# Prospectus of Specialized Medical Company

**A Saudi closed joint-stock company established pursuant to Ministry of Commerce Resolution No. 30/S, dated 29/01/1437H (corresponding to 11/11/2015G), registered in Riyadh under Commercial Registration No. 1010123832, dated 13/11/1414H (corresponding to 24/04/1994G).**

**Offering of seventy-five million (75,000,000) ordinary shares, representing 30.0% of the share capital of Specialized Medical Company, for public subscription at an Offer Price of Twenty Five Saudi Riyals (SAR 25.0) per share.**

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Specialized Medical Company الشركة الطبية التخصصية

## Offering Period: two (2) days

**Commencing on Wednesday 01/12/1446H (corresponding to 28/05/2025G) until the end of Thursday 02/12/1446H (corresponding to 29/05/2025G)**

Specialized Medical Company (hereinafter referred to as the "**Company**" or the "**Issuer**") is a Saudi closed joint-stock company established pursuant to Ministry of Commerce Resolution No. 30/S, dated 29/01/1437H (corresponding to 11/11/2015G), under Commercial Registration No. 1010123832, dated 13/11/1414H (corresponding to 24/04/1994G), with its registered address at Al Olaya District, King Fahd Road, P.O. Box 66548, Riyadh 12311, Kingdom of Saudi Arabia (hereinafter referred to as the "**Kingdom**").

As at the date of this Prospectus, the Company has a fully paid-up share capital of two hundred and fifty million Saudi Riyals (SAR 250,000,000), divided into two hundred and fifty million (250,000,000) ordinary shares with an equal nominal value of one Saudi Riyal (SAR 1) per share.

The Company was initially incorporated as a limited liability company with the name "**Specialized Medical Company Limited**" under Commercial Registration No. 1010123832, dated 13/11/1414H (corresponding to 24/04/1994G), with a fully paid-up share capital of five million Saudi Riyals (SAR 5,000,000), divided into five thousand (5,000) shares with a fully paid-up nominal value of one thousand Saudi Riyals (SAR 1,000) per share. On 21/11/1417H (corresponding to 30/03/1997G), the partner Salah Saad AlRashid transferred two hundred and fifty (250) of his one thousand (1,000) shares in the Company to Mohammed Saleh Mohammed AlQanbaz in exchange for a cash payment made to Salah Saad AlRashid. On 15/05/1421H (corresponding to 05/08/2000G), (i) the partner Rashid Saad AlRashid transferred five hundred (500) of his one thousand one hundred (1,100) shares to Abdulrahman Saad AlRashid in exchange for a cash payment made to Rashid Saad AlRashid; and (ii) the partner Salah Saad AlRashid also transferred five hundred (500) of his seven hundred and fifty (750) shares to Omran Mohammed Al Omran in exchange for a cash payment made to Salah Saad AlRashid. On 11/09/1423H (corresponding to 16/11/2002G), (i) the partner Mohammed Saleh Mohammed AlQanbaz transferred one hundred (100) of his two hundred and fifty (250) shares to Al-Thomad Trading Company in exchange for a cash payment made to Mohammed Saleh AlQanbaz; and (ii) the partner Salah Saad AlRashid transferred all of his shares in the Company, amounting to two hundred fifty (250) shares, as follows: (a) one hundred twenty-five (125) shares to Abdullah Saad AlRashid, and (b) one hundred twenty-five (125) shares to Abdulrahman Saad AlRashid, in exchange for a cash payment made to Salah Saad AlRashid; (iii) the partner Abdullah Saad AlRashid transferred five hundred (500) of his one thousand two hundred and fifty (1,250) shares to a new partner, Saadi Taher Bin Abdullah, in exchange for a cash payment made to Abdullah Saad AlRashid; (iv) the partner Abdulrahman Saad AlRashid transferred all of his shares in the Company, amounting to one thousand eight hundred and twenty-five (1,825) shares, to Abdul Rahman Saad AlRashid and Sons Co. without consideration; and (v) the partner Omran Mohammed Al Omran transferred all of his shares in the Company, amounting to five hundred (500) shares, to Omran Mohammed Al Omran & Partners Co. Ltd without consideration. The shareholders also decided to increase the Company's share capital to sixty-five million Saudi Riyals (SAR 65,000,000), divided into sixty-five thousand (65,000) shares with a fully paid-up nominal value of one thousand Saudi Riyals (SAR 1,000) per share. The increase amount was financed by capitalizing the shareholders credit balances. On 14/05/1426H (corresponding to 21/06/2005G), (i) Omran Mohammed Al Omran & Partners Co. Ltd transferred all of its shares, amounting to six thousand five hundred (6,500) shares, as follows: (a) one thousand two hundred and seventy-five (1,275) shares to Abdullah Saad AlRashid; (b) two thousand two hundred and seventy-five (2,275) shares to Abdul Rahman Saad AlRashid and Sons Co.; (c) one thousand (1,000) shares to Rashid Saad AlRashid; and (d) one thousand nine hundred and fifty (1,950) shares to Al-Thomad Trading Company, in exchange for a cash payment made to each of the assignor Partners, and (ii) the partner Mohammed Saleh AlQanbaz also transferred six hundred and fifty (650) of his one thousand nine hundred and fifty (1,950) shares to Abdullah Saad AlRashid in exchange for a cash payment made to Mohammed Saleh AlQanbaz, with a total nominal value of six hundred and fifty thousand (650,000) shares. On 10/04/1427H (corresponding to 08/05/2006G), the partner Saadi Taher Abdullah transferred all of his shares, amounting to six thousand five hundred (6,500) shares, as follows: (i) two thousand six hundred (2,600) shares to Abdullah Saad AlRashid; (ii) one thousand three hundred (1,300) shares to Abdul Rahman Saad AlRashid and Sons Co.; and (iii) two thousand six hundred (2,600) shares to Al-Thomad Trading Company, in exchange for a cash payment made to Saadi Taher Abdullah. On 07/03/1429H (corresponding to 15/03/2008G), the shareholders decided to increase the Company's share capital and bring in new partners with the exit of one partner, whereby the partner Rashid Saad AlRashid transferred all of his shares, amounting to eight thousand eight hundred (8,800) shares, to Rashid Saad AlRashid and Sons Co. without consideration. The shareholders also decided to bring in Khaled Mokaimen Duwaihes Al-Anzi as a new partner and agreed to increase the Company's share capital from sixty-five million Saudi Riyals (SAR 65,000,000) to eighty-five million Saudi Riyals (SAR 85,000,000), divided into eight million five hundred thousand (8,500,000) shares with a nominal value of ten Saudi Riyals (SAR 10). The increase amount was funded by capitalizing the shareholders current account. The shares were thus distributed among the shareholders as follows: (i) one million seven hundred and fifty-four thousand, four hundred and eighty-one (1,754,481) shares were owned by Abdullah Saad AlRashid; (ii) three million four hundred and thirty-three thousand, five hundred (3,433,500) shares were owned by Abdul Rahman Saad AlRashid and Sons Co.; (iii) one million one hundred and six thousand and seven hundred and sixty-nine (1,106,769) shares were owned by Rashid Saad AlRashid and Sons Co.; (iv) one million seven hundred and sixteen thousand seven hundred and fifty (1,716,750) shares were owned by Al-Thomad Trading Company; (v) one hundred and sixty-three thousand five hundred (163,500) shares were owned by Mohammed Saleh Mohammed AlQanbaz; and (vi) three hundred and twenty-five thousand (325,000) shares were owned by Khaled Mokaimen Duwaihes Al-Anzi, with a fully paid-up nominal value of ten Saudi Riyals (SAR 10) per share. On 12/05/1434H (corresponding to 24/03/2013G), the Partner Abdullah Saad AlRashid transferred all of his shares, amounting to one million, seven hundred and fifty-four thousand, four hundred and eighty-one (1,754,481) shares, to Abdullah Saad AlRashid and Sons Co. without consideration. On 12/02/1437H (corresponding to 24/11/2015G), the shareholders agreed to (i) convert the Company from a limited liability company to a closed joint-stock company with a fully paid-up share capital of eighty-five million Saudi Riyals (SAR 85,000,000), divided into eight million, five hundred thousand (8,500,000) ordinary shares with a fully paid-up nominal value of ten Saudi Riyals (SAR 10) per share; and (ii) to amend the name of the Company to "**Specialized Medical Company CJSC**". The Ministry of Commerce approved this conversion pursuant to Resolution No. 30/S, dated 29/01/1437H (corresponding to 11/11/2015G). On 12/03/1446H (corresponding to 15/09/2024G), the Company's Extraordinary General Assembly agreed to increase the Company's share capital from eighty-five million Saudi Riyals (SAR 85,000,000) to two hundred and fifty million Saudi Riyals (SAR 250,000,000), divided into two hundred and fifty million (250,000,000) ordinary shares, with a nominal value of one Saudi Riyal (SAR 1) per share, by capitalizing part of the Company's retained earnings (for further information, please refer to Section 4.1.2 "**Corporate History and the Evolution of the Company's Share Capital and Ownership Structure**").

The initial public offering (the "**Offering**") consists of the offering of seventy-five million (75,000,000) ordinary current shares (the "**Offer Shares**") and each an "**Offer Share**") by the Company's current shareholders on a pro-rata basis according to their respective ownership percentages in the Company (collectively hereinafter referred to as the "**Selling Shareholders**"), at an offer price of SAR (25.0) per Offer Share (the "**Offer Price**"), with a fully paid-up nominal value of one Saudi Riyal (SAR 1) per share. The Offer Shares will represent 30.0% of the Issuer's share capital.

Subscription to the Offer Shares will be limited to two tranches of investors (hereinafter referred to as the "**Investors**") as follows:

**Tranche A: Participating Parties:** This tranche comprises the parties entitled to participate in the book building process as per the Instructions for the Book Building Process and Allocation Method in Initial Public Offerings (IPOs) issued by the Board of the Capital Market Authority (hereinafter referred to as the "**CMA**") pursuant to Resolution No. 2-94-2016, dated 15/10/1437H (corresponding to 20/07/2016G), as amended by CMA Resolution No. 1-103-2022 dated 02/03/1444H (corresponding to 28/09/2022G) (hereinafter referred to as the "**Book Building Instructions**"). This includes investment funds, qualified foreign companies and institutions, GCC corporate investors and other Foreign Investors under swap agreements (such categories shall be collectively referred to as the "**Participating Parties**") (for further information, please refer to Section 1 "**Definitions and Abbreviations**" of this Prospectus). The number of Offer Shares that will provisionally be allocated to the Participating Parties is seventy-five million (75,000,000) Offer Shares, representing 100% of the total Offer Shares. Final allocation shall be made after the end of the subscription period for Individual Subscribers. In the event that Individual Subscribers (as defined in Tranche B below) subscribe in full for the Offer Shares allocated thereto, the Financial Advisors shall have the right to reduce the number of Offer Shares allocated to Participating Parties to a minimum of sixty million (60,000,000) Offer Shares, representing 80% of the total Offer Shares. The Financial Advisors, in coordination with the Company, shall determine the number and percentage of Offer Shares to be allocated to Participating Parties using the discretionary allocation mechanism. It is possible that certain Participating Parties will not be allocated any shares, as deemed appropriate by the Company and the Financial Advisors.

**Tranche B: Individual Subscribers:** This tranche comprises Saudi natural persons, including any Saudi female divorcee or widow with minor children from a marriage to a non-Saudi individual, who may subscribe for her own benefit in the names of her minor children, provided that she proves she is a divorcee or widow and the mother of her minor children, any non-Saudi natural person who is resident in the Kingdom, and GCC nationals, in each case, who have an investment account and an active portfolio with one of the Receiving Agents (hereinafter collectively referred to as the "**Individual Subscribers**", and each as an "**Individual Subscriber**", and, together with the Participating Parties, as the "**Subscribers**"). Subscription by a person in the name of his divorcee shall be deemed invalid, and if a transaction of this nature is proven to have occurred, the law shall be enforced against the applicant. If a duplicate subscription is made, the second subscription shall be considered void and only the first subscription will be considered.

A maximum of fifteen million (15,000,000) Offer Shares, representing 20% of the total Offer Shares, will be allocated to Individual Subscribers. In the event that Individual Subscribers do not subscribe in full for the Offer Shares allocated thereto, the Financial Advisors, in coordination with the Company, may reduce the number of Offer Shares allocated to Individual Subscribers in proportion to the number of Offer Shares for which they have subscribed.

The Company's Substantial Shareholders directly own 94.2530% of the Company's share capital pre-Offering, with Abdul Rahman Saad AlRashid and Sons Co. owning 40.3941%, Abdullah Saad AlRashid and Sons Co. owning 20.6410%, Al-Thomad Trading Company owning 20.1971% and Rashid Saad AlRashid and Sons Co. owning 13.0208% of the Company's share capital prior to completion of the Offering (hereinafter referred to as the "**Substantial Shareholders**") (as set out in Section 4.1.1 ("**Ownership Structure of the Company Pre- and Post-Offering**"). Following completion of the Offering, the Substantial Shareholders will collectively own 65.9771% of the shares and will thus retain a controlling interest in the Company. Accordingly, the public will own 30.0% of the Company's share capital on the Listing date as a result of the Offering. Notwithstanding this, the aggregate ownership of the public will be 34.0229% of the Company's share capital after the Offering, on the basis that the Company's current ownership structure includes public ownership, as Khaled Mokaimen Duwaihes Al-Anzi and Mohammed Saleh AlQanbaz do not fall within the categories excluded from the definition of "**Public**" as per the Glossary of Defined Terms Used in the Regulations and Rules of the CMA, which include: (1) Affiliates of the Issuer; (2) Substantial Shareholders of the Issuer; (3) Directors and Senior Executives of the Issuer; (4) Directors and Senior Executives of Affiliates of the Issuer; (5) Directors and Senior Executives of the Substantial Shareholders of the Issuer; (6) any Relatives of the persons referred to in (1), (2), (3), (4) or (5) above; (7) any company controlled by any of the persons referred to in (1), (2), (3), (4), (5) or (6) above; and (8) persons acting in concert with a collective shareholding of 5% or more of the class of shares to be listed. The ownership of Khaled Mokaimen Duwaihes Al-Anzi consists of nine million, five hundred and fifty-eight thousand, seven hundred and fifty (9,558,750) shares, representing 3.8235% of the Company's share capital before the Offering, and six million, six hundred and ninety-one thousand, six hundred and twenty-five (6,691,625) shares, representing 2.67645% of the Company's share capital after the Offering, while the ownership of Mohammed Saleh AlQanbaz consists of four million, eight hundred and eight thousand, seven hundred and fifty (4,808,750) shares, representing 1.9235% of the Company's share capital before the Offering, and three million, three hundred and sixty-six thousand, one hundred and twenty-five (3,366,125) shares, representing 1.34645% of the Company's share capital after the Offering. The Substantial Shareholders will be subject to a lock-up period during which they will be prohibited from disposing of or pledging their shares for a period of six (6) months (hereinafter referred to as the "**Lock-up Period**") from the date trading of the Company's shares commences on the Saudi Exchange (hereinafter referred to as "**Tadawul**", the "**Exchange**" or the "**Saudi Stock Exchange**"). Following the Lock-up Period, the Substantial Shareholders may dispose of their shares.

The Offering proceeds (the "**Offering Proceeds**"), after deduction of the Offering expenses (the "**Net Offering Proceeds**"), will be distributed to the Selling Shareholders on a pro-rata basis in proportion to the number of Offer Shares sold by each of them within the Offering. The Company will not receive any part of the Offering Proceeds and the Selling Shareholders shall bear all fees, expenses and costs related to the Offering (for further information, please refer to Section 8 "**Use of Offering Proceeds**" of this Prospectus). The Offering has been fully underwritten by the Underwriters (for further information, please refer to Section 12 "**Underwriting**" of this Prospectus).

The Offer Shares shall be offered to certain qualified foreign financial institutions outside the United States (by way of swap agreements through Capital Market Institutions licensed by the CMA to conduct securities activities in order to acquire, hold and trade in shares listed on the Exchange on behalf of foreign investors). Subscription by this category shall take place outside the territories of the United States in accordance with Regulation S issued under the United States Securities Act of 1933G, as amended (the "**US Securities Act**"). The Company's shares have not been, and shall not be, registered under the US Securities Act or under any other applicable securities laws within the United States. No Offer Shares under this Prospectus may be offered or sold except in the context of transactions that are exempted from or not subject to any registration requirements under the US Securities Act or the securities laws of any country other than the Kingdom of Saudi Arabia. This Offering does not constitute an invitation to sell shares or a solicitation to purchase them in any jurisdiction where this Offering is unlawful or is not permitted.

The Offering Period shall commence on Wednesday 01/12/1446H (corresponding to 28/05/2025G) and shall continue for a period of two (2) days, including the subscription closing day on Thursday 02/12/1446H (corresponding to 29/05/2025G) (hereinafter referred to as the "**Offering Period**"), during which subscription applications for the Offer Shares may be submitted by Individual Subscribers to any of the Receiving Agents listed on pages (x) to (xii) of this Prospectus (hereinafter referred to as the "**Receiving Agents**") via the websites and electronic platforms of the Receiving Agents during the Offering Period (for further information, please refer to Section 16.4 "**Subscription by Individual Subscribers**" of this Prospectus). Participating Parties may subscribe for the Offer Shares through the Bookrunners during the book building process, which shall take place before the Offering of the shares to Individual Subscribers.

Each Individual Subscriber who subscribes for the Offer Shares must apply for a minimum of ten (10) shares and a maximum of one million (1,000,000) shares. The minimum number of shares that can be allocated is ten (10) shares per Individual Subscriber. The balance of the Offer Shares, if any, will be allocated on a pro-rata basis based on the number of Offer Shares applied for by each Individual Subscriber and the total number of Offer Shares subscribed for. In the event that the number of Individual Subscribers exceeds seven hundred and fifty thousand (750,000) Subscribers, the Company will not guarantee the minimum allocation of Offer Shares. In such case, the allocation will be made at the discretion of the Company and the Financial Advisors. Excess subscription monies, if any, will be refunded to Individual Subscribers without any commissions or deductions being withheld by the relevant Receiving Agents. Announcement of the final allocation and refund of excess subscription monies (if any) will be made no later than 08/12/1446H (corresponding to 04/06/2025G) (for further information, please refer to the "**Key Dates and Subscription Procedures**" section on page (xx) and Section 16 "**Share Information and Subscription Terms and Conditions**" of this Prospectus).

The Company has one class of ordinary shares. Each share entitles its holder to one vote. Each shareholder in the Company (hereinafter referred to as a "**Shareholder**") is entitled to attend and vote at General Assembly meetings of Shareholders (hereinafter referred to as the "**General Assembly**"). Each Shareholder also may delegate any other Shareholder, other than Company Directors or employees, to attend General Assembly meetings and vote on resolutions thereof on their behalf. No Shareholder shall benefit from any preferential voting rights. The Offer Shares will entitle holders to receive any dividends declared by the Company as of the date of this Prospectus (hereinafter referred to as the "**Prospectus**") and for subsequent financial years (for further information regarding the Company's dividend distribution policy, please refer to Section 7 "**Dividend Distribution Policy**" of this Prospectus).

