

SPECIALIZED MEDICAL COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2025

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Deloitte and Touche & Co.

Chartered Accountants

(Professional Simplified Joint Stock Company)

Paid-up capital SR 5,000,000

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King Abdullah Financial District

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Saudi Arabia

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Independent Auditors' Report on Review of the Interim Condensed Consolidated Financial Statements

We have reviewed the accompanying interim condensed consolidated statement of financial position of **Specialized Medical Company** ("the Company") and its subsidiaries (collectively referred to as "the Group") as at March 31, 2025, and consolidated statement of profit or loss and other comprehensive income for the three-month period ended March 31, 2025 and March 31, 2024, and consolidated statement of changes in equity and cash flows for the three-month period then ended and material accounting policy information and explanatory notes. Management is responsible for the preparation and presentation of this interim consolidated financial information in accordance with International Accounting Standard 34 Interim Financial Reporting ("IAS 34") as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on this interim consolidated financial information based on our review.

Scope of 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 the International Standards on Auditing as 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 consolidated financial information is not prepared, in all material respects, in accordance with IAS 34 as endorsed in the Kingdom of Saudi Arabia.

Deloitte and Touche & Co.
Chartered Accountants

Mazen A. Al Omari
License No. 480
7 Dhual-Hijja 1446H
June 3, 2025




SPECIALIZED MEDICAL COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2025

		March 31, 2025 SR (Unaudited)	December 31, 2024 SR (Audited)
	Notes		
Assets			
Current assets			
Cash and cash equivalents	4	65,551,418	92,487,981
Trade and other receivables	5	363,648,067	406,603,950
Due from related parties	6	147,264,769	6,545,669
Inventories		26,621,444	22,762,339
Prepayments and other assets		51,793,927	54,460,047
Total current assets		654,879,625	582,859,986
Non-current assets			
Property and equipment	7	1,264,246,545	1,259,153,397
Right-of-use assets	8	218,151,712	201,878,285
Total non-current assets		1,482,398,257	1,461,031,682
Total assets		2,137,277,882	2,043,891,668
Liabilities and equity			
Current liabilities			
Trade payables		112,351,185	104,158,709
Due to related parties	6	61,484	384,626
Short-term loans	9	502,537,492	490,537,492
Long-term loans - current portion	10	57,551,020	57,551,020
Lease liabilities	8	28,991,211	23,536,645
Government loan	11	-	2,747,992
Deferred government grant	11	-	96,177
Accrued expenses and other liabilities		122,081,646	81,231,888
Zakat Payable		9,852,406	8,351,552
Total current liabilities		833,426,444	768,596,101
Non-current liabilities			
Long-term loans – non-current portion	10	71,938,776	86,326,531
Lease liabilities	8	210,425,302	201,991,562
Trade payables		329,686	329,686
Employees defined benefits liabilities		164,793,795	159,552,201
Total non-current liabilities		447,487,559	448,199,980
Total liabilities		1,280,914,003	1,216,796,081
Equity			
Share capital	12	250,000,000	250,000,000
Statutory reserve		49,653,238	49,653,238
Retained earnings		556,710,641	527,442,349
Total equity		856,363,879	827,095,587
Total Liabilities and equity		2,137,277,882	2,043,891,668


APPROVED BY :
HANI CHARANI
CFO


APPROVED BY :
BASSAM CHAHINE
CEO


APPROVED BY :
SULAIMAN AL-RASHID
CHAIRMAN

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

SPECIALIZED MEDICAL COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2025

		For the three months' period ended March 31, 2025	For the three months' period ended March 31, 2024
	Notes	SR	SR
Revenue	13	368,900,053	363,071,071
Cost of revenue		(274,575,817)	(263,108,136)
Gross profit		94,324,236	99,962,935
General and administrative expenses		(47,667,621)	(36,621,761)
Selling and marketing expenses		(5,981,722)	(1,972,718)
Operating profit		40,674,893	61,368,456
Finance costs		(12,148,042)	(12,216,551)
Other income		2,614,312	2,142,161
Profit before zakat		31,141,163	51,294,066
Zakat		(1,500,828)	(2,087,880)
Profit for the period		29,640,335	49,206,186
Other comprehensive income:			
Items which will not be reclassified subsequently to profit or loss:			
Re-measurement of employees defined benefits liabilities		(372,043)	(793,283)
Total other comprehensive loss for the period		(372,043)	(793,283)
Total comprehensive income for the period		29,268,292	48,412,903
Earnings per share (EPS)			
Basic and diluted EPS	14	0.12	0.19


