,000)	-	(1,325,694)
Operation Profit / (loss)	21,802,358	12,168,548	4,170,370	(1,816,310)	806,442	47,838	37,179,246
Other income	9,905,499	963,835	-	-	-	(47,838)	10,821,496
Net profit / (loss)	15,440,525	9,767,457	4,100,467	(3,249,542)	(125,245)	-	25,933,662
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2024 (unaudited)							
	Operation and maintenance	Medical equipment sales and post-sale maintenance services revenue	Construction	Meat and food	Medicine and medical supplies	Eliminations	Total
External Customers	537,127,800	60,808,729	35,960,947	10,961,148	5,146,514	-	650,005,138
Inter Segment	13,783,591	2,243,685	-	-	-	(16,027,276)	-
Revenues	550,911,391	63,052,414	35,960,947	10,961,148	5,146,514	(16,027,276)	650,005,138
Cost of Sales	(475,806,179)	(43,792,689)	(25,699,085)	(9,999,543)	(3,653,547)	16,027,276	(542,923,767)
Gross profit	75,105,212	19,259,725	10,261,862	961,605	1,492,967	-	107,081,371
Selling and marketing expenses	(534,616)	(13,576,356)	-	-	-	-	(14,110,972)
General and administrative expenses	(35,881,738)	(2,100,295)	(3,977,454)	(2,229,791)	(1,891,702)	58,521	(46,022,459)
Reversal / (charge) for expected credit losses	7,336,315	(2,499,459)	-	215,370	-	-	5,052,226
Operation Profit / (loss)	46,025,173	1,083,616	6,284,407	(1,052,816)	(398,735)	58,521	52,000,166
Other income	12,133,912	-	41,535	-	-	(58,521)	12,116,926
Net profit / (loss) from continuing operations	34,616,800	(2,957,787)	6,231,176	(2,233,761)	(1,116,503)	-	34,539,925

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12. SEGMENT INFORMATION (CONTINUED)

FOR THE THREE-MONTH PERIOD ENDED 30 SEPTEMBER 2025 (unaudited)							
	Operation and maintenance	Medical equipment sales and post-sale maintenance services revenue	Construction	Meat and food	Medicine and medical supplies	Eliminations	Total
External Customers	159,785,003	23,861,773	10,476,089	3,835,360	2,561,862	-	200,520,087
Inter Segment	9,253,220	-	-	401,668	-	(9,654,888)	-
Revenues	169,038,223	23,861,773	10,476,089	4,237,028	2,561,862	(9,654,888)	200,520,087
Cost of Sales	(149,663,899)	(17,715,391)	(8,384,806)	(4,166,667)	(1,625,717)	9,654,888	(171,901,592)
Gross profit	19,374,324	6,146,382	2,091,283	70,361	936,145	-	28,618,495
Selling and marketing expenses	(1,004,758)	(5,489,600)	-	(727,553)	(35,823)	-	(7,257,734)
General and administrative expenses	(11,680,276)	(506,996)	(982,411)	(35,638)	(779,759)	14,088	(13,970,992)
Charge for expected credit losses	721,523	(600,000)	-	(300,000)	(300,000)	-	(478,477)
Operation Profit / (loss)	7,410,814	(450,214)	1,108,871	(992,830)	(179,437)	14,088	6,911,292
Other income	4,861,487	-	-	-	-	(8,861)	4,852,626
Net profit / (loss)	8,932,710	(1,126,110)	1,088,029	(1,495,397)	(534,269)	-	6,864,963

FOR THE THREE-MONTH PERIOD ENDED 30 SEPTEMBER 2024 (unaudited)							
	Operation and maintenance	Medical equipment sales and post-sale maintenance services revenue	Construction	Meat and food	Medicine and medical supplies	Eliminations	Total
External Customers	183,618,496	19,288,794	11,156,680	2,985,959	1,335,185	-	218,385,114
Inter Segment	5,077,526	1,624,976	-	-	-	(6,702,502)	-
Revenues	188,696,022	20,913,770	11,156,680	2,985,959	1,335,185	(6,702,502)	218,385,114
Cost of Sales	(164,873,698)	(13,599,194)	(7,976,613)	(2,951,521)	(907,811)	6,702,502	(183,606,335)
Gross profit	23,822,324	7,314,576	3,180,067	34,438	427,374	-	34,778,779
Selling and marketing expenses	(433,036)	(5,399,010)	-	-	-	-	(5,832,046)
General and administrative expenses	(11,820,995)	(1,395,147)	(1,098,199)	(827,505)	(598,722)	18,803	(15,721,765)
Reversal / (charge) for expected credit losses	6,157,111	(2,199,459)	-	132,549	-	-	4,090,201
Operation Profit / (loss)	17,725,405	(1,679,040)	2,081,868	(660,517)	(171,349)	18,803	17,315,169
Other income	4,601,166	-	41,535	-	-	(18,803)	4,623,898
Net profit / (loss) from continuing operations	13,519,339	(1,287,607)	2,052,493	(1,087,542)	(418,497)	-	12,778,186

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Group's financial instruments included in the interim condensed consolidated statement of financial position include cash and cash equivalents, trade receivables, contract assets, other debit balances, due from / to related parties, short and long-term loans, trade payables, and other credit balances.

Currency risks

Currency risks are the risk arising from the fluctuation in the value of financial instruments due to changes in foreign exchange rates. The risks are managed by periodic monitoring of the relevant exchange rates.

Credit risks

Credit risks are the risk that a party to a financial instrument will fail to discharge an obligation and cause the Group to incur a financial loss. The Group's credit risks arise primarily from its dealings with government agencies. The government agencies are part of the government of the Kingdom of Saudi Arabia which has a strong credit rating.

The Group's management monitors the unpaid balances, and, when appropriate, trade receivables is stated at net, after deducting the provision for expected credit losses. Cash is placed with banks with investment grade credit ratings.

Commission rate risks

Commission rate risks are the risk that the value of financial instruments will fluctuate due to changes in commission rates prevailing in the market. The Group is exposed to commission rate risk on its commission-bearing financial liabilities as of 30 September 2025 and 31 December 2024.

Liquidity risks

This is the risk that the Group will not be able to secure the necessary liquidity to meet commitments related to financial instruments. Liquidity risk may result from the inability to sell a financial asset quickly at a value close to its fair value. Liquidity risk is managed through periodic monitoring to ensure that sufficient liquidity is available to meet any future commitments.

14. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount with which an asset is exchanged, or a liability is settled between parties who have knowledge and desire to do so with fair transaction conditions. Management believes that the fair values of the Group's financial assets and liabilities are not materially different from their carrying values. As of 30 September 2025, and 31 December 2024, the Group has no financial instruments measured at fair value.

15. DIVIDENDS

On 17 Rabi' I 1447 AH (9 September 2025) the shareholders in their Extraordinary General Assembly Meeting approved dividends of 30 million (1 per share) for the year ended 31 December 2024.

16. SUBSEQUENT EVENTS

The management believes that there are no significant subsequent events that require disclosure or adjustment to these interim condensed consolidated financial statements.

17. APPROVAL OF THE INTERIM FINANCIAL INFORMATION

The Interim Financial information has been approved by the Board of Directors on 13 Jumada al Ula 1447 AH corresponding to 04 November 2025.