Prior to the Offering, the Company's Shares have never been listed or traded on any stock market in the Kingdom or elsewhere. The Company has submitted an application to the CMA for the registration and Offering of the Shares, and an application to the Exchange for the listing of the Shares. All of the required documents have been submitted to the relevant authorities and all requirements have been satisfied. All approvals required to conduct the Offering have been granted, including with respect to this Prospectus. It is expected that trading in the shares will commence on the Exchange after the final allocation of the Offer Shares and satisfaction of all relevant regulatory requirements (for further details, please refer to the "**Key Dates and Subscription Procedures**" section on page (xx) of this Prospectus). Saudi nationals, non-Saudi nationals holding valid residency permits in the Kingdom, and companies, banks and investment funds established in the Kingdom or in GCC countries, as well as GCC nationals, will be permitted to trade in the shares after the shares are registered with the CMA and listed on the Exchange. The following categories may also invest in the Company's shares under the Rules for Foreign Investment in Securities (as defined in Section 1 "**Definitions and Abbreviations**") of this Prospectus, and Foreign Strategic Investors (FSIs) may trade in the shares in accordance with the Instructions for Foreign Strategic Investors' Ownership in Listed Companies (as defined in Section 1 "**Definitions and Abbreviations**" of this Prospectus): (1) Qualified Foreign Investors (QFIs), (2) Foreign Strategic Investors (FSIs), and (3) any foreign natural or legal person who is a client of a Capital Market Institution authorized by the CMA to conduct management business, provided that the Capital Market Institution has been appointed on terms that enable it to make all investment decisions on behalf of the client without needing to obtain prior approval therefrom. Non-GCC individuals residing outside the Kingdom and non-GCC institutions registered outside the Kingdom (collectively referred to as the "**Foreign Investors**") shall have the right to invest indirectly in the shares by obtaining an economic benefit therein through the conclusion of swap agreements with a Capital Market Institution authorized by the CMA to engage in securities business in order to purchase shares listed on the Exchange and trade therein on behalf of Foreign Investors in accordance with the Rules for Foreign Investment in Securities. Under such swap agreements, the Capital Market Institutions will be the legal owners of such shares.

Subscription for the Offer Shares involves certain risks and uncertainties. Persons wishing to subscribe for the Company's shares should carefully read and review the "**Important Notice**" section on Page (i) and Section 2 "**Risk Factors**" of this Prospectus prior to making a decision to invest in the Offer Shares.

**Financial Advisors, Underwriters and Bookrunners**

SNB Capital

EFG Hermes
An EFG Holding Company

**Lead Manager**

SNB Capital

This Prospectus includes information provided as part of the application for the registration and offer of securities in compliance with the Rules on the Offer of Securities and Continuing Obligations (OSCOs) issued by the Capital Market Authority of the Kingdom of Saudi Arabia (the "**CMA**") and the application for the listing of securities in compliance with the Listing Rules of the Saudi Stock Exchange. The Directors, whose names appear in this Prospectus, collectively and individually accept full responsibility for the accuracy of the information contained in this Prospectus and confirm, having made all reasonable inquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading. Neither the CMA nor the Exchange assume any responsibility for the contents of this Prospectus or make any representation as to its accuracy or completeness, and they expressly disclaim any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this Prospectus.

This Prospectus is dated 26/09/1446H (corresponding to 26/03/2025G).


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# Important Notice

This Prospectus contains detailed information relating to the Company and the Offer Shares. When submitting an application to subscribe for the Offer Shares, investors, whether Participating Parties or Individual Subscribers, will be treated as applying solely on the basis of the information contained in this Prospectus, copies of which can be obtained by visiting the websites of the Company (www.smc.com.sa), the CMA (www.cma.org.sa), the Exchange (www.saudiexchange.sa) or the Financial Advisors (www.efghermesksa.com) and (www.alahlicapital.com).

The Company has appointed EFG Hermes KSA ("**Hermes**") and SNB Capital ("**SNB Capital**") as the financial advisors (hereinafter referred to as the "**Financial Advisors**"), bookrunners (hereinafter referred to as the "**Bookrunners**") and underwriters (hereinafter referred to as the "**Underwriters**") for the Offering regarding the Offer Shares described in this Prospectus. The Company has also appointed SNB Capital as the Lead Manager (hereinafter referred to as the "**Lead Manager**") in relation to the Offer Shares described in this Prospectus.

This Prospectus includes information that has been provided in accordance with the Rules on the Offer of Securities and Continuing Obligations (OSCOs) issued by the CMA. The Directors, whose names appear on page (v) of this Prospectus, collectively and individually accept full responsibility for the accuracy of the information contained in this Prospectus and confirm, having made all reasonable inquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

While the Company has made all reasonable inquiries as to the accuracy of the information contained in this Prospectus as of the date hereof, a substantial portion of the information contained in this Prospectus which is relevant to the market and industry in which the Company operates has been derived from external sources, estimates by the Company's management and publicly available information, data and analyses from publications issued by data, information and news providers. While neither the Company, nor the Directors, Selling Shareholders, Financial Advisors or any of the Company's other Advisors, whose names appear on pages (viii) to (ix) of this Prospectus, have any reason to believe that any of the market and industry information contained herein is materially inaccurate, such information has not been independently verified. Accordingly, no representation or assurance is made with respect to the accuracy or completeness of any of this information.

The information included in this Prospectus on the date hereof is subject to change. In particular, the financial position of the Company and the value of the shares may be adversely affected by future developments, such as inflation, interest rates, taxation or any economic, political or other factors over which the Company has no control (for further information, please refer to Section 2 "**Risk Factors**" of this Prospectus). Neither the delivery of this Prospectus nor any oral, written or printed information regarding the Offer Shares is intended to be, or should be construed as or relied upon in any way, a promise or representation as to future earnings, results or events.

This Prospectus is not to be regarded as a recommendation on the part of the Company, the Selling Shareholders, the Directors, the Receiving Agents or any of the Advisors to participate in the Offering. Moreover, the information provided within this Prospectus is of a general nature and has been prepared without taking into account the individual investment objectives, financial situation or particular investment needs of the persons who intend to invest in the Offer Shares. Prior to making an investment decision with respect to the Offer Shares, each recipient of this Prospectus is responsible for obtaining independent professional advice from a CMA-licensed financial advisor in connection with the Offering to assess the appropriateness of both the investment opportunity and the information herein with regard to the recipient's individual objectives, financial situation and needs, including the merits and risks involved in investing in the Offer Shares. An investment in the Offer Shares may be appropriate for some investors but not others. Prospective investors should not rely on another party's decision whether to invest as a basis for their own examination of the investment opportunity and such investor's individual circumstances.

Subscription to the Offer Shares will be limited to two tranches of investors as follows:

**Tranche A: Participating Parties:** This tranche comprises the categories that are entitled to participate in the book building process in accordance with the Book Building Instructions. This includes investment funds, qualified foreign companies and institutions, GCC corporate investors and other Foreign Investors under swap agreements (for further details, please refer to Section 1 "**Definitions and Abbreviations**" of this Prospectus).

**Tranche B: Individual Subscribers:** This tranche comprises Saudi natural persons, including any Saudi female divorcee or widow with minor children from a marriage to a non-Saudi individual, who is entitled to subscribe to the Offer Shares for her own benefit in the names of her minor children, provided that she proves that she is a divorcee or widow and the mother of her minor children, any non-Saudi natural person who is resident in the Kingdom, or GCC nationals, in each case, who have an investment account and an active portfolio with one of the Receiving Agents. Subscription by a person in the name of his divorcee shall be deemed invalid, and if a transaction of this nature is proven to have occurred, the law shall be enforced against the applicant. If a duplicate subscription is made, the second subscription shall be considered void and only the first subscription will be considered.

This Prospectus does not constitute an offer to sell or solicitation of an offer to purchase any of the Offer Shares by any person in any jurisdiction where the law in force in such jurisdiction does not permit such person to make such an offer or solicitation. The Offer Shares will be offered outside the United States through transactions concluded outside the United States territories pursuant to Regulation S.

It is expressly prohibited to distribute this Prospectus or to sell the Offer Shares in any jurisdiction other than the Kingdom, except for qualified foreign financial institutions and/or Foreign Investors by way of entering into swap agreements. The Company and the Financial Advisors request all recipients of this Prospectus to inform themselves of all regulatory restrictions relevant to the Offering and the sale of the Offer Shares and to observe all such restrictions. Each Individual Subscriber and Participating Party should read this entire Prospectus and seek professional advice from a CMA-licensed financial advisor, their own counsel, accountants and other professional advisors concerning the various legal, tax, regulatory and economic considerations related to their investment in the Offer Shares, and they will be responsible for the fees of such consultation. No assurance can be made by the Company or the Financial Advisors that profits will be achieved.

## Market and Industry Information

The information and data contained in Section 3 "**Market and Industry Information**" of this Prospectus with respect to the market and industry in which the Company operates has been derived from the market study report dated 18/06/1446H (corresponding to 19/12/2024G) by the Market Consultant, Jones Lang LaSalle Saudi Arabia Ltd (hereinafter referred to as the "**Market Consultant**").

Jones Lang LaSalle Saudi Arabia Ltd is an independent provider of strategic market research services.

The Market Consultant prepared the study report independently and objectively and exercised due diligence in ensuring the accuracy and completeness of said report. The research was conducted from a broad sector perspective, which may not necessarily reflect the performance of individual companies within the sector.

The Directors believe that the information and data contained herein which have been obtained or derived from other sources, including the market study report prepared by the Market Consultant, is reliable. However, such information and data have not been independently verified by the Company, the Directors or the Advisors (except for the Market Consultant). Accordingly, none of the aforementioned guarantees the accuracy or completeness of said information.

It should be noted that neither the Market Consultant, nor any of its shareholders, directors or their relatives own any shareholding or interest of any kind in the Company or its Subsidiaries. As at the date of this Prospectus, the Market Consultant has given and has not withdrawn its written consent for the use of the market research data in the manner and format set out in this Prospectus.

## Financial Information

The special-purpose consolidated financial statements for the years ended 31 December 2021G and 2022G, the reissued consolidated financial statements for the year ended 31 December 2023G and the unaudited consolidated financial statements for the nine-month period ended 30 September 2024G have been prepared in accordance with the International Financial Reporting Standards (IFRS) endorsed in the Kingdom and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA) (the "**IFRS-KSA**"). The consolidated financial statements for the financial years ended 31 December 2021G, 2022G and 2023G were audited by Deloitte and Touche & Co. - Chartered Accountants (hereinafter referred to as the "**Auditor**"). The consolidated financial statements for the nine-month period ended 30 September 2024G were reviewed by the Auditor. These financial statements are included in Section 18 "**Financial Statements and Auditor's Report**" of this Prospectus. The Company publishes its financial statements in Saudi Riyals.

Certain financial and statistical information included in this Prospectus has been rounded to the nearest integer. Accordingly, the totals of figures presented in tables may not be consistent with the information set forth in this Prospectus.

## Forecasts and Forward-Looking Statements

The forecasts set forth in this Prospectus have been prepared on the basis of assumptions based on the Company's information according to its market experience, as well as on publicly available market information. Future operating conditions may differ from the assumptions used, and consequently no representation or warranty is made with respect to the accuracy or completeness of any of these forecasts or estimates. The Company confirms that, to the best of its reasonable knowledge, the statements contained herein have been made following the required due diligence.

Certain statements in this Prospectus constitute, or may be deemed to constitute, "**forward-looking statements**". Such statements can generally be identified by their use of forward-looking words such as "plans", "intends", "estimates", "believes", "expects", "anticipates", "may", "will", "should", "expected", "would", "could", or the negative thereof or other similar terms or comparable terminology. These forward-looking statements reflect the current views of the Company with respect to future events but are not a guarantee of future performance. Many factors could cause the actual results, performance or achievements of the Company to be significantly different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. Some of the risks and factors that could have such an effect are described in more detail in other sections of this Prospectus (for further information, please refer to Section 2 "**Risk Factors**" of this Prospectus). Should any one or more of these factors materialize, or if any of the forward-looking statements or forecasts contained in this Prospectus prove to be inaccurate or incorrect, the Company's actual results may differ materially from those described in this Prospectus.

Pursuant to the requirements of the OSCOs, the Company must submit a supplementary prospectus if, at any time after the publication of this Prospectus and before the end of the Offering, the Company becomes aware that: (a) there has been a significant change in any material information contained in this Prospectus or any document required under the OSCOs; or (b) additional significant issues have arisen which would have been required to be included in this Prospectus. Except in the aforementioned circumstances, the Company does not intend to update or amend any market or industry information included in this Prospectus, whether as a result of new information, future events or otherwise. As a result of the foregoing and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this Prospectus might not occur in the way the Company expects, or at all. Accordingly, Subscribers should consider all forward-looking statements in light of these explanations and should not place undue reliance on forward-looking statements.

## Definitions and Abbreviations

For further details regarding certain terms and abbreviations used in this Prospectus, please refer to Section 1 "**Definitions and Abbreviations**" of this Prospectus.

## Type and Format of Figures in the Prospectus

This Prospectus was prepared using Arabic numerals, namely 1, 2, 3, 4, 5, 6, 7, 8, 9 and 0. Certain figures have been written in decimal format, in which a decimal point is placed to the right of the decimal place with the base value. Each digit to the right of this decimal point has a base value of a tenth of the value of the previous digit on the left. Accordingly, the figure 123.4 represents one hundred and twenty-three and four-tenths.

## General Provisions

Certain figures contained in this Prospectus have been rounded to the nearest integer. Accordingly, figures shown for the same item may differ slightly across different tables, and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

In this Prospectus, Hijri dates are mentioned along with their corresponding Gregorian dates. The Hijri calendar is prepared based on the expected lunar cycles. However, the beginning of each month is determined through actual observation and sighting of the moon. For this reason, conversions between the Hijri and Gregorian calendars are often subject to discrepancies of one or a few days. Furthermore, any reference to "year" or "years" is a reference to Gregorian years, unless otherwise expressly specified in this Prospectus.

# Corporate Directory

## Directors

**Table (1): Board of Directors**

| No. | Name | Position | Nationality | Age | Status | Direct Ownership (%) | | Indirect Ownership (%) | | Date of Appointment* |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Pre-Offering | Post-Offering | Pre-Offering | Post-Offering | |
| 1 | Sulaiman Abdul Rahman Saad AlRashid | Chairman | Saudi | 42 years | Non-executive | - | - | 4.04%(1) | 2.83% | 14/12/2023G |
| 2 | Omran Abdul Rahman Saad AlRashid | Vice Chairman | Saudi | 49 years | Non-executive | - | - | 4.04%(2) | 2.83% | 14/12/2023G |
| 3 | Faisal Abdullah Saad AlRashid | Director | Saudi | 37 years | Non-executive | - | - | 0.52%(3) | 0.36% | 14/12/2023G |
| 4 | Abdullah Abdulaziz Abd Al-Muhsin al-Tuwaijri | Director | Saudi | 73 years | Non-executive | - | - | 8.08%(4) | 5.66% | 14/12/2023G |
| 5 | Yousef Rashid Saad AlRashid | Director | Saudi | 50 years | Non-executive | - | - | 0.91%(5) | 0.64% | 14/12/2023G |
| 6 | Maryam Mohammed Ahmed Al-Qusair | Director | Bahraini | 45 years | Independent | - | - | - | - | 15/12/2024G |
| 7 | Christian Fritz Schumacher | Director | Swiss | 51 years | Independent | - | - | - | - | 15/12/2024G |
| 8 | Khalid Abdulkarim Mohammed AlOraij | Director | Saudi | 33 years | Independent | - | - | - | - | 15/12/2024G |

* The dates listed in this table are the dates of appointment of the Directors to the current session of the Board. The respective biographies of the Directors provide the dates of their appointment to the Board or to any other position (for further information, please refer to Section 5.1.3 "**Biographies of the Directors and Board Secretary**" of this Prospectus).

The Ordinary General Assembly held on 01/06/1445H (corresponding to 14/12/2023G) approved the election of the Directors for a term of four (4) years, commencing on 29/01/1445H (corresponding to 16/08/2023G) and ending on 13/03/1449H (corresponding to 15/08/2027G). It should be noted that there have been changes to the composition of the Board since its election, as the Extraordinary General Assembly held on 14/06/1446H (corresponding to 15/12/2024G) approved the election of Maryam Mohammed Ahmed Al-Qusair, Christian Fritz Schumacher, and Khalid Abdulkarim Mohammed AlOraij.

(1) The indirect ownership is as a result of his ownership of 10% of the shares of Abdul Rahman Saad AlRashid and Sons Co., a Substantial Shareholder in the Company, which owns 40.3941% of the Company's share capital pre-Offering.

(2) The indirect ownership is as a result of his ownership of 10% of the shares of Abdul Rahman Saad AlRashid and Sons Co., a Substantial Shareholder in the Company, which owns 40.3941% of the Company's share capital pre-Offering.

(3) The indirect ownership is as a result of his ownership of 2.5% of the shares of Abdullah Saad AlRashid and Sons Co., a Substantial Shareholder in the Company, which owns 20.4610% of the Company's share capital pre-Offering.

(4) The indirect ownership is as a result of his ownership of 40% of the shares of Al-Thomad Trading Company, a Substantial Shareholder in the Company, which owns 20.1971% of the Company's share capital pre-Offering.

(5) The indirect ownership is as a result of his ownership of 7% of the shares of Rashid Saad AlRashid and Sons Co., a Substantial Shareholder in the Company, which owns 13.0208% of the Company's share capital pre-Offering.

Source: The Company

The following, among other things, is inconsistent with the independence required of an independent Director pursuant to Article 19(c) of the Corporate Governance Regulations:

1- owning five percent (5%) or more of the shares of the Company or another company within its Group, or being related by kinship to a person who owns this percentage;
2- being related by kinship to any Director of the Company or those of another company within its Group;
3- being related by kinship to any of the Company's Senior Executives or those of another company within its Group;
4- being a director of another company within the Group of the Company for which they are being nominated to the Board of Directors;
5- being currently or previously employed within the previous two years by the Company or another company within its Group, or owning a controlling interest in the Company or any party dealing with the Company or another company within its Group, such as auditors and major suppliers, within the previous two years;
6- having a direct or indirect interest in the businesses and contracts concluded for the Company;
7- engaging in any business that competes with the Company, or trading in any of the business lines in which the Company operates;
8- having served on the Company's Board of Directors for more than nine years, whether consecutive or non-consecutive; and/or
9- receiving from the Company, in addition to compensation for Board membership or membership in any of its committees, monetary amounts exceeding the lesser of SAR 200,000 or 50% of the compensation received by them in the previous year for Board membership or membership in any of its committees.