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SPECIALIZED MEDICAL COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2025

	Notes	Share capital SR	Statutory reserves SR	Retained earnings SR	Total SR
Balance as of December 31, 2023 (Audited)		85,000,000	49,653,238	710,395,987	845,049,225
Profit for the period		-	-	49,206,186	49,206,186
Total other comprehensive loss		-	-	(793,283)	(793,283)
Total comprehensive income for the period		-	-	48,412,903	48,412,903
Dividends	15	-	-	(75,000,000)	(75,000,000)
Balance as of March 31, 2024 (Unaudited)		85,000,000	49,653,238	683,808,890	818,462,128
Balance as of December 31, 2024 (Audited)		250,000,000	49,653,238	527,442,349	827,095,587
Profit for the period		-	-	29,640,335	29,640,335
Total other comprehensive loss		-	-	(372,043)	(372,043)
Total comprehensive income for the period		-	-	29,268,292	29,268,292
Balance as of March 31, 2025 (Unaudited)		250,000,000	49,653,238	556,710,641	856,363,879


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BASSAM CHAHINE
CEO


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CHAIRMAN

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SPECIALIZED MEDICAL COMPANY
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INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2025

		For the three months' period ended March 31, 2025	For the three months' period ended March 31, 2024
		SR	SR
	Notes	(Unaudited)	(Unaudited)
Cash flows from operating activities		31,141,163	51,294,066
Profit before zakat			
Adjustments for:			
Depreciation of property and equipment	7	15,154,611	14,131,022
Depreciation of right-of-use assets	8	7,192,830	7,147,480
Expected credit loss charged		4,430,287	1,250,000
Amortization of government grant	11	(96,177)	(189,110)
Employees defined benefits liabilities charged		5,587,470	6,306,772
Finance costs		12,148,042	12,216,551
Loss from disposal property and equipment		-	994
		75,558,226	92,157,775
Working capital changes:			
Trade and other receivables		38,525,597	(24,378,881)
Due from related parties	6	(40,719,100)	(3,199,434)
Inventories		(3,859,105)	778,387
Prepayments and other assets		2,666,121	(7,684,251)
Trade payables		8,134,491	2,695,035
Due to related parties		(323,142)	(1,061,207)
Accrued expenses and other liabilities		40,849,758	(4,753,102)
Cash generated from operating activities		120,832,846	54,554,322
Employees defined benefits liabilities paid		(2,458,112)	(3,861,299)
Net cash generated from operating activities		118,374,734	50,693,023
Cash flows from investing activities			
Purchase of property and equipment		(15,688,864)	(14,303,222)
Additions on projects under progress		(4,558,895)	(11,038,867)
Net cash used in investing activities		(20,247,759)	(25,342,089)
Cash flows from financing activities			
Dividends paid		-	(75,000,000)
Due from related parties	6	(100,000,000)	-
Proceeds from short term loans - net		12,000,000	70,000,000
Repayment of long term loans		(14,387,755)	(14,387,755)
Repayment of government loan		(2,747,992)	(2,655,063)
Payment of lease liabilities		(11,924,197)	(7,318,148)
Finance cost paid		(8,003,594)	(10,525,274)
Net cash used in financing activities		(125,063,538)	(39,886,240)
Net decrease in cash and cash equivalents during the period		(26,936,563)	(14,535,306)
Cash and cash equivalents as of January 1		92,487,981	46,662,147
Cash and cash equivalents as of March 31		65,551,418	32,126,841
Non-cash transactions			
Re-measurement of employees defined benefits liabilities		(372,043)	(793,283)
Additions of right of use assets and lease liabilities		23,466,257	-


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SPECIALIZED MEDICAL COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2025**

1. CORPORATE INFORMATION AND ACTIVITIES

Specialized Medical Company is a Saudi Closed Joint Stock Company operating in the Kingdom of Saudi Arabia under Commercial Registration number. 1010123832 dated 13/11/1414H (corresponding to April 24, 1994).

This is pursuant to following Ministry of Health Licenses No.