# Company Address, Representatives and Board Secretary

## Company Address

**Specialized Medical Company**
Al Olaya District, King Fahd Road
P.O. Box 66548, Riyadh 12311
Kingdom of Saudi Arabia
Tel: +966 11 434 3800
Website: https://www.smc.com.sa
Email: info@smc.com.sa

## Company Representatives

**Name: Sulaiman Abdul Rahman Saad AlRashid**
Capacity: Chairman
Al Olaya District, King Fahd Road
P.O. Box 66548, Riyadh 12311
Kingdom of Saudi Arabia
Tel: +966 11 464 6111 (3130)
Email: sulaiman@artar.com.sa

**Name: Bassam Chahine**
Capacity: CEO
Al Olaya District, King Fahd Road
P.O. Box 66548, Riyadh 12311
Kingdom of Saudi Arabia
Tel: +966 11 434 3800
Email: bassam_chahine@smc.com.sa

## Board Secretary

**Name: Sadiq Ali Al-Ali**
Al Olaya District, King Fahd Road
P.O. Box 66548, Riyadh 12311
Kingdom of Saudi Arabia
Tel: +966 11 434 3800 (3904)
Email: secretary@smc.com

## Stock Exchange

**Saudi Exchange Company**
Tawuniya Towers, North Tower
King Fahd Road, Al Olaya 6897
Unit No. 15
Riyadh 12211-3388
Kingdom of Saudi Arabia
Tel: +966 11 92000 1919
Fax: +966 11 218 9133
Website: www.saudiexchange.sa
Email: csc@saudiexchange.sa

## Depository Center

**Securities Depository Center Company (Edaa)**
King Fahd Road, Al Olaya 6897
Unit No. 11
Riyadh 12211 – 3388
Kingdom of Saudi Arabia
Tel: +966 11 92002 600
Website: www.edaa.com.sa
Email: cc@edaa.com.sa

## Advisors

**Financial Advisors, Underwriters and Bookrunners**

**EFG Hermes KSA**
3rd Floor, North Tower, Sky Towers, King Fahd Road
P.O. Box 300189, Riyadh 11372
Kingdom of Saudi Arabia
Tel: +966 11 839 8048
Fax: +966 11 293 8032
Website: www.efghermesksa.com
Email: contact-ksa@efg-hermes.com

**SNB Capital**
SNB Regional Building
King Saud Road, Al-Murabba District
Building No. 7347
P.O. Box 2575, Riyadh 12624
Kingdom of Saudi Arabia
Tel: +966 92 000 0232
Fax: +966 11 406 0052
Website: www.alahlicapital.com
Email: snbc.cm@alahlicapital.com

**Lead Manager**

**SNB Capital**
SNB Regional Building
King Saud Road, Al-Murabba District
Building No. 7347
P.O. Box 2575, Riyadh 12624
Kingdom of Saudi Arabia
Tel: +966 92 000 0232
Fax: +966 11 406 0052
Email: www.alahlicapital.com
Email: snbc.cm@alahlicapital.com

**Legal Advisor to the Issuer**

**White & Case for Advocacy and Legal Consultations**
Business Gate
Building No. 26, Zone C
Airport Road
P.O. Box 1080, Riyadh 11431
Kingdom of Saudi Arabia
Tel: +966 (11) 4167300
Fax: +966 (11) 4167399
Website: www.whitecase.com
Email: W&CProjectOxygen@whitecase.com

| Legal Advisor to the Financial Advisors, Lead Manager, Bookrunners and Underwriters | |
|---|---|
| **Latham & Watkins LLC**<br>King Fahd Road<br>7th Floor, Tower 1, Al-Tatweer Towers<br>P.O. Box 17411, Riyadh 11484<br>Kingdom of Saudi Arabia<br>Tel: +966 11 207 2500<br>Fax: +966 11 207 2577<br>Website: www.lw.com<br>Email: projectoxygen.lwteam@lw.com | |
| **Financial Due Diligence Advisor** | |
| **PricewaterhouseCoopers Public Accountants**<br>King Fahd Road<br>P.O. Box 8282, Riyadh 11482<br>Kingdom of Saudi Arabia<br>Tel: +966 11 211 0400<br>Fax: +966 11 211 0250<br>Website: www.pwc.com<br>Email: mer_projectoxygen@pwc.com | |
| **Market Consultant** | |
| **Jones Lang LaSalle Saudi Arabia Ltd**<br>17th Floor, South Tower, Tawuniya Towers<br>King Fahd Road<br>P.O. Box 13547, Riyadh 11414<br>Kingdom of Saudi Arabia<br>Tel: +966 11 218 0303<br>Fax: +966 11 218 3080<br>Website: www.jll-ksa.com<br>Email: JLLProjectOxygen@jll.com | |
| **Independent Auditor** | |
| **Deloitte and Touche & Co. (Chartered Accountants)**<br>Building No. 2.10<br>King Abdullah Financial District<br>Riyadh, 213<br>Kingdom of Saudi Arabia<br>Tel: +966 11 282 8400<br>Fax: +966 11 282 8428<br>Website: www.deloitte.com<br>Email: ksaauditcompliancete@deloitte.com | |

**Note:**

As of the date of this Prospectus, each of the above-mentioned Advisors and the Auditor have given and have not withdrawn their written consent to the inclusion of their names and logos and the publication of their statements within this Prospectus in the form contained herein, and neither they, nor their employees – forming part of the engagement team providing services to the Company – or any of their relatives, have any shareholding or interest of any kind in the Company as of the date of this Prospectus which would impair their independence.

## Receiving Agents

| Receiving Agents |
|---|
| **SNB Capital**<br>SNB Regional Building<br>King Saud Road, Al-Murabba District<br>Building No. 7347<br>P.O. Box 2575, Riyadh 12624<br>Kingdom of Saudi Arabia<br>Tel: +966 92 000 0232<br>Fax: +966 11 406 0052<br>Website: www.alahlicapital.com<br>Email: snbc.cm@alahlicapital.com |
| **Al Rajhi Capital**<br>Head Office, King Fahd Road, Al Muruj District<br>P.O. Box 5561, Riyadh 11432<br>Kingdom of Saudi Arabia<br>Tel: +966 92 000 5856<br>Fax: +966 11 460 0625<br>Website: www.alrajhi-capital.com<br>Email: investmentbankingteam@alrajhi-capital.com |
| **BSF Capital**<br>8092 King Fahd Road,<br>4th Floor, Legend Tower<br>P.O. Box 23454, Riyadh 3735-12313<br>Kingdom of Saudi Arabia<br>Tel: +966 11 282 6666<br>Fax: +966 11 282 6723<br>Website: www.bsfcapital.sa<br>Email: sfc-supportcenter@bsfcapital.sa |
| **Alinma Investment**<br>Al Anoud Tower 2, King Fahd Road<br>Kingdom of Saudi Arabia<br>P.O. Box 55560, Riyadh 11544<br>Tel: +966 11 218 5999<br>Fax: +966 11 218 5970<br>Website: www.alinmainvestment.com<br>Email: info@alinmainvest.com |
| **Riyad Capital**<br>2414 – Al Shohda District, Unit No. 69<br>P.O. Box 13241, Riyadh 7279<br>Kingdom of Saudi Arabia<br>Tel: +966 11 486 5649<br>Fax: +966 11 486 5908<br>Website: www.riyadcapital.com<br>Email:ask@riyadcapital.com |

| Receiving Agents |
|---|
| **Aljazira Capital**<br>King Fahd Branch Rd, Al Rahmaniya District<br>P.O. Box 20438, Riyadh 11455<br>Kingdom of Saudi Arabia<br>Tel: +966 11 225 6000<br>Fax: +966 11 225 6182<br>Website: www.aljaziracapital.com.sa<br>Email: contactus@aljaziracapital.com.sa |
| **Alistithmar for Financial Securities and Brokerage Company**<br>King Fahd Branch Rd<br>P.O. Box 6888, Riyadh 11452<br>Kingdom of Saudi Arabia<br>Tel: +966 11 254 7666<br>Fax: +966 11 489 6253<br>Website: www.icap.com.sa<br>Email: WebEcare@icap.com.sa |
| **Albilad Capital**<br>King Fahd Road, Al Olaya, Riyadh 12313-3701<br>Kingdom of Saudi Arabia<br>Tel: 800116002<br>Fax: +966 11 290 6299<br>Website: www.albilad-capital.com<br>Email: investmentbanking@albilad-capital.com |
| **anb capital**<br>anb capital Building<br>King Faisal Road<br>P.O. Box 220009, Riyadh 11311<br>Kingdom of Saudi Arabia<br>Tel: +966 11 406 2500<br>Fax: +966 11 290 6299<br>Website: www.anbcapital.com.sa<br>Email: Investment.Banking@anbcapital.com.sa |
| **SAB Invest**<br>Olaya Street<br>P.O. Box 1467, Riyadh 11431<br>Kingdom of Saudi Arabia<br>Tel: +966 8001242442<br>Fax: +966 12 216 9102<br>Website: www.sabinvestment.com<br>Email: customercare@sabinvest.com |

| Receiving Agents |
|---|
| **Derayah Financial**<br>3rd Floor, Prestige Center, Al Takhassusi Street, Riyadh<br>Kingdom of Saudi Arabia<br>Tel: +966 11 299 8000<br>Fax: +966 11 419 5498<br>Website: www.derayah.com<br>Email: support@derayah.com |
| **Yaqeen Capital**<br>anb capital Building,<br>Olaya Street, Al Wurud District, Riyadh<br>Kingdom of Saudi Arabia<br>Tel: +966 11 429 8888<br>Fax: +966 11 205 4827<br>Website: www.yaqeen.sa<br>Email: addingvalue@yaqeen.sa |
| **Alkhabeer Capital**<br>Madinah Road, Jeddah<br>P.O. Box 128289, Jeddah 21362<br>Kingdom of Saudi Arabia<br>Tel: +966 12 612 9345<br>Fax: +966 12 685 6663<br>Website: www.alkhabeer.com<br>Email: info@alkhabeer.com |
| **Sahm Capital Financial Company**<br>Building 305, King Abdullah Financial District<br>Riyadh 13519<br>Kingdom of Saudi Arabia<br>Tel: +966 11 414 5260<br>Website: www.sahmcapital.com<br>Email: info@sahmcapital.com |
| **GIB Capital**<br>Low Rise Building 1, Granada Business & Residential Park Eastern Ring Road<br>P.O Box 89589<br>Riyadh 11692<br>Kingdom of Saudi Arabia<br>Tel: +966 (11) 511 2200<br>Fax: +966 (11) 511 2201<br>Website: www.gibcapital.com<br>Email: GIBC.IB@gibcapital.com |

# Offering Summary

This Offering Summary is intended to provide a brief overview of the information contained in this Prospectus. As such, it does not contain all the information that may be important to prospective investors and that should be taken into account before making a decision to invest in the Offer Shares. Accordingly, persons wishing to subscribe for the Offer Shares should read and review this Prospectus in full, and any decision to invest in the Offer Shares should be based on a thorough consideration of this Prospectus as a whole. In particular, the "**Important Notice**" section on page (i) and Section 2 "**Risk Factors**" of this Prospectus should be carefully reviewed before making any decision to invest in the Offer Shares. Subscribers should not rely solely on this summary.

| | |
|---|---|
| **Company Name, Description and Incorporation** | Specialized Medical Company is a Saudi closed joint-stock company established pursuant to Ministry of Commerce Resolution No. 30/S, dated 29/01/1437H (corresponding to 11/11/2015G), under Commercial Registration No. 1010123832, dated 13/11/1414H (corresponding to 24/04/1994G). Its registered address is at Al Olaya District, King Fahd Road, P.O. Box 66548, Riyadh 12311, Kingdom of Saudi Arabia.<br><br>The Company was initially incorporated as a limited liability company with the name "**Specialized Medical Company Limited**" under Commercial Registration No. 1010123832, dated 13/11/1414H (corresponding to 24/04/1994G), with a fully paid-up share capital of five million Saudi Riyals (SAR 5,000,000), divided into five thousand (5,000) shares with a fully paid-up nominal value of one thousand Saudi Riyals (SAR 1,000) per share. On 21/11/1417H (corresponding to 30/03/1997G), the partner Salah Saad AlRashid transferred two hundred and fifty (250) of his one thousand (1,000) shares in the Company to Mohammed Saleh Mohammed AlQanbaz in exchange for a cash payment made to Salah Saad AlRashid. On 15/05/1421H (corresponding to 05/08/2000G), (i) the partner Rashid Saad AlRashid transferred five hundred (500) of his one thousand one hundred (1,100) shares to Abdulrahman Saad AlRashid in exchange for a cash payment made to Rashid Saad AlRashid; and (ii) the partner Salah Saad AlRashid also transferred five hundred (500) of his seven hundred and fifty (750) shares to Omran Mohammed Al Omran in exchange for a cash payment made to Salah Saad AlRashid. On 11/09/1423H (corresponding to 16/11/2002G), (i) the partner Mohammed Saleh Mohammed AlQanbaz transferred one hundred (100) of his two hundred and fifty (250) shares to Al-Thomad Trading Company in exchange for a cash payment made to Mohammed Saleh AlQanbaz; and (ii) the partner Salah Saad AlRashid transferred all of his shares in the Company, amounting to two hundred fifty (250) shares, as follows: (a) one hundred twenty-five (125) shares to Abdullah Saad AlRashid, and (b) one hundred twenty-five (125) shares to Abdulrahman Saad AlRashid, in exchange for a cash payment made to Salah Saad AlRashid; (iii) the partner Abdullah Saad AlRashid transferred five hundred (500) of his one thousand two hundred and fifty (1,250) shares to a new partner, Saadi Taher Bin Abdullah, in exchange for a cash payment made to Abdullah Saad AlRashid; (iv) the partner Abdulrahman Saad AlRashid transferred all of his shares in the Company, amounting to one thousand eight hundred and twenty-five (1,825) shares, to Abdul Rahman Saad AlRashid and Sons Co. without consideration; and (v) the partner Omran Mohammed Al Omran transferred all of his shares in the Company, amounting to five hundred (500) shares, to Omran Mohammed Al Omran & Partners Co. Ltd without consideration. The shareholders also decided to increase the Company's share capital to sixty-five million Saudi Riyals (SAR 65,000,000), divided into sixty-five thousand (65,000) shares with a fully paid-up nominal value of one thousand Saudi Riyals (SAR 1,000) per share. The increase amount was financed by capitalizing the shareholders credit balances. On 14/05/1426H (corresponding to 21/06/2005G), (i) Omran Mohammed Al Omran & Partners Co. Ltd transferred all of its shares, amounting to six thousand five hundred (6,500) shares, as follows: (ai) one thousand two hundred and seventy-five (1,275) shares to Abdullah Saad AlRashid; (bii) two thousand two hundred and seventy-five (2,275) shares to Abdul Rahman Saad AlRashid and Sons Co.; (ciii) one thousand (1,000) shares to Rashid Saad AlRashid; and (div) one thousand nine hundred and fifty (1,950) shares to Al-Thomad Trading Company, in exchange for a cash payment made to each of the assignor Partners, and (ii). the partner Mohammed Saleh Mohammed AlQanbaz also transferred six hundred and fifty (650) of his one thousand nine hundred and fifty (1,950) shares to Abdullah Saad AlRashid, in exchange for a cash payment made to Mohammed Saleh AlQanbaz, with a total nominal value of six hundred and fifty thousand (650,000) shares. On 10/04/1427H (corresponding to 08/05/2006G), the partner Saadi Taher Abdullah transferred all of his shares, amounting to six thousand five hundred (6,500) shares, as follows: (i) two thousand six hundred (2,600) shares to Abdullah Saad AlRashid; (ii) one thousand three hundred (1,300) shares to Abdul Rahman Saad AlRashid and Sons Co.; and (iii) two thousand six hundred (2,600) shares to Al-Thomad Trading Company, in exchange for a cash payment made to Saadi Taher Abdullah. On 07/03/1429H (corresponding to 15/03/2008G), the shareholders decided to increase the Company's share capital and bring in new partners with the exit of one partner, whereby the partner Rashid Saad AlRashid transferred all of his shares, amounting to eight thousand eight hundred (8,800) shares, to Rashid Saad AlRashid and Sons Co. without consideration. The shareholders also decided to bring in Khaled Mokaimen Duwaihes Al-Anzi as a new partner and agreed to increase the Company's share capital from sixty-five million Saudi Riyals (SAR 65,000,000) to eighty-five million Saudi Riyals (SAR 85,000,000), divided into eight million five hundred thousand (8,500,000) shares with a nominal value of ten Saudi Riyals (SAR 10). The increase amount was funded by capitalizing the shareholders current account. The shares were thus distributed among the shareholders as follows: (i) one million seven hundred and fifty-four thousand, four hundred and eighty-one (1,754,481) shares were owned by Abdullah Saad AlRashid; (ii) three million four hundred and thirty-three thousand, five hundred (3,433,500) shares were owned by Abdul Rahman Saad AlRashid and Sons Co.; (iii) one million one hundred and six thousand and seven hundred and sixty-nine (1,106,769) shares were owned by Rashid Saad AlRashid and Sons Co.; (iv) one million seven hundred and sixteen thousand seven hundred and fifty (1,716,750) shares were owned by Al-Thomad Trading Company; (v) one hundred and sixty-three thousand five hundred (163,500) shares were owned by Mohammed Saleh Mohammed AlQanbaz; and (vi) three hundred and twenty-five thousand (325,000) shares were owned by Khaled Mokaimen Duwaihes Al-Anzi, with a fully paid-up nominal value of ten Saudi Riyals (SAR 10) per share. On 12/05/1434H (corresponding to 24/03/2013G), the Partner Abdullah Saad AlRashid transferred all of his shares, amounting to one million, seven hundred and fifty-four thousand, four hundred and eighty-one (1,754,481) shares, to Abdullah Saad AlRashid and Sons Co. without consideration. On 12/02/1437H (corresponding to 24/11/2015G), the shareholders agreed to (i) convert the Company from a limited liability company to a closed joint-stock company with a fully paid-up share capital of eighty-five million Saudi Riyals (SAR 85,000,000), divided into eight million, five hundred thousand (8,500,000) ordinary shares with a fully paid-up nominal value of ten Saudi Riyals (SAR 10) per share; and (ii) to amend the name of the Company to "**Specialized Medical Company CJSC**". The Ministry of Commerce approved this conversion pursuant to Resolution No. 30/S, dated 29/01/1437H (corresponding to 11/11/2015G). On 12/03/1446H (corresponding to 15/09/2024G), the Company's Extraordinary General Assembly agreed to increase the Company's share capital from eighty-five million Saudi Riyals (SAR 85,000,000) to two hundred and fifty million Saudi Riyals (SAR 250,000,000), divided into two hundred and fifty million (250,000,000) ordinary shares, with a nominal value of one Saudi Riyal (SAR 1) per share, by capitalizing part of the Company's retained earnings (for further information, please refer to Section 4.1.2 "**Corporate History and the Evolution of the Company's Share Capital and Ownership Structure**"). |

| | |
|---|---|
| **Company Activities** | The Company's main activities consist of the establishment, management and operation of general tertiary hospitals, which are concerned with providing primary, secondary and tertiary healthcare services. The Company currently owns two hospitals in Riyadh, the Kingdom of Saudi Arabia, namely SMC Hospital (1) – King Fahd Road, and SMC Hospital (2) – King Abdullah Road (for further information regarding the Company's existing hospitals, please refer to Section 4.3.6 "**Company Hospitals**" of this Prospectus). The Company is also developing three additional hospitals in Riyadh as described in Section 4.10 "**Current and Future Projects**" of this Prospectus.<br>In accordance with its Bylaws, the Company's activities consist of the following:<br>1- retail sale of pharmaceutical and medical products, cosmetics and toiletries in specialized stores;<br>2- warehousing;<br>3- other food service activities;<br>4- hospitals;<br>5- other human health services.<br>In accordance with its commercial registration, the Company's activities consist of the following:<br>1- pharmaceutical warehousing;<br>2- general warehousing of a variety of goods;<br>3- catering activities;<br>4- hospitals;<br>5- long-term medical care and convalescent hospitals;<br>6- medical operation of hospitals;<br>7- nutrition centers; and<br>8- pharmacy activities. |
| **Subsidiaries and their Activities** | As of the date of this Prospectus, the Company has two non-material subsidiaries, namely (i) International Specialized Food Co., a wholly owned limited liability company registered under Commercial Registration No. 1010402336, dated 21/03/1435H (corresponding to 23/01/2014G); and (ii) Al-Mukhtas Al-Sehhi Medical Co. LLC, a limited liability company in which the Company owns 51% of the capital, registered under Commercial Registration No. 1009176637, dated 15/07/1446H (corresponding to 15/01/2025G).<br>The main activity of International Specialized Food Co. is the provision of ready-made meals and diet food to patients and managing restaurants and cafeterias in the Company's hospitals and other facilities owned by third parties. International Specialized Food Co. also provides ready-made food preparation, delivery and catering services for companies and events.<br>In accordance with its commercial registration, the activities of International Specialized Food Co. consist of the following:<br>1- restaurants with table service;<br>2- catering activities;<br>3- operation of food service activities in sports facilities and other similar facilities on a specified franchise basis;<br>4- operation of canteens and cafeterias on a specified franchise basis, including canteens and cafeterias in factories, offices, hospitals, schools, etc.; and<br>5- nutrition centers.<br>The main activity of Al-Mukhtas Al-Sehhi Medical Co. LLC is to operate on a public-private partnership (PPP) project to manage a mental health facility in the Kingdom, which aims to address the significant shortage of mental health services across the Kingdom.<br>In accordance with its commercial registration, the activities of Al-Mukhtas Al-Sehhi Medical Co. LLC are as follows:<br>1- hospitals;<br>2- long-term medical care and convalescent hospitals;<br>3- hospitals for the treatment and rehabilitation of addicts;<br>4- medical operation of hospitals;<br>5- general construction of non-residential buildings; and<br>6- operating cafeterias and canteens on a franchise basis. |

**Substantial Shareholders, the Number of Their Shares and Their Direct Ownership Percentages Pre- and Post-Offering**

The following table sets out the names of the Substantial Shareholders who own 5% or more of the Company's shares and the number and percentage of shares directly and indirectly owned by them pre-and post-Offering:

**Table (2): Substantial Shareholders, the Number of their Shares and their Direct Ownership Percentages Pre-and Post-Offering**

| Shareholder | Pre-Offering | | | | Post-Offering | | | |
|---|---|---|---|---|---|---|---|---|
| | Number of Shares | Total Nominal Value (SAR) | Direct Ownership (%) | Indirect Ownership (%) | Number of Shares | Total Nominal Value (SAR) | Direct Ownership (%) | Indirect Ownership (%) |
| Abdul Rahman Saad AlRashid and Sons Co. | 100,985,250 | 100,985,250 | 40.3941% | - | 70,689,675 | 70,689,675 | 28.27587% | - |
| Abdullah Saad AlRashid and Sons Co. | 51,602,500 | 51,602,500 | 20.6410% | - | 36,121,750 | 36,121,750 | 14.4487% | - |
| Al-Thomad Trading Company | 50,492,750 | 50,492,750 | 20.1971% | - | 35,344,925 | 35,344,925 | 14.13797% | - |
| Rashid Saad AlRashid and Sons Co. | 32,552,000 | 32,552,000 | 13.0208% | - | 22,786,400 | 22,786,400 | 9.11456% | - |
| **Total** | **235,632,500** | **235,632,500** | **94.2530%** | **-** | **164,942,750** | **164,942,750** | **65.9771%** | **-** |

Source: The Company

| | |
|---|---|
| **Company's Pre-Offering Share Capital** | Two hundred and fifty million Saudi Riyals (SAR 250,000,000). |
| **Company's Post-Offering Share Capital** | Two hundred and fifty million Saudi Riyals (SAR 250,000,000). |
| **Total Number of Shares Pre-Offering** | Two hundred and fifty million (250,000,000) fully paid-up ordinary shares. |
| **Total Number of Shares Post-Offering** | Two hundred and fifty million (250,000,000) fully paid-up ordinary shares. |
| **Nominal Value per Share** | One Saudi Riyal (SAR 1) per share. |
| **Offering** | Offering of seventy-five million (75,000,000) ordinary shares from the Company's share capital, with a fully paid-up nominal value of one Saudi Riyal (SAR 1) per share, representing thirty percent (30.0%) of the Company's share capital. |
| **Total Number of Offer Shares** | Seventy-five million (75,000,000) ordinary shares. |
| **Ratio of Offer Shares to the Company's Share Capital** | The Offer Shares represent 30.0% of the Company's shares. |
| **Offer Price** | SAR 25.0. |
| **Total Offering Value** | SAR 1,875,000,000. |

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|---|---|
| **Use of Offering Proceeds** | The Net Offering Proceeds, amounting to SAR 1,834,000,000, after deduction of the Offering expenses, will be distributed on a pro-rata basis based on the number of Offer Shares sold by each of the Selling Shareholders. The expenses and costs related to the Offering are estimated at approximately SAR 41 million (inclusive of VAT) and will be borne by the Selling Shareholders in proportion to the number of Offer Shares sold by each of them within the Offering. The Company will not receive any portion of the Offering Proceeds. The Selling Shareholders will bear all fees, expenses and costs related to the Offering (for further information, please refer to Section 8 "**Use of Offering Proceeds**" of this Prospectus). |
| **Number of Offer Shares to be Underwritten** | Seventy-five million (75,000,000) ordinary shares. |
| **Total Value of the Offering to be Underwritten** | One billion eight hundred seventy five million Saudi Riyals (SAR 1,875,000,000). |
| **Target Investors** | Subscription to the Offer Shares will be limited to two tranches of investors as follows:<br>**Tranche A: Participating Parties:** This tranche comprises the parties that are entitled to participate in the book building process in accordance with the Book Building Instructions. This includes investment funds, qualified foreign companies and institutions, GCC corporate investors and other Foreign Investors under swap agreements (for further information, please refer to Section 1 "**Definitions and Abbreviations**" of this Prospectus).<br>**Tranche B: Individual Subscribers:** This tranche comprises Saudi natural persons, including any female divorcee or widow with minor children from a marriage to a non-Saudi individual, who may subscribe for her own benefit in the names of her minor children, provided that she proves she is a divorcee or widow and the mother of her minor children, any non-Saudi natural person who is resident in the Kingdom, and GCC nationals, in each case, who have an investment account with one of the Receiving Agents. Subscription by a person in the name of his divorcee shall be deemed invalid, and if a transaction of this nature is proven to have occurred, then the law shall be enforced against the applicant. If a duplicate subscription is made, the second subscription will be considered void and only the first subscription will be considered. |
| **Total Number of Offer Shares Available for Each Target Investor Category** | |
| **Number of Offer Shares for Participating Parties** | Seventy-five million (75,000,000) Offer Shares, representing 100% of the total Offer Shares. In the event that Individual Subscribers subscribe for all of the Offer Shares allocated thereto, the Financial Advisors, in coordination with the Company, shall have the right to reduce the number of shares allocated to Participating Parties to a minimum of sixty million (60,000,000) Offer Shares, representing 80% of the total Offer Shares. |
| **Number of Offer Shares for Individual Subscribers** | A maximum of fifteen million (15,000,000) Offer Shares, representing 20% of the total Offer Shares. |
| **Subscription Method for Each Target Investor Category** | |
| **Subscription Method for Participating Parties** | Participating Parties may apply for participation in the book building process by filling out Bid Forms, which will be provided by the Bookrunners to the Participating Parties during the book building process. After the provisional allocation, the Bookrunners will provide Subscription Application Forms to the Participating Parties, which they must complete in accordance with the instructions outlined in Section 16 "**Share Information and Subscription Terms and Conditions**" of this Prospectus. |
| **Subscription Method for Individual Subscribers** | Individual Subscribers must submit Subscription Application Forms through the websites and platforms of the Receiving Agents that provide such service to Individual Subscribers or through any other means provided by the Receiving Agents, through which Individual Subscribers will be able to subscribe for the Company's shares during the Offering Period (for further information, please refer to Section 16 "**Share Information and Subscription Terms and Conditions**" of this Prospectus). |
| **Minimum Number of Shares that can be Subscribed for by Each Category of Target Investors** | |
| **Minimum Number of Shares that can be Subscribed for by Participating Parties** | One hundred thousand (100,000) shares. |
| **Minimum Number of Shares that can be Subscribed for by Individual Subscribers** | Ten (10) shares. |

| Minimum Subscription Amount for Each Target Investor Category | |
|---|---|
| **Minimum Subscription Amount for Participating Parties** | Two million five hundred thousand Saudi Riyals (SAR 2,500,000). |
| **Minimum Subscription Amount for Individual Subscribers** | Two hundred fifty Saudi Riyals (SAR 250). |
| **Maximum Number of Shares that can be Subscribed for by Each Target Investor Category** | |
| **Maximum Number of Shares that can be Subscribed for by Participating Parties** | Twelve million, four hundred and ninety-nine thousand, nine hundred and ninety-nine (12,499,999) shares. With respect to public funds only, the number of shares must not exceed the maximum limit for each participating public fund, which shall be determined in accordance with the Book Building Instructions. |
| **Maximum Number of Shares that can be Subscribed for by Individual Subscribers** | One million (1,000,000) shares. |
| **Maximum Subscription Amount for Each Target Investor Category** | |
| **Maximum Subscription Amount for Participating Parties** | Three hundred and twelve million and four hundred ninety nine thousand and nine hundred seventy five Saudi Riyals (SAR 312,499,975). |
| **Maximum Subscription Amount for Individual Subscribers** | Twenty five million Saudi Riyals (SAR 25,000,000). |
| **Allocation Method and Refund of Excess Subscription Monies for Each Target Investor Category** | |
| **Allocation Method and Refund of Excess Subscription Monies for Participating Parties** | The provisional allocation will be made as deemed appropriate by the Financial Advisors, in coordination with the Company, using the discretionary allocation mechanism. It is possible that certain Participating Parties will not be allocated any shares, as deemed appropriate by the Company and the Financial Advisors. Final allocation of the Offer Shares to Participating Parties will be made by the Financial Advisors after the end of the subscription period for Individual Subscribers. The number of Offer Shares that will provisionally be allocated to Participating Parties is seventy-five million (75,000,000) shares, representing 100% of the total number of Offer Shares. If there is sufficient demand from Individual Subscribers for the Offer Shares, the Financial Advisors shall have the right, in coordination with the Company, to reduce the number of shares allocated to Participating Parties to a minimum of sixty million (60,000,000) shares, representing 80% of the total Offer Shares, after completion of the subscription process for Individual Subscribers.<br>Initially, 22,500,000 shares, representing 30% of the total Offer Shares, will be allocated to public funds. In the event there is sufficient demand from Individual Subscribers to subscribe for the Offer Shares, the Financial Advisors shall have the right to reduce the number of shares allocated to public funds to a minimum of 18,000,000 ordinary shares, representing 24% of the total Offer Shares, after completion of the subscription process for Individual Subscribers. |
| **Allocation Method for Individual Subscribers** | The Offer Shares are expected to be allocated no later than Wednesday 08/12/1446H (corresponding to 04/06/2025G). The minimum allocation is ten (10) shares for each Individual Subscriber, while the maximum allocation is (1,000,000) shares for each Individual Subscriber. The balance of the Offer Shares (if any) will be allocated pro-rata based on the number of Offer Shares requested by each Individual Subscriber and the total number of Offer Shares requested for subscription. If the number of Individual Subscribers exceeds (750,000) Subscribers, the Company will not guarantee the minimum allocation. In such case, the shares will be allocated at the discretion of the Company and the Financial Advisors (for further information, please refer to Section 16 "**Share Information and Subscription Terms and Conditions**" of this Prospectus). |

| | |
|---|---|
| **Refund of Excess Subscription Monies (if any)** | The Lead Manager or Receiving Agents, as the case may be, will notify Subscribers of the final allocation of Offer Shares and the excess subscription monies to be refunded. Excess subscription monies, if any, will be refunded to Subscribers without any commission or deductions and will be deposited into the respective Subscribers' accounts indicated in the Subscription Application Forms. Announcement of the final allocation and refund of excess subscription monies, if any, will be made no later than Wednesday 08/12/1446H (corresponding to 04/06/2025G). |
| **Offering Period** | The Offering Period will commence on Wednesday 01/12/1446H (corresponding to 28/05/2025G) and will continue for two (2) days, up to and including the closing day on Thursday 02/12/1446H (corresponding to 29/05/2025G). |
| **Entitlement to Dividends** | Holders of Offer Shares will be entitled to their portion of any dividends declared and paid by the Company as of the date of this Prospectus and for subsequent financial years (for further information, please refer to Section 7 "**Dividend Distribution Policy**" of this Prospectus). |
| **Voting Rights** | The Company has one category of ordinary shares, none of which carry any preferential rights. Each share entitles its holder to one vote. Each shareholder is entitled to and vote at meetings of the General Assembly. A Shareholder may delegate another Shareholder, other than a Director, to attend General Assembly meetings on their behalf (for further details, please refer to Section 11.16 "**Summary of the Company's Bylaws**" of this Prospectus). Any Shareholder of the Company may, under a written proxy, appoint another natural person, whether a Shareholder of the Company or not, provided that they are not a Director, to attend a meeting of the General Assembly or Special Assembly and vote on the agenda items thereof on their behalf. |
| **Restrictions on the Shares (Lock-up Period)** | The Substantial Shareholders will be subject to a Lock-up Period of six (6) months from the date trading of the Company's shares commences on the Exchange. During such period, the Substantial Shareholders shall be prohibited from disposing of their shares. After the end of the Lock-up Period, the Substantial Shareholders may dispose of their shares without the prior approval of the CMA. |
| **Shares Previously Listed by the Company** | Prior to the Offering, the Company's shares have not been previously listed within the Kingdom or elsewhere. The Company has submitted an application to the CMA for the registration and offering of the shares in accordance with the OSCOs and an application to the Exchange for the listing of the shares in accordance with the Listing Rules. All of the relevant approvals required to conduct the Offering have been obtained and all supporting documentation requested by the CMA has been fulfilled. It is expected trading in the shares will commence on the Exchange after the final allocation of the Offer Shares (for further information, please refer to the "**Key Dates and Subscription Procedures**" section on page (xx) of this Prospectus). |
| **Risk Factors** | Investment in the Offer Shares involves certain risks. Such risks can be classified as follows:<br>1- risks related to the Company's activities and operations;<br>2- risks related to the market, sector and regulatory environment; and<br>3- risks related to the Offer Shares.<br>These risks are described in Section 2 "**Risk Factors**" of this Prospectus and should be reviewed carefully prior to making an investment decision in relation to the Offer Shares. |
| **Offering Expenses** | The Selling Shareholders will bear all of the expenses and costs related to the Offering on a pro-rata basis according to the number of Offer Shares that will be sold by each of them. The expenses and costs related to the Offering are estimated at approximately SAR 41 million (inclusive of VAT) and will be deducted from the Offering Proceeds. These expenses primarily include the fees of the Financial Advisors, the Lead Manager, the Bookrunners, the Underwriters, the Legal Advisors, the Financial Due Diligence Advisor, the Auditor, the Receiving Agents and the Market Consultant, in addition to the marketing, printing, distribution and other expenses related to the Offering. |

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|---|---|
| **Lead Manager** | **SNB Capital**<br>SNB Regional Building<br>King Saud Road, Al-Murabba District<br>Building No. 7347<br>P.O. Box 2575, Riyadh 12624<br>Kingdom of Saudi Arabia<br>Tel: +966 92 000 0232<br>Fax: +966 11 406 0052<br>Website: www.alahlicapital.com<br>Email: snbc.cm@alahlicapital.com |
| **Financial Advisors, Underwriters and Bookrunners** | **EFG Hermes KSA**<br>3rd Floor, North Tower, Sky Towers, King Fahd Road<br>P.O. Box 300189, Riyadh 11372<br>Kingdom of Saudi Arabia<br>Tel: +966 11 839 8048<br>Fax: +966 11 293 8032<br>Website: www.efghermesksa.com<br>Email: contact-ksa@efg-hermes.com |
| | **SNB Capital**<br>SNB Regional Building<br>King Saud Road, Al-Murabba District<br>Building No. 7347<br>P.O. Box 2575, Riyadh 12624<br>Kingdom of Saudi Arabia<br>Tel: +966 92 000 0232<br>Fax: +966 11 406 0052<br>Website: www.alahlicapital.com<br>Email: snbc.cm@alahlicapital.com |

**Note:** The "**Important Notice**" section on page (i) and Section 2 "**Risk Factors**" of this Prospectus should be carefully reviewed prior to making any decision to invest in the Offer Shares under this Prospectus.

# Key Dates and Subscription Procedures

## Key Dates

**Table (3): Expected Offering Timetable**

| Event | Date |
|---|---|
| Bidding and book building period for Participating Parties | A period of five Business Days, commencing from Sunday 13/11/1446H (corresponding to 11/05/2025G) until the end of Thursday 17/11/1446H (corresponding to 15/05/2025G). |
| Deadline for submission of Subscription Application Forms by the Participating Parties based on the number of Offer Shares provisionally allocated to each of them | Tuesday 28/11/1446H (corresponding to 26/05/2025G). |
| Subscription period for Individual Subscribers | A period of two Business Days, commencing from Wednesday 01/12/1446H (corresponding to 28/05/2025G) until the end of Thursday 02/12/1446H (corresponding to 29/05/2025G). |
| Deadline for payment of subscription monies by the Participating Parties based on the number of provisionally allocated Offer Shares | Tuesday 29/11/1446H (corresponding to 27/05/2025G). |
| Deadline for submission of Subscription Application Forms and payment of subscription monies by Individual Subscribers | Thursday 02/12/1446H (corresponding to 29/05/2025G). |
| Announcement of the final allocation of Offer Shares | No later than Wednesday 08/12/1446H (corresponding to 04/06/2025G). |
| Refund of excess subscription monies (if any) | No later than Wednesday 08/12/1446H (corresponding to 04/06/2025G). |
| Expected date for commencement of trading of the shares on the Exchange | Trading of the Company's shares is expected to commence on the Exchange after the fulfillment of all requirements and following the completion of all relevant regulatory procedures. Commencement of share trading will be announced on the Tadawul website (www.tadawul.com.sa). |

**Note:** The above timetable and dates therein are indicative. Actual dates will be announced on the websites of the Saudi Tadawul (www.saudiexchange.sa), the Financial Advisors (www.efghermesksa.com) and (www.alahlicapital.com) and the Company (www.smc.com.sa).

# How to Apply for Subscription

Subscription to the Offer Shares will be limited to two tranches of investors as follows:

## A- Participating Parties:

This tranche comprises the parties entitled to participate in the book building process as specified under the Book Building Instructions (for further information, please refer to Section 1 "**Definitions and Abbreviations**" of this Prospectus).

Participating Parties can obtain Bid Forms from the Bookrunners during the book building period and Subscription Application Forms from the Bookrunners after the provisional allocation. After the approval of the CMA is obtained, the Bookrunners will offer the Offer Shares to Participating Parties during the book building period only. Subscriptions by Participating Parties will commence during the Offering Period, which also includes Individual Subscribers, in accordance with the terms and conditions detailed in the Subscription Application Forms. A signed Subscription Application Form must be submitted to the Bookrunners, which represents a legally binding agreement between the Selling Shareholders and the relevant Participating Party submitting the application.

## B- Individual Subscribers:

Individual Subscribers who wish to subscribe for the Offer Shares must submit Subscription Application Forms electronically through the websites and platforms of the Receiving Agents that provide such service to Subscribers or through any other means offered by the Receiving Agents, through which Individual Subscribers will be able to subscribe to the Company's shares during the Offering Period, provided that:

- The Individual Subscriber has an investment account and an active portfolio with a Receiving Agent that offers such services.
- There have been no changes to the personal information or data of the Individual Subscriber since they last participated in a recent initial public offering.
- Individual Subscribers who are not Saudis or GCC citizens must have an active stock portfolio with one of the Receiving Agents through which the subscription will be made.

Subscription Application Forms must be filled out in accordance with the instructions contained in Section 16 "**Share Information and Subscription Terms and Conditions**" of this Prospectus. Each applicant must complete all relevant sections of the Subscription Application Form. The Company reserves the right to reject any Subscription Application Form, in full or in part, in the event any of the Offering terms and conditions are not met. If a duplicate subscription is made, the second subscription shall be deemed null and void and only the first subscription will be considered. Subscription Application Forms cannot be amended or withdrawn once submitted. Subscription Application Forms cannot be amended or withdrawn once submitted. Upon submission, a Subscription Application Form is considered a binding agreement between the relevant Individual Subscriber and the Selling Shareholders with respect to the Offer Shares (for further information, please refer to Section 16 "**Share Information and Subscription Terms and Conditions**" of this Prospectus).

Excess subscription monies, if any, will be refunded to the primary Individual Investor's account held with the Receiving Agent from which the subscription amount was initially debited, without withholding any commissions or deductions being withheld by the Lead Manager or the Receiving Agents. Excess subscription monies shall not be refunded in cash or to third-party accounts.

For further information regarding subscriptions by Individual Subscribers or Participating Parties, please refer to Section 16 "**Share Information and Subscription Terms and Conditions**" of this Prospectus.