Branch name	License number	License date
Specialized Medical Center – SMC – King Fahad Road	014-101-010-012-00015	May 12, 1999
Specialized Medical Center – SMC – King Abdullah Road	014-101-010-097-00085	March 8, 2020

The principal activities of the Company are the management and operation of hospitals, clinics, medical centers and healthy food services, as well as hospital and medical facilities maintenance and non-medical operations. Additional activities include the production of cooked and non-cooked food and the management and operations of restaurants and food related services.

On 26 March 2025, the Group obtained regulatory approval to proceed with its Initial Public Offering (IPO). The Group plans to complete the IPO and list its shares on Tadawul Main Market during June 2025.

The address of the Company's registered office is as follows:
Building 6678 King Fahad Road, Alulaya district, unit No. 1, Riyadh 12311 -4405.

The company has the following subsidiaries:

Name	Country of Incorporation	Activities	Ownership percentage	
			2025	2024
International Specialized Food Company	Saudi Arabia	Food and catering services	100%	100%
Al-Mukhattis Al-Sahi Medical Company	Saudi Arabia	Hospitals for the treatment, rehabilitation and medical operation of addicts	51%	-

As of the reporting date, Al-Mukhattis Al-Sahi Medical Company has not commenced operations. Additionally, the capital contribution required for the subsidiary has not yet been paid.

These interim condensed consolidated financial statements include the financial information of the Company, its subsidiaries and the following branches, which operate under separate commercial registrations:

Branch Name	Commercial Registration No.	Branch Activities	Addresses	Commercial Registration Date
Specialized Medical Center – SMC 1 – King Fahad Road	1010150227	Hospitals	Riyadh	23/06/1998
Diet World – SMC	1010156585	Nutrition Centers	Riyadh	12/03/1999
Specialized Medical Center – SMC 2 – King Abdullah Road	1010413585	Hospitals	Riyadh	05/07/2014
Specialized Medical Company – SMC	1010431691	Management and maintenance of hospitals, dispensaries, health facilities and non-medical	Riyadh	22/03/2015
Specialized Medical Company – SMC 3 – Northern Ring Road	1010851377	Public hospitals	Riyadh	22/12/2022

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2025

2. NEW STANDARDS EFFECTIVE AS OF 01 JANUARY 2025

The accounting policies adopted in the preparation of the condensed interim consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2024, except for the adoption of new standards effective as of January 01, 2025. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Several amendments apply for the first time in 2025, but do not have a significant impact on the condensed interim consolidated financial statements of the Group.

Standard, interpretation, amendments	Description	Effective date
Amendment to IAS 21 – Lack of exchangeability	IASB amended IAS 21 to add requirements to help in determining whether a currency is exchangeable into another currency, and the spot exchange rate to use when it is not exchangeable. Amendment set out a framework under which the spot exchange rate at the measurement date could be determined using an observable exchange rate without adjustment or another estimation technique.	01 January 2025

New standards issued but not yet effective

Standard, interpretation, amendments	Description	Effective date
Amendments to IFRS 10 and IAS 28-Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Partial gain or loss recognition for transactions between an investor and its associate or joint venture only apply to the gain or loss resulting from the sale or contribution of assets that do not constitute a business as defined in IFRS 3 Business Combinations and the gain or loss resulting from the sale or contribution to an associate or a joint venture of assets that constitute a business as defined in IFRS 3 is recognized in full.	Effective date deferred indefinitely
Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures	Under the amendments, certain financial assets including those with ESG- linked features could now meet the SPPI criterion, provided that their cash flows are not significantly different from an identical financial asset without such a feature. The IASB has amended IFRS 9 to clarify when a financial asset or a financial liability is recognized and derecognized and to provide an exception for certain financial liabilities settled using an electronic payment system.	01 January 2026

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2025

2. NEW STANDARDS EFFECTIVE AS OF 01 JANUARY 2025 (CONTINUED)

Standard, interpretation, amendments	Description	Effective date
IFRS 18, Presentation and Disclosure in Financial Statements	IFRS 18 provides guidance on items in statement of profit or loss classified into five categories: operating; investing; financing; income taxes and discontinued operations. It defines a subset of measures related to an entity's financial performance as 'management-defined performance measures' ('MPMs'). The totals, subtotals and line items presented in the primary financial statements and items disclosed in the notes need to be described in a way that represents the characteristics of the item. It requires foreign exchange differences to be classified in the same category as the income and expenses from the items that resulted in the foreign exchange differences.	01 January 2027
IFRS 19, Subsidiaries without Public Accountability: Disclosures	IFRS 19 allows eligible subsidiaries to apply IFRS Accounting Standards with the reduced disclosure requirements of IFRS 19. A subsidiary may choose to apply the new standard in its consolidated, separate or individual financial statements provided that, at the reporting date it does not have public accountability and its parent produces consolidated financial statements under IFRS Accounting Standards.	01 January 2027
IFRS S1, 'General requirements for disclosure of sustainability-related financial information	This standard includes the core framework for the disclosure of material information about sustainability-related risks and opportunities across an entity's value chain.	Not yet endorsed by SOCPA

3. MATERIAL ACCOUNTING POLICY INFORMATION

Statement of compliance

The interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard "Interim Financial Reporting" ("IAS 34") as endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements that are issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA"), collectively referred to as International Financial Reporting Standards as endorsed in Kingdom of Saudi Arabia ("IFRS").

The interim condensed consolidated financial statements should be read in conjunction with the Company's annual audited financial statements as at and for the year ended December 31, 2024 and do not include all of the information required for a complete set of consolidated financial statements under IFRS. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's consolidated financial position and performance since the last annual audited financial statements.

Material accounting policy information, estimates and assumptions used in the preparation of these interim condensed consolidated financial statements are consistent with those followed in the preparation of the consolidated financial statements for the year ended December 31, 2024.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Basis of Consolidation

The interim condensed consolidated financial statements have been prepared on the historical cost basis except for employees' defined benefit liabilities which are recognised at the present value of future liabilities using the projected unit credit method.

The interim condensed consolidated financial statements include the assets, liabilities and results of operations of the Company and its subsidiaries (the "Group") listed in note (1) above. The Company and its subsidiaries are collectively referred to as the "Group". Subsidiaries is the entity controlled by the Company.

The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries is consolidated from the date on which control commences until the date on which control ceases.

The Company accounts for the business combinations using the acquisition method when control is transferred to the Company. The consideration transferred in the acquisition is generally measured at fair value, as are the identified net assets acquired. The excess of the cost of acquisition over the fair value of the identifiable net assets acquired is recorded as goodwill in interim condensed consolidated statement of financial position. Intra-company balances and transactions, and any unrealized income and expenses arising from intra-company transactions, are eliminated. Accounting policies of subsidiaries is aligned, where necessary, to ensure consistency with the policies adopted by the Group. The Company and its subsidiaries have the same reporting periods.

Functional and presentation currency

The interim condensed consolidated financial statements are presented in Saudi Riyals, which is the functional and presentation currency of the Group.

4. CASH AND CASH EQUIVALENTS

	March 31, 2025 SR (Unaudited)	December 31, 2024 SR (Audited)
Cash at banks	64,436,952	92,001,325
Cash in hand	1,114,466	486,656
	65,551,418	92,487,981

5. TRADE AND OTHER RECEIVABLES

	March 31, 2025 SR (Unaudited)	December 31, 2024 SR (Audited)
Trade and other receivables	386,343,559	424,869,155
Less: Provision of expected credit losses	(22,695,492)	(18,265,205)
	363,648,067	406,603,950

	March 31, 2025 SR (Unaudited)	December 31, 2024 SR (Audited)
Movement in the provision of expected credit losses is as follows:		
Balance as of beginning of the period / year	18,265,205	86,653,689
Charged during the period / year	4,430,287	9,678,156
Written-off during the period / year	-	(78,066,640)
	22,695,492	18,265,205

SPECIALIZED MEDICAL COMPANY
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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2025

6. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties include the shareholders, Companies owned by them, directors, and relatives thereof. The terms and conditions of such transactions are approved by the management.