# Summary of Key Information

This summary of key information is intended to provide a brief overview of the information detailed in this Prospectus. However, it does not include all of the information that may be important to the prospective investors which must be taken into consideration prior to making a decision to invest in the Offer Shares. Accordingly, persons wishing to subscribe for the Offer Shares must read and review this Prospectus in full. Any decision related to investing in the Offer Shares must be based on a consideration of this Prospectus as a whole. In particular, the "**Important Notice**" section on page (i) and Section 2 "**Risk Factors**" of this Prospectus should be carefully reviewed before making any decision to invest in the Offer Shares. Subscribers should not rely solely on this summary.

# Overview of the Company

Specialized Medical Company is a Saudi closed joint-stock company established pursuant to Ministry of Commerce Resolution No. 30/S, dated 29/01/1437H (corresponding to 11/11/2015G), under Commercial Registration No. 1010123832, dated 13/11/1414H (corresponding to 24/04/1994G). Its registered address is at Al Olaya District, King Fahd Road, P.O. Box 66548, Riyadh 12311, Kingdom of Saudi Arabia.

As of the date of this Prospectus, the Company has a fully paid-up share capital of two hundred and fifty million Saudi Riyals (SAR 250,000,000), divided into two hundred and fifty million (250,000,000) ordinary shares with an equal nominal value of one Saudi Riyal (SAR 1) per share. The Company's post-Offering Share Capital will be two hundred and fifty million Saudi Riyals (SAR 250,000,000), divided into two hundred and fifty million (250,000,000) ordinary shares with an equal nominal value of one Saudi Riyal (SAR 1) per share.

The Company was initially incorporated as a limited liability company with the name "**Specialized Medical Company Limited**" under Commercial Registration No. 1010123832, dated 13/11/1414H (corresponding to 24/04/1994G), with a fully paid-up share capital of five million Saudi Riyals (SAR 5,000,000), divided into five thousand (5,000) shares with a fully paid-up nominal value of one thousand Saudi Riyals (SAR 1,000) per share. On 21/11/1417H (corresponding to 30/03/1997G), the partner Salah Saad AlRashid transferred two hundred and fifty (250) of his one thousand (1,000) shares in the Company to Mohammed Saleh Mohammed AlQanbaz in exchange for a cash payment made to Salah Saad AlRashid. On 15/05/1421H (corresponding to 05/08/2000G), (i) the partner Rashid Saad AlRashid transferred five hundred (500) of his one thousand one hundred (1,100) shares to Abdulrahman Saad AlRashid in exchange for a cash payment made to Rashid Saad AlRashid; and (ii) the partner Salah Saad AlRashid also transferred five hundred (500) of his seven hundred and fifty (750) shares to Omran Mohammed Al Omran in exchange for a cash payment made to Salah Saad AlRashid. On 11/09/1423H (corresponding to 16/11/2002G), (i) the partner Mohammed Saleh Mohammed AlQanbaz transferred one hundred (100) of his two hundred and fifty (250) shares to Al-Thomad Trading Company in exchange for a cash payment made to Mohammed Saleh AlQanbaz; and (ii) the partner Salah Saad AlRashid transferred all of his shares in the Company, amounting to two hundred fifty (250) shares, as follows: (a) one hundred twenty-five (125) shares to Abdullah Saad AlRashid, and (b) one hundred twenty-five (125) shares to Abdulrahman Saad AlRashid, in exchange for a cash payment made to Salah Saad AlRashid; (iii) the partner Abdullah Saad AlRashid transferred five hundred (500) of his one thousand two hundred and fifty (1,250) shares to a new partner, Saadi Taher Bin Abdullah, in exchange for a cash payment made to Abdullah Saad AlRashid; (iv) the partner Abdulrahman Saad AlRashid transferred all of his shares in the Company, amounting to one thousand eight hundred and twenty-five (1,825) shares, to Abdul Rahman Saad AlRashid and Sons Co. without consideration; and (v) the partner Omran Mohammed Al Omran transferred all of his shares in the Company, amounting to five hundred (500) shares, to Omran Mohammed Al Omran & Partners Co. Ltd without consideration. The shareholders also decided to increase the Company's share capital to sixty-five million Saudi Riyals (SAR 65,000,000), divided into sixty-five thousand (65,000) shares with a fully paid nominal value of one thousand Saudi Riyals (SAR 1,000) per share. The increase amount was financed by capitalizing the shareholders credit balances. On 14/05/1426H (corresponding to 21/06/2005G), (i) Omran Mohammed Al Omran & Partners Co. Ltd transferred all of its shares, amounting to six thousand five hundred (6,500) shares, as follows: (ai) one thousand two hundred and seventy-five (1,275) shares to Abdullah Saad AlRashid; (bii) two thousand two hundred and seventy-five (2,275) shares to Abdul Rahman Saad AlRashid and Sons Co.; (ciii) one thousand (1,000) shares to Rashid Saad AlRashid; and (div) one thousand nine hundred and fifty (1,950) shares to Al-Thomad Trading Company, in exchange for a cash payment made to each of the assignor Partners, and (ii). The partner Mohammed Saleh Mohammed AlQanbaz also transferred six hundred and fifty (650) of his one thousand nine hundred and fifty (1,950) shares to Abdullah Saad AlRashid, in exchange for a cash payment made to Mohammed Saleh AlQanbaz, with a total nominal value of six hundred and fifty thousand (650,000) shares. On 10/04/1427H (corresponding to 08/05/2006G), the partner Saadi Taher Abdullah transferred all of his shares, amounting to six thousand five hundred (6,500) shares, as follows: (i) two thousand six hundred (2,600) shares to Abdullah Saad AlRashid; (ii) one thousand three hundred (1,300) shares to Abdul Rahman Saad AlRashid and Sons Co.; and (iii) two thousand six hundred (2,600) shares to Al-Thomad Trading Company, in exchange for a cash payment made to Saadi Taher Abdullah. On 07/03/1429H (corresponding to 15/03/2008G), the shareholders decided to increase the Company's share capital and bring in new partners with the exit of one partner, whereby the partner Rashid Saad AlRashid transferred all of his shares, amounting to eight thousand eight hundred (8,800) shares, to Rashid Saad AlRashid and Sons Co. without consideration. The shareholders also decided to bring in Khaled Mokaimen Duwaihes Al-Anzi as a new partner and agreed to increase the Company's share capital from sixty-five million Saudi Riyals (SAR 65,000,000) to eighty-five million Saudi Riyals (SAR 85,000,000), divided into eight million five hundred thousand (8,500,000) shares with a nominal value of ten Saudi Riyals (SAR 10). The increase amount was funded by capitalizing the shareholders current account. The shares were thus distributed among the shareholders as follows: (i) one million seven hundred and fifty-four thousand, four hundred and eighty-one (1,754,481) shares were owned by Abdullah Saad AlRashid; (ii) three million four hundred and thirty-three thousand, five hundred (3,433,500) shares were owned by Abdul Rahman Saad AlRashid and Sons Co.; (iii) one million one hundred and six thousand and seven hundred and sixty-nine (1,106,769) shares were owned by Rashid Saad AlRashid and Sons Co.; (iv) one million seven hundred and sixteen thousand seven hundred and fifty (1,716,750) shares were owned by Al-Thomad Trading Company; (v) one hundred and sixty-three thousand five hundred (163,500) shares were owned by Mohammed Saleh Mohammed AlQanbaz; and (vi) three hundred and twenty-five thousand (325,000) shares were owned by Khaled Mokaimen Duwaihes Al-Anzi, with a fully paid nominal value of ten Saudi Riyals (SAR 10) per share. On 12/05/1434H (corresponding to 24/03/2013G), the Partner Abdullah Saad AlRashid transferred all of his shares, amounting to one million, seven hundred and fifty-four thousand, four hundred and eighty-one (1,754,481) shares, to Abdullah Saad AlRashid and Sons Co. without consideration. On 12/02/1437H (corresponding to 24/11/2015G), the shareholders agreed to (i) convert the Company from a limited liability company to a closed joint-stock company with a fully paid share capital of eighty-five million Saudi Riyals (SAR 85,000,000), divided into eight million, five hundred thousand (8,500,000) ordinary shares with a fully paid nominal value of ten Saudi Riyals (SAR 10) per share; and (ii) to amend the name of the Company to "**Specialized Medical Company CJSC**". The Ministry of Commerce approved this conversion pursuant to Resolution No. 30/S, dated 29/01/1437H (corresponding to 11/11/2015G). On 12/03/1446H (corresponding to 15/09/2024G), the Company's Extraordinary General Assembly agreed to increase the Company's share capital from eighty-five million Saudi Riyals (SAR 85,000,000) to two hundred and fifty million Saudi Riyals (SAR 250,000,000), divided into two hundred and fifty million (250,000,000) ordinary shares, with a nominal value of one Saudi Riyal (SAR 1) per share, by capitalizing part of the Company's retained earnings (for further information, please refer to Section 4.1.2 "**Corporate History and the Evolution of the Company's Share Capital and Ownership Structure**").

As of the date of this Prospectus, the Company has two non-material subsidiaries, namely (i) International Specialized Food Co., a wholly owned limited liability company registered under Commercial Registration No. 1010402336, dated 21/03/1435H (corresponding to 23/01/2014G); and (ii) Al-Mukhtas Al-Sehhi Medical Co. LLC, a limited liability company in which the Company owns 51% of the capital, registered under Commercial Registration No. 1009176637, dated 15/07/1446H (corresponding to 15/01/2025G).

## Principal Activities of the Company

The Company's principal activities consist of the establishment, management and operation of general tertiary hospitals, which are concerned with providing primary, secondary and tertiary healthcare services. The Company currently owns two hospitals in Riyadh, the Kingdom of Saudi Arabia, namely SMC Hospital (1) – King Fahd Road, and SMC Hospital (2) – King Abdullah Road (for further information regarding the Company's existing hospitals, please refer to Section 4.3.6 "**Company Hospitals**" of this Prospectus). The Company is also developing three additional hospitals in Riyadh as described in Section 4.10 "**Current and Future Projects**" of this Prospectus.

In accordance with its Bylaws, the Company's activities consist of the following:

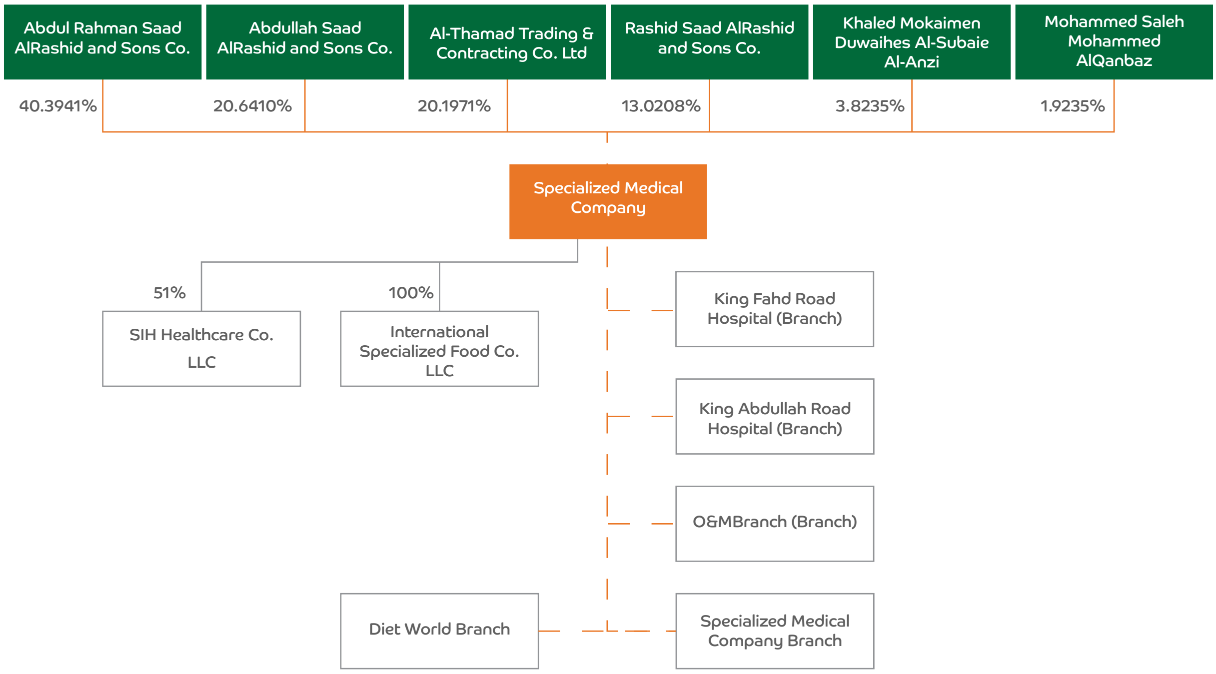
1- retail sale of pharmaceutical and medical products, cosmetics and toiletries in specialized stores;
2- warehousing;
3- other food service activities;
4- hospitals;
5- other human health services.

In accordance with its commercial registration, the Company's activities consist of the following:

1- pharmaceutical warehousing;
2- general warehousing of a variety of goods;
3- catering activities;
4- hospitals;
5- long-term medical care and convalescent hospitals;
6- medical operation of hospitals;
7- nutrition centers; and
8- pharmacy activities.

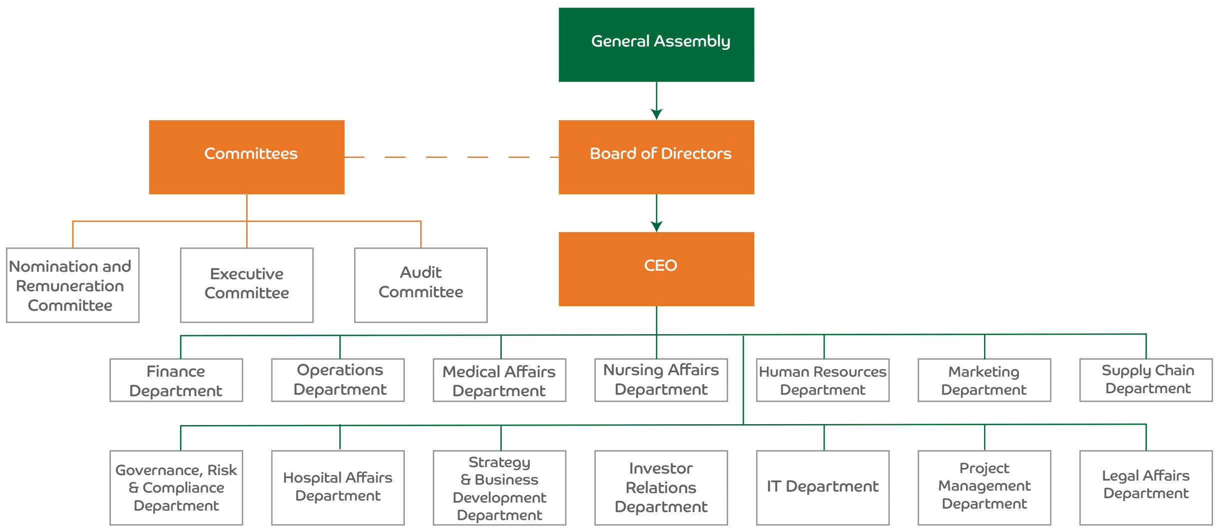
# The Company's Ownership Structure and Organizational Structure

**Figure (1): Ownership Structure of the Company**




Source: The Company

**Figure (2): Organizational Structure of the Company**




Source: The Company

# The Group's Vision and Mission

## Vision

The Company seeks to rank among the top healthcare providers within the Kingdom and to establish a prominent and leading position in the fields of medical innovation and patient safety across the Middle East.

## Mission

To improve community health throughout the Kingdom by providing distinguished healthcare services at reasonable prices.

# The Group's Strategy

On the short and medium terms, the Company's strategy entails increasing the profitability of its operations by focusing more on out-patients, providing elective surgical services, and continuing to convert inpatient rooms that were intended for long-term care patients into outpatient clinics, while reducing dependence on long-term care patients. The strategy also aims to ramp up the operational and occupancy rates at SMC Hospital (2) - King Abdullah Road, which has a higher outpatient to inpatient bed ratio compared to SMC Hospital (1) - King Fahd Road.

On the long term, the Company will seek to increase its geographical coverage and spread in strategic areas with high population density by establishing SMC Hospital (3) - Northern Ring Road, SMC Hospital (4) - Khuzam Suburb - Prince Faisal bin Bandar Road and SMC Hospital (5) - Al Malqa District. Moreover, the Company will seek to benefit from its operational expertise and experience and adopt administrative centralization to repeat its success in these hospitals. The Company will further seek to achieve profitability in such hospitals faster than in its current hospitals, especially in light of the strategic locations of these hospitals, which are located in the vicinity of mega projects sponsored by the Government, such as the Sports Boulevard, King Abdullah Financial District, North Pole and Riyadh Expo. This will enable the Company to provide healthcare services to a new and diverse patient base, including expatriate residents, wealthy local citizens and medical tourists traveling to the Kingdom for treatment.

# Strengths and Competitive Advantages

## A Key Sector Poised for Growth with Government Support

The Company's hospitals are located in Riyadh, the capital and largest city of the Kingdom. Riyadh sits at the heart of the Kingdom's economic and social transformation program and is witnessing rapid population growth. As part of Saudi Vision 2030, the Kingdom's Government is leading a series of wide-ranging economic and social reforms that include making substantial investments in infrastructure within the healthcare sector. Government spending on the healthcare sector represents a significant share of the Kingdom's GDP, with healthcare spending accounting for 6.0%, 5.5% and 5.5% of GDP in 2021G, 2022G and 2023G, respectively. The healthcare market in the Kingdom is expected to grow at a CAGR of 4.6% from 2023G to 2030G, driven by a growing population, rising life expectancy, rising rates of non-communicable diseases, and the influx of expatriates visiting and residing in the Kingdom, all of which will result in an increase in demand for specialized and high-quality healthcare services.

The private sector plays a pivotal role in bridging the gap between supply and demand for healthcare services, supported by Government initiatives such as the Health Sector Transformation Program and Public-Private Partnership (PPP) opportunities, in addition to the expansion of health insurance coverage, which is expected to encompass 54% of the Kingdom's population by 2030G.

The Company believes that it is well-poised to benefit from the growth in the healthcare sector due to its distinguished reputation and network of relationships with major insurance companies, especially given the limited capacity of public sector hospitals to accommodate the increasing demand for healthcare services. In line with Saudi Vision 2030, which includes reducing dependency on oil, supporting the private sector and diversifying the economy, the Company seeks to reduce its revenues from Government sources, mainly represented by its contracts with the Ministry of Health and the Ministry of National Guard to provide long-term healthcare services to patients referred by such entities, as well as to focus on private sector patients. In implementation of its strategy, the Company has reduced the number of in-patient beds in SMC Hospital (2) – King Abdullah Road from 248 beds in 2023G to 191 beds as of the date of this Prospectus. The Company will also increase the number of clinics from 96 out-patient clinics to 116 clinics during 2025G.

## Longstanding Pillar of Riyadh's Healthcare System

The Company has extensive experience exceeding twenty-five years in the field of establishing, developing and operating hospitals, during which the Company has been able to achieve a prestigious position as a key provider of healthcare services in Riyadh. The numerous medical certifications and accreditations obtained by the Company, which are renewed on an ongoing basis, are a testament to the Company's commitment to the highest international standards and practices in the field of healthcare. The partnership with Mayo Clinic participated in the creation of the first laboratory in SMC Hospital (1) - King Fahd Road 25 years ago, where the world-leading American laboratory has been approved as a reference laboratory for the Company's hospitals for the past 25 years without interruption. The Company's strategic relationship with Mayo Clinic was further strengthened by the signing of a strategic partnership agreement in 2021G, under which the Company became the exclusive commercial and legal representative of Mayo Clinic's laboratories in the Kingdom until the end of June 2026G.

Home to 20% of the Kingdom's population, Riyadh is a major center of the Kingdom's projected growth. Moreover, the population of Riyadh is expected to reach 9.5 million by 2035G, representing a growth rate that is twice the national average. With the construction of mega projects in the city of Riyadh, including King Salman Park and the New Murabba, the city is expected to witness a significant increase in demand for healthcare services. While Riyadh has approximately 21,000 beds as of 2023G, there is a growing gap between the expected supply and demand for healthcare services, as the gap in the number of beds required to keep pace with population growth and growing healthcare needs in Riyadh is expected to reach 1,500 beds by 2035G.

Due to the strategic location of the Company's hospitals on major roads within Riyadh, which ensures easy access for patients and high brand visibility, the Company is well-positioned to capitalize on key growth drivers. Based on its strong reputation, well-established partnerships with healthcare players and its ability to attract leading medical talent, the Company delivers advanced healthcare services that meet the needs of Riyadh's growing and diverse population, positioning it to capitalize on emerging opportunities in the healthcare market.

The average room occupancy rate within the Company's hospitals was approximately 81.1% in 2023G, indicating patients' confidence in the Company's reputation and the quality of the healthcare services it provides. SMC Hospital (2) – King Abdullah Road is the only hospital in the Kingdom that was opened during the outbreak of the COVID-19 pandemic. Despite this, the hospital was able to cover operating costs and achieve profitability within two years of commencing commercial operation, further indicating the confidence of patients seeking distinguished healthcare services.

## Center of Excellence Providing Comprehensive and Integrated Healthcare

The Company's hospitals provide a comprehensive range of healthcare services that include more than 26 medical specialties, providing integrated care for patients at all stages of their treatment, from initial diagnosis to post-treatment services, with all medical procedures provided under one roof. The ability of the Company's hospitals to provide comprehensive and integrated healthcare services of distinguished and unique quality to its patients is one of the key advantages of the Company. The Company strives to provide all healthcare services that patients may need, regardless of their varying and diverse medical conditions. The Company is also deemed a center of excellence and occupies a leading position in certain medical specialties, which include the following:

- **Ophthalmology:** 5,000+ eye surgeries performed annually, including 50 corneal transplants.
- **Kidney Dialysis:** 11,000+ dialysis procedures performed annually (being the first hospital in the Kingdom that provides dialysis services for patients who are younger than 18 months old).
- **Heart Diseases:** 2,000+ cardiac interventions performed annually.
- **Fertility and IVF:** 4,500+ patient visits and 2,000+ procedures performed annually.
- **Oncology:** 15,000+ outpatient clinics visits annually, including 4,000+ oncology patients.
- **General and Specialized Surgeries:** 24,000+ general surgeries performed annually, including 400+ spine surgeries performed annually.
- **Laboratory:** 1,600,000+ laboratory tests conducted annually, supported by the Company's advanced technological infrastructure.

As part of its efforts to improve patient experience and increase hospital occupancy rates, the Company is working on equipping each of its hospitals with the ability to handle all health conditions and disease cases independently of other hospitals, as well as providing them with specialties that are appropriate for the needs of their patients.

## Seasoned Medical Professionals Providing Quality Care

Since its inception, the Company strived to hire and retain qualified and competent healthcare practitioners with extensive experience at top global healthcare facilities. As of 30 September 2024G, the Company employs approximately 443 qualified and highly experienced doctors across its hospitals, in addition to 960 highly qualified nurses, so as to ensure the delivery of high-quality healthcare services. As part of the Company's belief that the quality of healthcare services it provides is linked to the competencies and qualifications of its healthcare practitioners, the Company trains, educates and develops the skills of its healthcare practitioners on an ongoing basis through resident training programs, internal training and education programs and other professional development programs held in partnership with the public and private sectors. The Company strives to employ a group of specialists in each medical field to ensure that the absence of healthcare practitioners would not interrupt the delivery of healthcare services at its facilities. As an incentive, the Company provides its employees with competitive salary packages and an outstanding working environment, which contribute to enhancing the satisfaction of the employees and ensuring the retention of competent medical staff in the long term. Moreover, the Company adopts a fixed salary model for doctors, which enhances operational efficiency and increases profit margins as the volume of work increases. It also reduces reliance on part-time employees, thus limiting the risks related to part-time work.

## Streamlined Patient Journey Supported by Advanced Tech Capabilities

The Company strives to improve patients' access to healthcare services and facilitate processing of their procedures within its hospitals, starting from reception procedures and appointment booking and ending with discharge procedures, dispensing medications and accounting. To achieve the same, the Company has introduced a set of smart technological systems that include an electronic application through which patients can complete most of their procedures via their mobile phones. With the support of the technological developments provided by the Company, patient experience has improved, and the average waiting time across its existing hospitals has been reduced from an average of 42 minutes in 2021G to approximately 21 minutes during the nine-month period ended 30 September 2024G. During the nine-month period ended 30 September 2024G, approximately 62% of patient appointments at the Company's hospitals were booked through the mobile application, which is ranked the best mobile application of a healthcare service provider in the Kingdom. In addition, 38,000 new medical files were opened, 141,000 reception procedures were performed using the application, 83,000 new user and 57,000 online payment during the same period. The Company updates the mobile application periodically with the aim of improving and facilitating the patient user experience. The Company has also launched a number of telemedicine services with the aim of serving groups of patients within their homes and providing them with medical consultations remotely, thus enhancing the Company's ability to increase its market share. The Company also relies on advanced technology to enhance operational efficiency, improve the management of resources and medical personnel, and ensure the provision of effective healthcare to patients. This is evident in the average length of stay, which amounted to approximately 2.4 days across its existing hospitals during the nine-month period ended 30 September 2024G.

## Strong Financial Performance and Profit Margin

The Group achieved revenue growth at a CAGR of 14.8%, from SAR 1,053.1 million in 2021G to SAR 1,367.9 million in 2023G, with continued growth of 11.9% year-on-year in comparison to the nine-month period ended 30 September 2023G, reaching SAR 1,111.3 million in the nine-month period ended 30 September 2024G. This was driven by the expansion of operations of SMC Hospital (2) – King Abdullah Road which was launched in 2020G, along with the improvement of medical specialties, since growth is mainly derived from outpatient clinics services. The strategic shift adopted by the Company towards outpatient clinics contributed to improving revenues.

The Company's gross profit margin increased from 22.5% in 2021G to 26.1% in 2023G and further to 30.8% in the nine-month period ended 30 September 2024G, driven by a shift towards higher margin outpatient services, mainly concentrated in SMC Hospital (2) – King Abdullah Road, in addition to operational efficiencies achieved within the same hospital.

Although affected by depreciation and financing costs, net income showed a trend similar to the gross profit margin, growing from 5.3% in 2021G to 12.3% in 2023G and 14.3% in the nine-month period ended 30 September 2024G.

## Clear and Actionable Growth and Expansion Plan

The Company has adopted a realistic expansion plan that includes the establishment and development of three new hospitals in Riyadh to meet the growing demand for distinguished healthcare services. The new hospitals consist of a new hospital located on the Northern Ring Road with a capacity of 296 beds and 200 clinics, which is expected to enter into commercial operation in Q4 of 2027G. The Northern Ring Road is a strategic location that connects the urban and suburban areas of Riyadh, increasing accessibility to the hospital and enhancing visibility to patients. This location is also a major center for population and commercial expansion, supported by mega projects such as King Salman Park and the Sports Boulevard, which will enhance economic and social growth within the region.

The Company also plans to establish and develop two additional hospitals in the north of Riyadh with a capacity of 201 beds and 120 clinics each. These are expected to enter into commercial operation in Q4 of 2028G and 2029G (respectively) (for further information, please refer to Section 4.10 "**Current and Future Projects**" of this Prospectus). These hospitals are distinguished by their strategic locations which are close to major residential communities, ensuring easy and quick access for patients and enhancing their ability to meet the growing demand for healthcare services. These hospitals are expected to contribute to enhancing the Company's market share by meeting the growing healthcare needs.

In addition to its plans to increase the number of hospitals, the Company seeks to secure a PPP project to manage a mental health facility in the Kingdom. This project is being developed in partnership with Dr. Ebel Kliniken International GmbH Company and Health Gate and intends to address the significant shortage of mental health services across the Kingdom, enhancing the health sector's ability to meet the growing needs for mental healthcare.

## Senior Management Expertise

The Company is managed by a Board of Directors and a distinguished Executive Management team with extensive experience in managing healthcare facilities, who have contributed to the Company's growth and development. The Company is primarily concerned with retaining its senior staff and prioritizing its competent and loyal employees in appointments to senior management positions, thereby motivating their performance and strengthening their sense of belonging and loyalty to the Company. The long tenure of certain members of the Senior Management team at the Company is evidence of the quality of the work environment and the Company's ability to retain its employees, with some Senior Executives having been with the Company for more than fifteen years. The Board includes independent Directors, which contributes to the management of the Company's business in a way that achieves its interests and those of its Shareholders alike (for further information, please refer to Section 5 "**Organizational Structure and Corporate Governance**" of this Prospectus).

# Market and Industry Overview

The information contained in this section is derived from the report prepared by the Market Consultant, Jones Lang LaSalle Saudi Arabia Ltd (for further information, please refer to Section 3 "**Market and Industry Information**" of this Prospectus).

## Overview of the Healthcare Market in the Kingdom

Several key factors influence the growth of the healthcare sector, including:

### 1- Macroeconomic Drivers

The economic landscape of the Kingdom is characterized by resilience through a combination of prudent macroeconomic policies and strategic reforms. The increase in non-oil sector revenue to 38% of total revenue in 2023G, from 32% in 2018G, with a notable growth rate of 9.3%, reflects the success of diversification efforts under Saudi Vision 2030. Structural changes, such as the transformation of Saudi Aramco into a global industrial conglomerate, the establishment of a sovereign wealth fund, and the privatization of vital sectors such as healthcare and education, have led to a substantial increase in economic growth.

The Kingdom's economic risk assessment, stable at 3.5 and outperforming the MENA's average of 5.2, reflects its favorable standing in terms of exchange rates, market costs and inflation forecasts. Forecasts anticipate a steady upward trend in the Consumer Price Index (CPI) between 2018G and 2035G, indicating sustained economic expansion. Projected inflation rates, stabilizing at an average of 2.0% through 2035G, demonstrate a delicate balance between price stability and economic growth.

### 2- Demographics

The Saudi economy is experiencing growth driven by increased private sector participation and ongoing large-scale infrastructure projects, attracting a significant number of expatriates and thus contributing to population growth. The population is projected to reach 42.8 million by 2035G, at a CAGR of 1.2%. The country's demographic trend, characterized by a 2022G crude birth rate of 16.9, is expected to decline due to falling fertility rates and increased female labor force participation. Nevertheless, the Kingdom's strategy to consolidate its position as a global professional hub remains strong, attracting expatriate talent and stimulating further population expansion.

Compared to other GCC countries and benchmarks such as the United States and the United Kingdom, the Kingdom's projected population growth and large size represent a unique opportunity to capitalize on the demographic dividend to drive economic growth and sectoral demand. With a young demographic focus in 2024G (55% of the population aged 15-44), the Kingdom anticipates a shift towards an aging population by 2035G, with the number of individuals aged 65 and over projected to rise from 3% to 9%, indicating increased demand for healthcare for age-related conditions.

The Kingdom's current reliance on a foreign workforce, which constituted 42% of the population in 2022G, is expected to continue to attract individuals seeking economic opportunities. Ongoing large-scale infrastructure projects, including more than 35 major initiatives primarily concentrated in Riyadh, are expected to significantly boost non-oil GDP growth. Major projects such as "SEVEN," "King Salman Park," and "Qiddiya," are set to encompass approximately 28 billion square meters, underscoring a period of intensive development and economic progress in the region.

### 3- Spread of Diseases

In the Kingdom, sedentary lifestyles and unhealthy dietary practices contribute to a substantial health burden, particularly with the high prevalence of obesity among both genders. The country faces a diabetes epidemic, with a prevalence rate of 18.7% in 2021G, making it the second highest country in the GCC region for diabetes and obesity, after Kuwait. Compared to global benchmarks, the Kingdom exhibits higher rates of diabetes and a similar level of obesity as the United States. Additionally, non-communicable diseases (NCDs) such as cardiovascular diseases, particularly ischemic heart disease and strokes, are major contributors to mortality, accounting for 47% of deaths in 2022G. Population aging is also associated with a rise in cancer cases, with 28,133 new cancer diagnoses in 2022G.

Consanguineous marriages and folic acid insufficiency in expectant mothers contribute to a notable prevalence of congenital anomalies, particularly cardiac, genitourinary, craniofacial and nervous system defects among children. High rates of road traffic accidents place a significant strain on healthcare systems, necessitating the establishment of trauma treatment facilities and emergency care services. Despite the findings of the 2023G Saudi National Mental Health Survey, which highlight the links between personal, social, economic and environmental factors and mental health disorders, limited funding and research underscore significant gaps in both inpatient and outpatient mental healthcare services, despite increasing demand.

The evolving healthcare landscape in the Kingdom, shaped by an aging population, the rising prevalence of non-communicable diseases, and a high incidence of traumatic injuries, underscores the urgent need to improve medical infrastructure to support acute and post-acute care. There is a significant demand for specialized services such as long-term care and rehabilitation in fields such as cardiology, neurology, orthopedics and oncology, necessitating the establishment of dedicated centers to address these critical healthcare needs.

### 4- Government Transformation Initiatives

Saudi Vision 2030 serves as a comprehensive roadmap for the Kingdom's economic and developmental aspirations, setting clear goals and responsibilities in order to achieve its objectives. One of its key components is the Health Sector Transformation Program (HSTP), which aims to restructure the Saudi health sector into an efficient, integrated and value-based ecosystem focused on patient health. The program has been designed to operate collaboratively with all health sector entities and the relevant government agencies to ensure alignment with national objectives throughout the transformation process. The program, encompassing all health entities within a strategic framework, focuses on facilitating access to health services, enhancing the quality and efficiency of care, improving prevention of health risks and promoting road safety.

Some of the main objectives of the HSTP program are: (i) to raise the life expectancy in the Kingdom from 75 to 80 years by launching a series of initiatives within the NTP aimed at reducing health risks that affect lifespan and quality of life; and (ii) reducing road traffic fatalities to align with international figures — 10 per 100,000 people. In 2023G, the initiative successfully achieved its objectives, significantly reducing road traffic fatalities from 28.4 to 13.1 and expanding primary healthcare coverage to 88% of the population, achieving remarkable milestones ahead of its 2025G timeline. The progress reflects the program's evolving journey and the transformative changes in the healthcare landscape over the previous two years, which have been driven by the following strategic reform initiatives: Health Sector Governance, Modern Healthcare Model, Institutional Transformation of Healthcare Facilities, National Health Insurance and New Financing Models, E-Health, Workforce Initiative and Private Sector Participation.

The Kingdom's public-private partnership (PPP) healthcare delivery extends across various healthcare sectors, including primary and preventive care, as well as specialized opportunities in sub-specialties. Currently, there are four active PPP projects and 14 upcoming projects. Major healthcare groups are well-poised to capitalize on these opportunities due to their strong track record of delivering high-quality healthcare services and their significant market presence. Specialized Medical Company, in particular, benefits from strong partnerships with Government entities such as the Ministry of Health and the Ministry of Defense due to its previous partnerships in long-term care contracts, which enhances its position as a leading player in the healthcare sector. As evidence of the strong partnership between Specialized Medical Company and the Ministry of Health, the joint venture led by the Company and represented through AlMukhtas Al Sehhi Company, were shortlisted as the preferred bidder for the first PPP contract for the SABIC Behavioral Care Specialist Hospital, demonstrating the depth of their collaborative engagement and successful business alliance.

### 5- Prevalence of Health Insurance

In line with Saudi Vision 2030 and the National Transformation Program, the Kingdom is reshaping its healthcare reimbursement system in order to increase service utilization. The Program for Health Assurance and Purchasing (PHAP) was established to streamline services for public healthcare providers. The National Platform for Health and Insurance Exchange Services (NPHIES), introduced in 2021G, enhances connectivity among healthcare stakeholders. In 2022G, the Ministry of Health mandated expanded health insurance coverage, including primary healthcare and telehealth enhancements. The recent restructuring of unified healthcare services was launched under the framework of Health Holding Company with the Center for National Health Insurance (CNHI). The Ministry of Health will oversee regulation, while Health Holding Company will provide services, with PHAP acting as a key driver within the Ministry of Health.

Between 2019G and 2023G, the insurance sector in the Kingdom experienced significant growth, with total gross written insurance premiums reaching SAR 65.5 billion in 2023G, representing a 14.6% increase. Health insurance contributed approximately 59% of total global warming potential. Despite a temporary dip in the number of insured individuals due to expatriate departures during the pandemic, the number of insured individuals rebounded, growing at a CAGR of 5.7%. By 2023G, approximately 33% of the population was covered by health insurance, with the CHI index aiming to cover 21.7 million individuals by 2030G, representing approximately 54% of the population.

The shift of the healthcare system towards value-based care, focusing on quality and outcomes over quantity, aims to improve patient health, reduce costs and enhance overall healthcare experiences. This transformation includes a strategic focus on insurance programs for the middle class, with an emphasis on cost-effective and accessible services to optimize resource utilization and broaden patient reach, aligning with the evolving healthcare landscape's focus on value over cost.

### 6- Manpower Availability

While the Kingdom has made significant progress in physician density, establishing itself as a regional leader in healthcare, there remains a notable disparity in nurse-to-population ratios compared to certain other GCC countries and established healthcare systems. Furthermore, the distribution of physicians tends to favor general specialties, resulting in a shortage of physicians in specialized care disciplines.

The Government aims to strengthen the healthcare workforce by reducing reliance on foreign healthcare workers through the Saudization initiative. Launched in April 2022G, this initiative targets key health sectors, implementing measures such as 60% Saudization in health specialty occupations with some professions reaching 80% following the updated mandate in 2024G.

### 7- Healthcare Spending

Healthcare spending in the Kingdom increased from 4.4% of GDP in 2013G to 6.0% in 2021G. In 2024G, the Government allocated SAR 214 billion (USD 57.1 billion) to the health sector, representing approximately 17% of the total budget. Meanwhile, countries such as the United States and the United Kingdom allocate higher proportions of GDP to healthcare.

In 2019G, Government spending on health constituted approximately 70% of total healthcare expenditure. To further increase private sector participation, the Government aims to raise the private sector contribution of 25% to 35% by 2030G. Collaborative efforts are expected to drive market growth, with projections indicating a rise in public sector spending from USD 45 billion in 2022G to USD 69 billion by 2035G. Private sector spending is projected to increase from USD 16 billion in 2022G to approximately USD 33 billion by 2035G, with the total market size expected to reach approximately USD 102 billion by 2035G.

Despite the Kingdom's per capita healthcare spending rising from USD 1,292 in 2018G to USD 1,665 in 2022G, it remains lower than that of countries such as the United States and the United Kingdom, highlighting significant growth opportunities in the healthcare sector.

## Overview of the Healthcare Market in Riyadh

Several key factors influence the growth of the healthcare sector in Riyadh, including:

### 1- Demographics

Riyadh's economic development is expected to fuel population growth, with projections indicating a population rise from 7.5 million in 2024G to 9.5 million by 2035G, at a CAGR of 2.1%. This growth exceeds the national average of 1.2%.

The Kingdom's rapid urbanization has led to a population of approximately 31.4 million in 2023G, with Riyadh leading the Kingdom's cities in terms of population, currently representing 20% of the total population and projected to reach 22% by 2035G. Riyadh's youth population constitutes 60% of the total population, driving demand for opportunities, accommodation, jobs and healthcare services. Riyadh's expatriate population has also grown significantly, from 2.9 million to 4.2 million between 2010G and 2022G, leading to increased demand for essential services such as healthcare.

## 2- Availability of Current and Upcoming Healthcare Services

In 2023G, Riyadh emerged as a pivotal healthcare hub within the Kingdom, hosting 22% of the country's hospitals and 27% of total hospital beds, with 24.5% and 34.9% allocated to the public and private sectors, respectively. Between 2018G and 2023G, public hospital beds saw a 2.5% CAGR increase, while the private sector experienced a 2.6% CAGR growth, highlighting the growing significance of private healthcare within the region. As Riyadh expands as a leading business and healthcare hub, demand for healthcare services is expected to rise, positioning Riyadh as a premier healthcare destination.