Name of Related Party	Relationship
Saudi Bunyan Company	Owned by one of the shareholders
Snow Bright Laundry Company	Owned by one of the shareholders
Advance food Company	Owned by one of the shareholders
Adeem Al Sahra Trading Company	Owned by one of the shareholders
Cotton Experts Company	Owned by one of the shareholders
Code Invention Company	Owned by a close family member of a shareholder
Abdulrahman Saad Al-Rashid & Sons Company	Shareholder
Abdullah Saad Al Rashid & Sons Company	Shareholder
Al-Thomad Travel and Tourism Company	Shareholder
Rashid Saad Al Rashid & Sons Company	Shareholder
Dr. Khalid Al Sebaia	Shareholder
Dr. Mohammad Saleh Al Konbaz	Shareholder
Family members of shareholders, board members, and those related them	Family Members

The significant transactions and the related approximate amounts are as follows:

	For the three months' period ended March 31, 2025	For the three months' period ended March 31, 2024
	SR	SR
Transactions with related parties	(Unaudited)	(Unaudited)
Amounts due from shareholders related to dividends reversal *	100,000,000	-
Expenses incurred on behalf of the shareholders	46,615,887	53,778
Lease rentals payments	4,059,223	4,059,223
Purchases and services	2,175,667	1,940,530
Advance payments	1,173,375	-
Revenue	430,858	617,102
Other income	368,667	-

* On January 21, 2025 (corresponding to 21 Rajab 1446H), the Board of Directors resolved to distribute interim dividends to shareholders amounting to SR 100,000,000 based on their respective shareholding in the capital. These dividends were paid to the shareholders on January 26, 2025 (corresponding to 26 Rajab 1446H).

As the General Assembly did not convene as of March 31, 2025, the above Board of Directors decision was not yet approved.

Subsequently, on May 22, 2025 (corresponding to 24 Dhu al-Qi'dah 1446H), the Ordinary General Assembly of the Group decided to reverse the Board of Directors' resolution dated January 21, 2025 (corresponding to 21 Rajab 1446H) regarding the distribution of interim dividends amounting to SR 100,000,000. The shareholders were required to repay these dividends to the Group's accounts by no later than June 30, 2025 (corresponding to 5 Muharram 1447H), accordingly, the distributed amounts were reversed from retained earnings and recorded as amounts due from shareholders.

SPECIALIZED MEDICAL COMPANY
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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2025

6. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

	March 31, 2025 SR (Unaudited)	December 31, 2024 SR (Audited)
Due from related parties		
Abdulrahman Saad Al-Rashid & Sons Company	57,997,122	1,449,949
Abdullah Saad Al Rashid & Sons Company	29,635,949	738,166
Al-Thomad Travel and Tourism Company	28,998,609	722,291
Rashid Saad Al Rashid & Sons Company	18,695,033	465,647
Dr. Khalid Al Sebaia	5,489,726	136,732
Dr. Mohammad Saleh Al Konbaz	2,761,740	68,785
Cotton Experts Company	1,298,882	720,266
Advance food Company	1,271,900	1,271,900
Saudi Bunyan Company	444,033	394,336
Family members of shareholders, board members, and those related them	671,775	577,597
	147,264,769	6,545,669

The amount due from shareholders represent SR 100,000,000 related to the reversal of the dividends, SR 43,578,179 related to IPO expenses incurred on behalf of the shareholders, SR 3,686,590 related to health care and other services provided to the related parties in the course of ordinary business with other customers.

	March 31, 2025 SR (Unaudited)	December 31, 2024 SR (Audited)
Due to related parties		
Adeem Al Sahra Trading Company	61,484	48,150
Snow Bright Laundry Company	-	228,618
Code Invention Company	-	107,858
	61,484	384,626

	For the three months' period ended March 31, 2025 SR (Unaudited)	For the three months' period ended March 31, 2024 SR (Unaudited)
Compensation of key management personnel of the group:		
Short term employment benefits	1,121,349	1,828,251
Board of Directors' remuneration	275,000	375,000
Post-employment benefits	89,570	239,994
	1,485,919	2,443,245

7. PROPERTY AND EQUIPMENT

	March 31, 2025 SR (Unaudited)	December 31, 2024 SR (Audited)
7.1 Reconciliation of carrying amounts		
Carrying amount as of beginning of the period / year	1,259,153,397	1,226,577,673
Additions during the period / year	20,247,759	94,266,925
Net of disposals during the period / year	-	(3,224,490)
Depreciation charge during the period / year	(15,154,611)	(58,466,711)
Carrying amount as of the end of the period / year	1,264,246,545	1,259,153,397

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2025

7. PROPERTY AND EQUIPMENT (CONTINUED)

	March 31, 2025 SR (Unaudited)	December 31, 2024 SR (Audited)
7.2 Category-wise carrying amounts are as follows:		
Buildings and renovation	667,617,643	669,744,060
Lands	337,582,889	337,582,889
Medical equipment	152,914,146	151,949,692
Capital work in progress	54,309,052	49,750,157
General equipment's	25,144,488	24,505,862
Computers and software	14,961,110	13,883,256
Furniture and fixtures	11,102,095	11,077,868
Motors vehicles	615,122	659,613
	1,264,246,545	1,259,153,397

7.3 Capital work-in-progress represents cost incurred to date on different hospital projects of Group.

7.4 During the period ended 31 March 2025, an amount of SR 2,439,724 (2024: SR 3,108,392) was capitalized as borrowing cost.

7.5 The depreciation expense for the period has been allocated to cost of revenue in the interim condensed consolidated statement of profit or loss and other comprehensive income as follows:

	For the three months' period ended March 31, 2025 SR (Unaudited)	For the three months' period ended March 31, 2024 SR (Unaudited)
Cost of revenue	10,600,975	9,430,005
General and administrative expenses	4,553,636	4,701,017
	15,154,611	14,131,022

8. RIGHT OF USE ASSETS AND LEASE LIABILITIES

The Group leases plots of land, buildings and medical equipment. The range of the duration of the determined lease terms is from 2 years to 23 years.

	March 31, 2025 SR (Unaudited)	December 31, 2024 SR (Audited)
Right-of-use Assets		
Cost		
Balance as of beginning of the period / year	370,582,402	378,901,195
Additions during the period / year	23,466,257	1,643,718
Adjustment during the period / year	-	(9,962,511)
Balance as of ending of the period / year	394,048,659	370,582,402
Accumulated Depreciation		
Balance as of beginning of the period / year	168,704,117	149,654,284
Additions during the period / year	7,192,830	29,012,344
Adjustment during the period / year	-	(9,962,511)
Balance as of ending of the period / year	175,896,947	168,704,117
Net book value		
As of ending of the period / year	218,151,712	201,878,285

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2025

8. RIGHT OF USE ASSETS AND LEASE LIABILITIES (CONTINUED)

The depreciation expense for the period has been allocated to cost of revenue in the interim condensed consolidated statement of profit or loss and other comprehensive income as follows:

	For the three months' period ended March 31, 2025 SR (Unaudited)	For the three months' period ended March 31, 2024 SR (Unaudited)
Cost of revenue	5,924,012	6,013,815
General and administrative expenses	1,268,818	1,133,665
	7,192,830	7,147,480

	March 31, 2025 SR (Unaudited)	December 31, 2024 SR (Audited)
Lease liabilities	225,528,207	239,833,221
Balance as of beginning of the period / year	23,466,257	1,643,718
Additions during the period / year	2,346,246	9,359,146
Finance cost during the period / year	(11,924,197)	(25,307,878)
Payments during the period / year	239,416,513	225,528,207
Balance as of ending of the period / year		

	March 31, 2025 SR (Unaudited)	December 31, 2024 SR (Audited)
Lease liabilities as of the period / year-end are as follows:	28,991,211	23,536,645
Current portion of lease liabilities	210,425,302	201,991,562
Non-current portion of lease liabilities	239,416,513	225,528,207

	March 31, 2025 SR (Unaudited)	December 31, 2024 SR (Audited)
Future minimum lease liabilities	327,394,398	313,306,639
Less: un-amortised finance costs	(87,977,885)	(87,778,432)
Present value of minimum lease liabilities	239,416,513	225,528,207
Less: current portion of lease liabilities	(28,991,211)	(23,536,645)
Non – current portion of lease liabilities	210,425,302	201,991,562

9. SHORT-TERM LOANS

The Group obtained bank facilities from local commercial banks with a rate of one month SIBOR + agreed rates to finance working capital, the value of the withdrawal until March 31, 2025: 502,537,492 SR (December 31, 2024: SR 490,537,492).