In 2023G, Riyadh's healthcare sector experienced significant growth, with inpatient admissions amounting to 1.1 million, at a 5.8% CAGR since 2018G. Driving factors behind this growth included population expansion, improved healthcare awareness, increased service availability and rising demand for specialized care. Outpatient clinic visits also steadily increased at a 3.4% CAGR, underscoring the shift towards preventative care.

Surgical procedures in Riyadh nearly doubled between 2018G and 2023G, reaching approximately 700 thousand surgeries, driven by advancements in surgery, increased access to specialized surgeons and a growing trend towards elective procedures. Leading public health institutions such as King Faisal Specialist Hospital & Research Centre and King Fahad Medical City exemplify Riyadh's commitment to quality healthcare.

Key private healthcare groups such as Specialized Medical Company, Mouwasat Medical Services, Dallah Healthcare, and Dr. Sulaiman Al Habib Medical Group collectively control approximately 63% of the region's private bed capacity, reducing market fragmentation and fostering a more cohesive healthcare delivery approach. Specialized Medical Company, poised to become one of Riyadh's largest private healthcare providers with approximately 1,275 hospital beds, commanding a 12% share of the private hospital bed market, is a significant player in this landscape.

The healthcare market in Riyadh is poised for significant growth, driven by mega projects such as King Salman Park, the Sports Boulevard, Qiddiya, North Pole, Roshn, Khuzam Suburb and the New Murabba. These developments aim to elevate healthcare services, particularly in primary, secondary and specialized care, including medical tourism.

Private healthcare groups, notably Specialized Medical Company, are strategically expanding their presence in Riyadh. Specialized Medical Company leads in terms of outpatient clinics, currently operating 266 clinics and aiming to reach 770 by 2030G. This investment in primary care clinics and associated facilities addresses the increasing demand for primary healthcare services in Riyadh. The focus on digital health solutions, such as telemedicine and mobile health clinics, enhances accessibility and efficiency in healthcare delivery.

The role of the private sector in Riyadh's healthcare market growth is substantial, with PPP initiatives being implemented to enhance healthcare infrastructure. Al Yamamah Hospital embodies this commitment. Government initiatives to establish health clusters and Health Holding Company aim to foster PPP opportunities and active private sector involvement in Riyadh's healthcare services.

The adoption of advanced technologies and AI-based systems is becoming essential for key healthcare groups such as Specialized Medical Company. In alignment with initiatives like NPHIES, which streamlines linkages between insurance and medical services, Specialized Medical Company demonstrates a commitment to integrating advanced healthcare solutions with efficient insurance processes, enhancing patient care and overall healthcare system efficiency.

Based on announced offerings and projected growth, approximately 6,850 hospital beds are projected to be added to Riyadh by 2035G, bringing the total to approximately 30,000 beds, with approximately 40% allocated to the private sector. However, to achieve the healthcare goals of Saudi Vision 2030, approximately 1,500 additional beds are needed to meet the targeted bed-to-population ratio of 2.7 per 1,000 people. Strategic investments and innovative healthcare solutions are considered essential in bridging this gap and accelerating the expansion of medical infrastructure.

By 2035G, there will be demand for an estimated 1,500 beds across specialties such as cardiology, orthopedics, obstetrics, gynecology, neurology and general surgery in Riyadh. These specialties account for 47% of the surgical volume in Ministry of Health hospitals.

# Summary of Financial Information

The financial information and key performance indicators set out below should be read in conjunction with the special-purpose consolidated financial statements for the years ended 31 December 2021G and 2022G, the reissued consolidated financial statements for the year ended 31 December 2023G and the unaudited consolidated financial statements for the nine-month period ended 30 September 2024G, along with the notes thereto, which have been prepared in accordance with the IFRS-KSA and have been audited by the Auditor Deloitte and Touche & Co. - Chartered Accountants, as included in Section 18 "**Financial Statements and Auditor's Report**" of this Prospectus.

The financial information for the financial years ended 31 December 2021G and 31 December 2022G has been derived from the financial information presented in the special-purpose consolidated financial statements for the financial years ended 31 December 2021G and 2022G, and the financial information for the financial year ended 31 December 2023G has been derived from the reissued consolidated financial statements for the year ended 31 December 2023G. The financial information for the nine months ended 30 September 2023G and 30 September 2024G has been derived from the unaudited financial statements for the nine months ended 30 September 2024G, including the comparative period ended 30 September 2023G.

The tables below present the Company's summary statement of comprehensive income, summary statement of financial position, summary statement of cash flows, and select key performance indicators (KPIs) for the financial years ended 31 December 2021G, 31 December 2022G and 31 December 2023G and for the nine-month periods ended 30 September 2023G and 2024G.

**Table (4): Statement of Comprehensive Income for the Financial Years Ended 31 December 2021G, 2022G and 2023G and the Nine-Month Periods Ended 30 September 2023G, and 2024G**

| SAR '000 | Financial Year 2021G (Audited) | Financial Year 2022G (Audited) | Financial Year 2023G (Audited) | Nine-Month Period Ended 30 September 2023G (Unaudited) | Nine-Month Period Ended 30 September 2024G (Unaudited) |
|---|---|---|---|---|---|
| Revenue | 1,053,124 | 1,208,654 | 1,367,930 | 992,794 | 1,111,287 |
| Cost of revenue | (815,695) | (922,979) | (1,011,480) | (737,668) | (768,515) |
| **Gross profit** | **237,429** | **285,675** | **356,449** | **255,126** | **342,773** |
| General and administrative expenses | (162,363) | (149,480) | (132,651) | (105,070) | (136,471) |
| Sales and marketing expenses | (5,868) | (8,447) | (9,215) | (6,588) | (7,260) |
| **Operating profit** | **69,198** | **127,748** | **214,582** | **143,468** | **199,042** |
| Financing costs | (18,886) | (29,821) | (48,459) | (35,864) | (39,487) |
| Other income | 8,976 | 9,188 | 8,576 | 6,528 | 5,713 |
| **Profit before Zakat** | **59,288** | **107,116** | **174,700** | **114,132** | **165,268** |
| Zakat | (3,321) | (4,155) | (6,004) | (4,428) | (6,204) |
| Profit for the year/ period | 55,967 | 102,961 | 168,696 | 109,703 | 159,063 |
| **Other comprehensive income** | | | | | |
| **Items that will not be subsequently reclassified to profit or loss** | | | | | |
| Remeasurement of employee defined benefit obligations | (2,147) | (5,372) | 4,519 | 3,389 | 3,525 |
| **Total comprehensive income for the year/period** | **53,820** | **97,589** | **173,215** | **113,092** | **162,588** |

| SAR '000 | Financial Year 2021G (Audited) | Financial Year 2022G (Audited) | Financial Year 2023G (Audited) | Nine-Month Period Ended 30 September 2023G (Unaudited) | Nine-Month Period Ended 30 September 2024G (Unaudited) |
|---|---|---|---|---|---|
| **As a percentage of revenue/percentage points** | | | | | |
| Gross profit (%) | 22.5% | 23.6% | 26.1% | 25.7% | 30.8% |
| Profit for the year/ period (%) | 5.3% | 8.5% | 12.3% | 11.0% | 14.3% |
| **KPIs** | | | | | |
| Number of clinics | 240 | 240 | 262 | 262 | 266 |
| Number of patients per clinic | 3,125 | 3,940 | 4,378 | 3,157 | 3,437 |
| Number of beds | 755 | 755 | 726 | 740 | 578 |
| Number of patients per bed | 324 | 333 | 333 | 246 | 294 |

Source: The special-purpose consolidated financial statements for the financial year ended 31 December 2022G, the reissued consolidated financial statements for the financial year ended 2023G, the unaudited consolidated financial statements for the nine-month period ended 30 September 2024G and Management information.

**Table (5): Summary of Financial Information from the Consolidated Statement of Financial Position for the Financial Years Ended 31 December 2021G, 2022G and 2023G and the Nine-Month Period Ended 30 September 2024G**

| SAR '000 | As of 31 December | | | As of 30 September |
|---|---|---|---|---|
| | 2021G (Audited) | 2022G (Audited) | 2023G (Audited) | 2024G (Unaudited) |
| Non-current assets | 1,231,335 | 1,391,512 | 1,455,825 | 1,467,816 |
| Current assets | 605,083 | 495,330 | 618,406 | 735,915 |
| **Total assets** | **1,836,418** | **1,886,842** | **2,074,230** | **2,203,731** |
| **Total Shareholders' equity** | **684,246** | **731,835** | **845,049** | **907,637** |
| Non-current liabilities | 610,602 | 505,283 | 518,266 | 467,124 |
| Current liabilities | 541,571 | 649,725 | 710,915 | 828,970 |
| **Total liabilities** | **1,152,173** | **1,155,008** | **1,229,181** | **1,296,093** |
| **Total Shareholders' equity and liabilities** | **1,836,418** | **1,886,842** | **2,074,230** | **2,203,731** |
| **KPIs** | | | | |
| Average accounts payable days (number of days) | 40 | 43 | 41 | 38 |
| Average inventory days (number of days) | 9 | 8 | 9 | 9 |

| SAR '000 | As of 31 December | | | As of 30 September |
|---|---|---|---|---|
| | 2021G (Audited) | 2022G (Audited) | 2023G (Audited) | 2024G (Unaudited) |
| Average accounts receivable days (number of days) | 118 | 116 | 125 | 139 |
| Working capital as a percentage of revenue* | 41% | 24% | 27% | 33% |
| Return on assets* | 3.0% | 5.5% | 8.1% | 9.6% |
| Return on Shareholders' equity* | 8.2% | 14.1% | 20.0% | 23.4% |
| Debt-to-equity ratio | 95% | 87% | 74% | 77% |
| Revenue growth rate | N/A | 14.8% | 13.2% | 11.9% |
| Current ratio | 111.7% | 76.2% | 87.0% | 88.8% |
| Bed occupancy rate | 80.9% | 82.8% | 81.1% | 78.4% |

Source: The special-purpose consolidated financial statements for the financial year ended 31 December 2022G, the reissued consolidated financial statements for the financial year ended 2023G, the unaudited consolidated financial statements for the nine-month period ended 30 September 2024G, and Management information.

* Working capital has been calculated as a percentage of revenue, while return on assets and return on Shareholders' equity has been calculated on an annual basis.

**Table (6): Summary of Financial Information from the Audited Statement of Cash Flows for the Financial Years Ended 31 December 2021G, 2022G and 2023G and the Nine-Month Periods Ended 30 September 2023G and 2024G**

| SAR '000 | Financial Year Ended 31 December | | | Nine-Month Period Ended 30 September |
|---|---|---|---|---|
| | 2021G (Audited) | 2022G (Audited) | 2023G (Audited) | 2024G (Unaudited) |
| Net cash generated from operating activities | (84,245) | 177,482 | 233,371 | 147,821 |
| Net cash used in investing activities | (74,942) | (60,821) | (72,003) | (76,033) |
| Net cash used in financing activities | 140,536 | (107,694) | (135,328) | (67,661) |
| **Net increase in cash and cash equivalents during the year** | | | | |
| Cash and cash equivalents at the beginning of the year | 31,468 | 12,816 | 21,783 | 47,823 |
| Cash and cash equivalents at the end of year | 12,816 | 21,783 | 47,823 | 51,950 |

Source: The special-purpose consolidated financial statements for the financial year ended 31 December 2022G, the reissued consolidated financial statements for the financial year ended 2023G, the unaudited consolidated financial statements for the nine-month period ended 30 September 2024G.

# Summary of Risk Factors

The following is a summary of the risk factors associated with investment in the Offer Shares. However, this summary does not include all the information that may be of importance to investors. Persons wishing to invest in the Offer Shares must carefully review all of the information contained in this Prospectus, and any decision regarding investment in the Offer Shares should be based on this Prospectus in full. In particular, the "**Important Notice**" section on page (i) and Section 2 "**Risk Factors**" of this Prospectus should be carefully reviewed before making any decision to invest in the Offer Shares. Subscribers should not rely solely on this summary.

## Risks Related to the Company's Activities and Operations

1- Risks related to the Company's reputation and brand
2- Risks related to the quality of healthcare services
3- Risks related to reliance on a limited number of healthcare facilities and their geographical concentration in Riyadh
4- Risks related to the concentration of healthcare facility revenues on specific Departments
5- Risks related to realization of the Company's strategy
6- Risks related to keeping pace with developments in the medical field and medical technologies
7- Risks related to the Company's revenue growth rates
8- Risks related to attracting and retaining highly qualified healthcare practitioners
9- Risks related to employing and retaining senior management and senior executives
10- Risks related to contracting with government agencies
11- Risks related to the Group's lack of full control over affiliates and strategic partnership projects
12- Risks related to the contracts and transactions with related parties
13- Risks Related to the inability to renew or amend existing material contracts
14- Risks related to the real estate owned by the Company
15- Risks related to the inability to renew current lease arrangements
16- Risks related to the expiration, suspension and non-renewal of licenses, permits and regulatory and operational approvals
17- Risks related to the non-renewal and non-issuance of material medical accreditation certificates
18- Risks related to medical errors
19- Risks related to non-compliance with internal policies and procedures and professional codes of conduct
20- Risks related to disputes and investigations
21- Risks related to medical waste management
22- Risks related to the efficiency of data protection operations and disaster management systems
23- Risks related to outbreaks of infectious diseases
24- Risks related to zakat, taxation and customs
25- Risks related to compliance with the Companies Law, the Capital Market Law and the Corporate Governance Regulations, which impose additional restrictions on the Company
26- Risks related to the company's exposure to operational risks and unexpected obstacles
27- Risks related to securing and maintaining the necessary financing
28- Risks related to force majeure
29- Risks related to reliance on key clients and insurance companies
30- Risks related to discounts and rejected claims
31- Risks related to the inadequacy of insurance coverage
32- Risks related to revenue sharing arrangements with doctors
33- Risks related to dependence on suppliers
34- Risks related to medical equipment

35- Risks related to management's experience in managing a company listed on the Exchange

36- Risks related to Board committees and the effectiveness of governance

37- Risks related to the issuance of the financial statements for the financial years ended 31 December 2021G and 2022G as special-purpose financial statements and the reissuance of the financial statements for the financial year ended 31 December 2023G

38- Risks related to the application of Financial Reporting Standards, the preparation of consolidated financial statements and the application of internal controls

39- Risks related to liquidity and collection of receivables

## Risks Related to the Market, Sector and Regulatory Environment

1- Risks related to changes in the regulatory environment

2- Risks related to competition

3- Risks related to the Competition Law

4- Risks related to non-compliance with Saudization requirements

5- Risks related to the economic situation in the Kingdom and globally

6- Risks related to foreign exchange rates

7- Risks related to adverse changes in interest rates

8- Risks related to the adoption of VAT and its impact on the Company

9- Risks related to changes in the regulatory environment to which the Company is subject

10- Risks related to natural disasters

11- Risks related to political, social and security instability in the Middle East and its impact on the Company's operations

12- Risks related to dependency on the insurance market

13- Risks related to the increase in government fees applicable to non-Saudi employees

14- Risks related to changes in the mechanism for calculating Zakat and Tax

## Risks Related to the Offer Shares

1- Risks related to effective control by the Selling Shareholders

2- Risks related to liquidity and the lack of a previous market for trading the Company's Shares

3- Risks related to fluctuations in the price of the Shares on the Exchange

4- Risks related to research published on the Company

5- Risks related to the Company's ability to distribute dividends

6- Risks related to the sale of a large number of Shares on the Exchange

7- Risks related to the issuance of new Shares on the Exchange post-Offering

8- Risks related to delays in closing the Offering and Listing the Offer Shares

9- Risks related to the inability of non-Qualified Foreign Investors to acquire the Shares directly

# Table of Contents

# List of Tables

# List of Exhibits

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Specialized Medical Company الشركة الطبية التخصصية

# 1. Definitions and Abbreviations

| | |
|---|---|
| **Affiliate** | A person who controls another person or is controlled by that other person, or who is under common control with that person by a third person. In any of the preceding, control could be direct or indirect. |
| **Al-Mukhtas Al-Sehhi Medical Co.** | A limited liability company in which the Company owns 51% of the capital, registered under Commercial Registration No. 1009176637, dated 15/07/1446H (corresponding to 15/01/2025G). |
| **Application Form** | The application form to be used by the Participating Parties to bid for the Offer Shares during the book building period, which must be submitted to the Bookrunner no later than the final day of the book building period. This term includes, when applicable, the appended bid form when the price range is changed. |
| **Auditor** | Deloitte and Touche & Co., Chartered Accountants. |
| **Bid Form** | The Bid Form used by Participating Parties to register their bids for the Offer Shares during the Book Building Period. This term includes (as applicable) the appended bid form when the price range is changed. |
| **Board or Board of Directors** | The Board of Directors of the Company. |
| **Board Secretary** | The secretary of the Company's Board of Directors. |
| **Book Building Instructions** | The Instructions for Book Building Process and Allocation Method in Initial Public Offerings (IPOs) issued pursuant to CMA Board Resolution No. 2-94-2016, dated 15/10/1437H (corresponding to 20/07/2016G), as amended by CMA Board Resolution No. 1-103-2022, dated 02/03/1444H (corresponding to 28/09/2022G), and as may be amended. |
| **Bookrunners** | EFG Hermes KSA and SNB Capital. |
| **Business Day** | Any day on which the Receiving Agents are open for business in the Kingdom (excluding Fridays and Saturdays and any official holidays). |
| **Bylaws** | The Bylaws of the Company as approved by the General Assembly. |
| **Capital Market Authority (CMA)** | The Capital Market Authority of the Kingdom. |
| **Capital Market Institutions** | Capital Market Institutions authorized by the CMA to conduct securities business. |
| **Capital Market Law (CML)** | The Capital Market Law promulgated by Royal Decree No. M/30, dated 02/06/1424H (corresponding to 31/07/2003G), as amended. |
| **Chairman or Chairman of the Board of Directors** | The chairman of the Board of Directors. |
| **Companies Law** | The Companies Law promulgated by Royal Decree No. M/132, dated 01/12/1443H (corresponding to 30/06/2022G), as amended. |
| **Company Branches** | Refers to the following branches of the Company:<br>a- SMC Hospital (1) – King Fahd Road.<br>b- SMC Hospital (2) – King Abdullah Road.<br>c- O&M Branch.<br>d- SMC Hospital (3) – Northern Ring Road.<br>e- Diet World Branch (a branch of Specialized Medical Company). |
| **Company or Issuer** | Specialized Medical Company. |
| **Control** | Pursuant to the definition stated in the Glossary of Defined Terms Used in the Regulations and Rules of the CMA, "control" means the ability to, directly or indirectly, influence the acts or decisions of another person, individually or collectively with a Relative or Affiliate, through any of the following: (1) holding 30.0% or more of the voting rights in the Company, or (2) having the right to appoint 30.0% or more of the members of the administrative staff. The term "controlling" shall be construed accordingly. |
| **Corporate Governance Regulations (CGRs)** | The Corporate Governance Regulations issued by the CMA Board based on the Companies Law under Resolution No. 8-16-2017, dated 16/05/1438H (corresponding to 13/02/2017G), as amended by CMA Board Resolution No. 5-8-2023, dated 25/06/1444H (corresponding to 18/01/2023G). |
| **Council of Health Insurance (CHI)** | An independent Government body with a legal personality established pursuant to Council of Ministers' Resolution No. 71, dated 27/04/1420H (corresponding to 11/08/1999G), for the purpose of overseeing the implementation of the Cooperative Health Insurance Law in the Kingdom. |
| **Diet World Branch** | A branch of Specialized Medical Company, registered under Commercial Registration No. 1010156585, dated 26/08/1420H (corresponding to 04/12/1999G), which is concerned with providing catering and ready-made food services. |