SPECIALIZED MEDICAL COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2025

10. LONG -TERM LOANS

	March 31, 2025 SR (Unaudited)	December 31, 2024 SR (Audited)
Balance as of beginning of the period / year	143,877,551	201,428,571
Paid during the period / year	(14,387,755)	(57,551,020)
Balance as of ending of the period / year	129,489,796	143,877,551
Current portion of long-term loans	57,551,020	57,551,020
Non-current portion of long-term loans	71,938,776	86,326,531
	129,489,796	143,877,551

The Group utilized bank facilities from local commercial banks with a rate of one month SIBOR + agreed rates to finance the capital work in progress, as the value of the withdrawal until March 31, 2025: SR 129,489,796 (December 31, 2024: SR 143,877,551).

As of the period end, the Group was in compliance with all covenants associated with its loan agreements stipulated by the local commercial banks, ensuring no breaches occurred during the reporting period.

11. GOVERNMENT LOAN

The group obtained government interest-free loan to finance the purchase of medical equipment and furniture. This is secured against the mortgage of the land and the building of the Company the Group paid last instalment for loan in February 27,2025 and release this mortgage.

	March 31, 2025 SR (Unaudited)	December 31, 2024 SR (Audited)
Balance as of beginning of the period / year	2,747,992	5,403,055
Paid during the period / year	(2,747,992)	(2,655,063)
Balance as of ending of the period / year	-	2,747,992
Current portion of long-term government loans	-	2,747,992
Non-current portion of long-term government loans	-	-
	-	2,747,992

The Government grant represents the difference between the fair value and carrying value of the interest free loan obtained from Ministry of Finance to fund the purchase of medical equipment and furniture.

The movement of the deferred government grant during the period is shown as follows:

	For the three months' period ended March 31, 2025 SR (Unaudited)	For the three months' period ended March 31, 2024 SR (Unaudited)
Balance as of beginning of the period	96,177	285,287
Amortization during the period	(96,177)	(189,110)
Balance as of ending of the period	-	96,177
Current portion of deferred government grant	-	96,177
Non-current portion of deferred government grant	-	-
	-	96,177

SPECIALIZED MEDICAL COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2025

12. SHARE CAPITAL

The Company's share capital as of March 31, 2025 and December 31, 2024 is SR 250,000,000 consisting of 250,000,000 ordinary shares, fully paid up with a nominal value of SR 1. as follows:

Name	Nationality	Number of shares	Percentage	Amount
Abdulrahman Saad Al-Rashid & Sons Company	Saudi	100,985,250	40.39%	100,985,250
Abdullah Saad Al Rashid & Sons Company	Saudi	51,602,500	20.64%	51,602,500
Al-Thomad Travel and Tourism Company	Saudi	50,492,750	20.20%	50,492,750
Rashid Saad Al Rashid & Sons Company	Saudi	32,552,000	13.02%	32,552,000
Dr. Khaled Al Sebaia	Saudi	9,558,750	3.83%	9,558,750
Dr. Mohammad Saleh Al Konbaz.	Saudi	4,808,750	1.92%	4,808,750
		250,000,000	100.00%	250,000,000

13. REVENUE

The Group primarily generates revenue from contract with customers from:

- 1- Services relating to inpatient and outpatient; and
- 2- Sale of pharmaceutical goods; and
- 3- Sale food and catering.

	For the three months' period ended March 31, 2025	For the three months' period ended March 31, 2024
	SR	SR
	(Unaudited)	(Unaudited)
Medical services	293,474,364	290,132,599
Pharmaceuticals	70,683,859	63,579,339
Food and catering	4,741,830	9,359,133
	368,900,053	363,071,071

14. EARNINGS PER SHARE

Basic earnings per share (EPS) are calculated by dividing profit for the period attributable to ordinary equity holders of the Parent Company by the weighted average number of ordinary shares in issue outstanding during the period.

	For the three months' period ended March 31, 2025	For the three months' period ended March 31, 2024
	SR	SR
	(Unaudited)	(Unaudited)
Total profit for the period attributable to the shareholders	29,640,335	48,412,903
Weighted average number of ordinary shares outstanding	250,000,000	250,000,000
Earnings per share – basic and diluted	0.12	0.19

Earnings per share for the period ended March 31, 2024 is calculated by dividing profit for the period attributable to the equity holders by 250,000,000 shares to give a retroactive effect of change in the number of shares increased as a result of share split from SR 10 to SR 1 and the increase in share capital by SR 165,000,000 by capitalizing the retained earnings with a total value SR 165,000,000, the share split and increase in share capital were completed during November 2024.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2025

15. DIVIDEND DISTRIBUTION

During the period ended March 31, 2025, no dividends have been paid (March 31, 2024: SR 75,000,000).

16. COMMITMENTS AND CONTINGENCIES

Capital commitments

The Group has capital commitment mainly for both expansions and projects under construction, as follows:

	March 31, 2025 SR (Unaudited)	December 31, 2024 SR (Audited)
Capital commitments *	<u>11,609,521</u>	<u>11,758,277</u>

* The commitments are relating to various construction contracts projects with Abdulrahman Saad Al-Rashid & Sons Company, a major shareholder in the group.

Letter of guarantees

The Group has guarantees related to, as follows:

	March 31, 2025 SR (Unaudited)	December 31, 2024 SR (Audited)
Letters of guarantees	<u>81,153,071</u>	<u>81,153,071</u>

17. SEGMENT INFORMATION

As the operations of the Group are conducted in the Kingdom of Saudi Arabia, accordingly, for management purposes, the Group is organized into business units based on its products and services and has two reportable segments. Operating segments is determined based on the Group's internal reporting to the Chief Operating Decision Maker ("CODM"). The CODM has been determined to be the Chief executive officer (CEO) as he is primarily responsible for the allocation of resources to segments and the assessment of the performance of each of the segments. Revenue and segment gross profit is a consistent measure within the Group. The identified key segments are medical services, Pharmacies and others.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2025

17. SEGMENT INFORMATION (CONTINUED)

The following table presents segment information (assets, liabilities, revenue and Gross profit) for each of the business segments:

	Medical services SR	Pharmacies & others SR	Total SR
For the three months' period ended March 31, 2025 (Unaudited)			
Revenue	293,474,364	75,425,689	368,900,053
Gross profit	69,863,611	24,460,625	94,324,236
For the three months' period ended March 31, 2024 (Unaudited)			
Revenue	290,132,599	72,938,472	363,071,071
Gross profit	75,878,745	24,084,190	99,962,935
As of March 31, 2025 (Unaudited)			
Total assets	2,071,232,306	66,045,576	2,137,277,882
Total liabilities	1,234,402,169	46,511,834	1,280,914,003
As of December 31, 2024 (Audited)			
Total assets	1,977,685,481	66,206,187	2,043,891,668
Total liabilities	1,169,300,803	47,495,278	1,216,796,081

18. SUBSEQUENT EVENTS

The Ordinary General Assembly of the Group on their meeting held May 22, 2025 (corresponding to 24 Dhu Al-Qi'dah 1446H) decided the following:

- 1) To reverse the Board of Directors' resolution dated November 5, 2024 (corresponding to 3 Jumada Al-Awwal 1446H) and ratified by the General Assembly of the Group on December 15, 2024 (corresponding to 14 Jumada Al-Thani 1446H) regarding the distribution of interim dividends to shareholders amounting to SR 100,000,000 based on their respective shareholding in the capital. These dividends were distributed and paid on December 19, 2024 (corresponding to 18 Jumada Al-Thani 1446H) and December 21, 2024 (corresponding to 20 Jumada Al-Thani 1446H). Based on above, this dividend will be reversed from retained earnings during the second quarter for the year 2025 and recorded as amounts due from shareholders.
- 2) To reverse the Board of Directors' resolution dated January 21, 2025 (corresponding to 21 Rajab 1446H) regarding the distribution of interim dividends amounting to SR 100,000,000 (Note 6).

Additionally, each shareholder will be required to repay these dividends to the Group's accounts by no later than June 30, 2025 (corresponding to 5 Muharram 1447H).

There were no events, other than specified above, subsequent to March 31, 2025, and occurring before the date of the approval of the interim condensed consolidated financial statements that are expected to have a significant impact on these interim condensed consolidated financial statements.

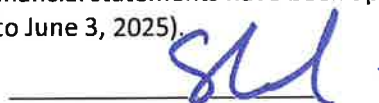
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2025

19. APPROVAL ON THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim condensed consolidated financial statements have been approved by the board of directors on XX 7 Dhual-Hijjah 1446H (corresponding to June 3, 2025).



APPROVED BY :
HANI CHARANI
CFO



APPROVED BY :
BASSAM CHAHINE
CEO



APPROVED BY :
SULAIMAN AL-RASHID
CHAIRMAN