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|---|---|
| **Director or Directors** | The Director(s) of the Company whose names are listed in Section 5 "**Organizational Structure and Corporate Governance**" of this Prospectus. |
| **Dr. Ebel Kliniken International GmbH Company** | A limited liability company registered in Germany operating in the field of establishing, managing and operating health clinics. |
| **Extraordinary General Assembly** | An extraordinary general assembly of Shareholders convened in accordance with the Bylaws. |
| **Financial Advisors** | EFG Hermes KSA and SNB Capital. |
| **Financial Statements** | The Company's financial statements for the period covered in this Prospectus, namely the financial years ended 31 December 2021G, 2022G and 2023G and the nine-month period ended 30 September 2024G. |
| **Financial Year** | The financial year of the Company, which runs from 1 January to 31 December of each calendar year. |
| **Foreign Strategic Investor (FSI)** | A foreign legal person aiming to own a direct interest in the shares of a listed company for a period of no less than two years for the purpose of contributing to enhancing the financial or operating performance of the listed company. |
| **G** | Gregorian. |
| **GCC Investor with a Legal Personality** | Any company the majority of whose capital is owned by natural persons who are citizens of GCC states or their governments and who have the nationality of a GCC state according to the definition contained in the resolution of the Supreme Council of the Cooperation Council for the Arab States of the Gulf issued in its fifteenth session, as approved by Cabinet Resolution No. 16, dated 20/01/1418H (corresponding to 27/05/1997G), in addition to GCC funds the majority of whose capital is owned by citizens of GCC states or their governments. |
| **General Assembly** | An Extraordinary General Assembly or Ordinary General Assembly, and "General Assembly" shall mean any General Assembly of the Company. |
| **Glossary of Defined Terms Used in the Regulations and Rules of the CMA** | The Glossary of Defined Terms Used in the Regulations and Rules of the Capital Market Authority issued pursuant to CMA Board Resolution No. 4-11-2004, dated 20/08/1425H (corresponding to 04/10/2004G), as amended by CMA Board Resolution No. 3-6-2024, dated 05/07/1445H (corresponding to 17/01/2024G). |
| **Government** | The government of the Kingdom of Saudi Arabia, and the term "Governmental" shall be construed accordingly. |
| **Group** | The Company, collectively with its Subsidiaries and branches. |
| **Gulf Cooperation Council (GCC)** | The Cooperation Council for the Arab States of the Gulf. Its member states are the Kingdom of Saudi Arabia, the Kingdom of Bahrain, the State of Kuwait, the Sultanate of Oman, the State of Qatar, and the United Arab Emirates. |
| **H** | Hijri. |
| **Health Gate** | A limited liability company registered in the Kingdom operating in the field of establishing, managing and operating healthcare facilities. |
| **Implementing Regulations of the Companies Law** | The Implementing Regulations of the Companies Law for Listed Joint-Stock Companies issued by the CMA Board under the Companies Law pursuant to Resolution No. 8-127-2016, dated 16/01/1438H (corresponding to 17/10/2016G), as amended by CMA Board Resolution No. 2-114-2024, dated 04/04/1446H (corresponding to 07/10/2024G). |
| **Individual Subscribers** | Natural Saudi persons, including any Saudi female divorcee or widow with minor children from a marriage to a non-Saudi individual, who has the right to subscribe in the names of her minor children, provided that she proves that she is the mother of her minor children, as well as GCC nationals, in each case, who have a bank account with one of the Receiving Agents and have the right to open an investment account. |
| **International Financial Reporting Standards (IFRS)** | The International Financial Reporting Standards endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements approved by the Saudi Organization for Chartered and Professional Accountants (SOCPA). |
| **International Specialized Food Co.** | A limited liability company wholly owned by the Company and registered under Commercial Registration No. 1010402336, dated 21/03/1435H (corresponding to 23/01/2014G). |
| **Investment Funds Regulations (IFRs)** | The Investment Funds Regulations (IFRs) issued by CMA Board Resolution No. 1-219-2006, dated 03/12/1427H (corresponding to 24/12/2006G), as amended by CMA Board Resolution No. 2-22-2021, dated 12/07/1442H (corresponding to 24/02/2021G). |
| **Kingdom or KSA** | The Kingdom of Saudi Arabia. |
| **Labor Law** | The Labor Law issued promulgated by Royal Decree No. M/51, dated 23/08/1426H (corresponding to 27/09/2005G), as amended. |
| **Lead Manager** | SNB Capital. |

| | |
|---|---|
| **Legal Advisor** | White & Case for Advocacy and Legal Consultations. |
| **Listing** | Admission of the Company's shares to listing on the Exchange in accordance with the Listing Rules. |
| **Listing Rules** | The Listing Rules approved by CMA Board Resolution No. 3-123-2017, dated 09/04/1439H (corresponding to 27/12/2017G), as amended by CMA Board Resolution No. 4-114-2024, dated 04/04/1446H (corresponding to 07/10/2024G). |
| **Lock-up Period** | The period during which the Substantial Shareholders are subject to a Lock-up Period of six (6) months, starting from the commencement of trading of the shares on the Exchange, during which the Substantial Shareholders shall be prohibited from disposing of their Shares. |
| **Long-Term Care Department (LTC)** | The Long-Term Care Department (LTC) is a specialized unit providing continuous and comprehensive care for patients with chronic health conditions or disabilities that require long-term medical support and care. |
| **Market Consultant** | Jones Lang LaSalle Saudi Arabia Ltd. |
| **Market Study** | The market study prepared by Jones Lang LaSalle Saudi Arabia Ltd. |
| **MHRSD** | Ministry of Human Resources and Social Development (MHRSD) of the Kingdom. |
| **Ministry of Commerce (MoC)** | The Ministry of Commerce of the Kingdom. |
| **O&M Branch** | A branch of Specialized Medical Company, registered under Commercial Registration No. 1010431691, dated 03/06/1436H (corresponding to 23/03/2015G), which is concerned with the management of maintenance and operations in the Company's buildings and facilities. |
| **Offer Price** | Twenty five Saudi Riyals (SAR 25.0) per share. |
| **Offer Shares** | Seventy-five million (75,000,000) ordinary shares, representing thirty percent (30.0%) of the Company's share capital for public subscription on the Saudi Exchange. |
| **Offering** | The initial public offering of the Company's shares under the terms set forth in this Prospectus. |
| **Offering Period** | The period commencing on Wednesday 01/12/1446H (corresponding to 28/05/2025G) and continuing for two (2) days, up to and including the closing day on Thursday 02/12/1446H (corresponding to 29/05/2025G). |
| **Official Gazette** | Umm Al-Qura newspaper, the official gazette of the Kingdom of Saudi Arabia. |
| **Off-Site Clinics** | Outpatient clinics owned and operated by the Company's hospitals in locations outside the Company's medical complexes, buildings, and hospitals. |
| **Ordinary General Assembly** | An ordinary general assembly of Shareholders convened in accordance with the Bylaws. |
| **Participating Parties** | The parties entitled to participate in the book building process, namely:<br>a- public and private funds that invest in securities listed on the Saudi Stock Exchange, if permissible under the terms and conditions of such funds, in compliance with the provisions and restrictions set forth in the Investment Funds Regulations (IFRs) and the Book Building Instructions;<br>b- Capital Market Institutions licensed by the CMA to trade in securities as principals, in compliance with the provisions of the Prudential Rules upon submission of a Bid Form;<br>c- clients of a Capital Market Institution authorized by the CMA to conduct management activities in accordance with the provisions and restrictions set forth in the Book Building Instructions;<br>d- legal persons allowed to open an investment account in the Kingdom and an account with the Securities Depository Center (Edaa);<br>e- Government entities, any supranational authority recognized by the CMA or the Exchange or any other stock exchange recognized by the CMA or the Securities Depository Center (Edaa);<br>f- Government-owned companies, whether investing directly or through a private portfolio manager; and<br>g- GCC companies and GCC funds, if permissible according to the terms and conditions of such funds. |
| **Prospectus** | This Prospectus, which has been prepared by the Company in connection with the Offering. |

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|---|---|
| **Public** | Persons other than the following:<br>1- Affiliates of the Issuer;<br>2- Substantial Shareholders of the Issuer;<br>3- Directors and Senior Executives of the Issuer;<br>4- Directors and Senior Executives of the Affiliates of the Issuer;<br>5- Directors and Senior Executives of the Substantial Shareholders of the Issuer;<br>6- any Relatives of the persons referred to in (1), (2), (3), (4) or (5) above;<br>7- any company controlled by any person referred to in (1), (2), (3), (4), (5) or (6) above; and<br>8- persons acting in concert with a collective shareholding of 5% or more of the class of shares to be listed. |
| **Qualified Foreign Investor (QFI)** | A qualified foreign investor in accordance with the Rules for Foreign Investment in Securities to invest in listed securities. |
| **Receiving Agents** | The receiving agents listed on page (x) to (xii) of this Prospectus. |
| **Related Party** | In this Prospectus and in accordance with the Glossary of Defined Terms Used in the Regulations and Rules of the CMA, the term "**Related Party**" or "**Related Parties**" includes the following:<br>a- Affiliates of the Issue;<br>b- Substantial Shareholders of the Issuer;<br>c- Directors and Senior Executives of the Issuer;<br>d- Directors and Senior Executives of the Affiliates of the Issuer;<br>e- Directors and Senior Executives of the Substantial Shareholders of the Issuer;<br>f- any Relative of the Persons referred to in (a), (b), (c), (d) or (e) above; and<br>g- any company controlled by any persons referred to in (a), (b), (c), (d), (e) or (f) above. |
| **Relatives** | Husbands, wives, and minor children.<br>For the purposes of the Corporate Governance Regulations, this term includes:<br>• fathers, mothers, grandparents, grandmothers, and ascendants thereof;<br>• children, grandchildren, and descendants thereof;<br>• full brothers and sisters, paternal half-brothers and sisters and maternal half-brothers and sisters; and<br>• husbands and wives. |
| **Rules for Foreign Investment in Securities** | The Rules for Foreign Investment in Securities issued pursuant to CMA Board Resolution No. 2-26-2023, dated 05/09/1444H (corresponding to 27/03/2023G). |
| **Rules on the Offer of Securities and Continuing Obligations (OSCOs)** | The Rules on the Offer of Securities and Continuing Obligations (OSCOs) issued by CMA Board Resolution No. 3-123-2017, dated 09/04/1439H (corresponding to 27/12/2017G), as amended by CMA Board Resolution No. 3-114-2024, dated 04/04/1446H (corresponding to 07/10/2024G). |
| **Saudi Organization for Chartered and Professional Accountants (SOCPA)** | The Saudi Organization for Chartered and Professional Accountants in the Kingdom (formerly known as the Saudi Organization for Certified Public Accountants (SOCPA)). |
| **Saudi Riyal or SAR** | The Saudi riyal, the official currency of the Kingdom of Saudi Arabia. |
| **Saudi Vision 2030** | The national strategic economic program that aims to reduce dependency on oil and the petrochemical industry, diversify the Saudi economy and develop public services, which was announced by the Saudi Government in 2016G. |
| **Selling Shareholders** | • Abdul Rahman Saad AlRashid and Sons Co.<br>• Abdullah Saad AlRashid and Sons Co.<br>• Al-Thomad Trading Company.<br>• Rashid Saad AlRashid and Sons Co.<br>• Khaled Mokaimen Duwaihes Al-Anzi.<br>• Mohammed Saleh Mohammed AlQanbaz. |
| **Senior Executives or Executive Management** | Any natural person who is entrusted, alone or with others, by the Company's Board or by a Company Director with the tasks of supervision and management, and who reports directly to the Board of Directors, a Company Director, or the Managing Director. |
| **Shareholders** | Any holder of shares in the Company. |
| **Shares or Current Shares** | Any ordinary share with a nominal value of one Saudi Riyal (SAR 1) of the Company's share capital. |

| | |
|---|---|
| **SMC Hospital (1) – King Fahd Road** | Specialized Medical Center Hospital (a branch of Specialized Medical Company), a joint-stock company branch registered under Commercial Registration No. 1010150227, dated 30/02/1419H (corresponding to 25/06/1998G). |
| **SMC Hospital (2) – King Abdullah Road** | Specialized Medical Center Hospital (a branch of Specialized Medical Company), a joint-stock company branch registered under Commercial Registration No. 1010413585, dated 09/07/1435H (corresponding to 08/05/2014G). |
| **SMC Hospital (3) – Northern Ring Road** | Specialized Medical Company (CJSC), a joint-stock company branch registered under Commercial Registration No. 1010851377, dated 04/06/1444H (corresponding to 28/12/2022G). |
| **Stock Exchange, the Exchange or Saudi Tadawul** | The Saudi Exchange Company. |
| **Subscribers** | The Participating Parties and Individual Subscribers. |
| **Subscription Application Form** | The Subscription Application Form that Individual Subscribers and Participating Parties (as applicable) must complete to subscribe for the Offer Shares. |
| **Subsidiaries** | The Company's non-material subsidiaries, namely: (1) International Specialized Food Co. LLC, and (2) Al-Mukhtas Al-Sehhi Medical Co. LLC. |
| **Substantial Shareholders** | Any person holding 5% or more of the Company's share capital. |
| **Swap Agreements** | A type of agreement through which non-Saudi individual investors residing outside the Kingdom and institutions registered outside the Kingdom agree with a Capital Market Institution licensed by the CMA to invest indirectly in order to obtain the economic benefits of the shares by acquiring the same. |
| **Underwriters** | EFG Hermes KSA and SNB Capital. |
| **Underwriting Agreement** | The underwriting agreement entered into between the Company, the Selling Shareholders, and the Underwriters in connection with the Offering. |
| **Value Added Tax (VAT)** | The Council of Ministers' Resolution dated 02/05/1438H (corresponding to 30/01/2017G) approved the Unified Value Added Tax (VAT) Agreement for the GCC countries, which came into effect as of 01/01/2018G as a new tax added to the system of other taxes and fees that must be implemented by specific sectors within the Kingdom and in GCC countries. The amount of this tax is 5%. A number of products have been exempted from VAT (such as basic foodstuffs and services related to healthcare and education). The Ministry of Finance announced an additional increase in VAT to 15% as of 01/07/2020G. |
| **ZATCA** | The Zakat, Tax and Customs Authority in the Kingdom. |

smc

Specialized Medical Company الشركة الطبية التخصصية

# 2. Risk Factors

Prospective investors are advised to carefully consider all of the information contained within this Prospectus, in particular the risk factors described below, prior to making an investment decision whether to invest in the Offer Shares. Notwithstanding this, the risks set out in this Prospectus may not necessarily represent all of the risks that the Company may face or the risks related to investment in the Offer Shares. There may be additional risks that are not currently foreseen or known to the Company, or that may be deemed immaterial but may nevertheless affect the Company's business, financial position, results of operations and prospects, should they materialize.

The Company's business, financial position, results of operations and prospects may be adversely affected if any of the following risks, or other risks that have not been identified as material or are currently considered not to be material, were to materialize. As a result of such risks or other factors that may affect the Company, its business and prospects, the forward-looking events and circumstances discussed in this Prospectus might not occur in the way the Company and/or the Directors expect, or at all. These may also result in a reduction in the price of the Offer Shares and affect the Company's ability to distribute dividends in the future, resulting in prospective investors losing all or part of their investment in the Offer Shares. Accordingly, prospective investors should consider all of the information set out in this Prospectus as a whole, including the information provided in Section 4 "**Overview of the Company and the Nature of its Business**" and Section 11 "**Legal Information**" when making a decision to invest in the Offer Shares.

The Directors also confirm that, as of the date of this Prospectus and to the best of their knowledge and belief, there are no other material risks besides those mentioned in this section, the non-disclosure of which would affect prospective investors' decisions to invest in any Offer Shares.

An investment in the Offer Shares is only suitable for investors who are capable of assessing the risks and consequences of such an investment and who have sufficient resources to bear any losses that might result from such investment. Any prospective investor who has any doubts concerning the appropriate course of action to be taken should consult a financial advisor licensed by the CMA for advice in connection with any investment in the Offer Shares.

The risks set out below are not presented in an order which reflects their importance or anticipated effect on the Company, its business, financial position, results of operations or prospects. Accordingly, the risks set out in Section 2 "**Risk Factors**" of this Prospectus do not purport to be: (a) a complete list of all of the risks that may affect the Company or its operations, activities, assets or the markets in which it operates; and/or (b) an explanation of all of the risks involved in investing in the Offer Shares.

## 2.1 Risks Related to the Company's Activities and Operations

### 2.1.1 Risks Related to the Company's Reputation and Brand

The goodwill and prestigious reputation associated with the Company's brand (Specialized Medical Company) are among the key pillars of the continued success of the Company and its operations. The Company recently changed its brand name from "**Specialized Medical Center**" to "**Specialized Medical Company**", in order to more accurately reflect the scope of the Company's services and activities and to support the Company's growth and future aspirations. The Company seeks to maintain its goodwill, reputation, and brand by taking the necessary measures to address any unauthorized use of its trademarks by third parties. To achieve this, the Company has registered the key trademarks it uses for its business operations in the Kingdom (for further information regarding the Group's trademarks, please refer to Section 11.13 "**Intellectual Property**" of this Prospectus). However, trademarks owned or used by the Company may be subject to violations by third parties, which may include illegal or unauthorized use of such trademarks. If the Company is unable to protect its trademarks from such violations, the Company's goodwill may be adversely affected, which would have a material adverse effect on the Company's business, results of operations, financial position, and prospects.

Moreover, the Company may not be able to achieve an increase in its profitability and revenue through its brand promotion campaigns. In addition, changing the Company's name and brand may not achieve the intended results or may otherwise achieve results that are contrary to those intended by the Company. This is due to several reasons, including the possibility of confusion among the Company's clients who may not recognize its new brand, which may adversely affect their demand for the Company's hospitals. In addition, the Company's brand may not be positively perceived by its clients. The goodwill and reputation which the Company has built since its establishment may be adversely affected when changing its brand, thus leading to a dilution of its market share. The Company's new identity may not be consistent with its position in the market or with the needs and expectations of clients, which may hinder its growth. Certain internal factors related to the Company, such as the poor quality of healthcare services provided by the Company and neglect of patient complaints and feedback, as well as certain external factors such as third party embezzlement, infringement or damage to the Company's intellectual property rights, or the Company being exposed to complaints, investigations or other legal procedures or illegal acts targeting the Company, may negatively affect the quality and value of the Company's goodwill. In addition, the Company, or any other companies that may use the Company's trademarks, may be exposed to negative publicity or media coverage, which may cause damage to the Company's reputation and its trademarks and cause it to lose patients. Furthermore, the Company or any companies that use the Company's trademarks may at any time be exposed to negative comments on various social media and electronic platforms, which may have an adverse impact on the Company's reputation and image in general. The Company's inability to prevent or avoid the occurrence of these matters or to manage or address them in an appropriate manner would have an adverse and material effect on the Company's business, financial position, results of operations and prospects.

### 2.1.2 Risks Related to the Quality of Healthcare Services

The quality of healthcare services provided by the Company is contingent on several factors, including, for example, (1) the experience of and accessibility to the healthcare professionals, (2) the effectiveness of diagnosis and treatment, (3) the availability of modern technology and its continuous advancement, (4) ease of access to the Company's medical facilities, (5) the quality of the patient service experience and the speed of service delivery, (6) the compliance of the Company's employees and healthcare practitioners with professional and internal regulations, rules and directives, (7) the speed and accuracy of billing and accounting processes, (8) the availability of modern medical equipment and devices, and (9) the comprehensiveness of healthcare services provided for patients to cover all of their medical needs. If the Company is unable to maintain the quality of healthcare services provided to patients and visitors, the Company's reputation will be materially and adversely affected and its ability to increase its market share within the healthcare sector will decline. The Company may also become subject to negative publicity which leads to a decrease in patient demand for its healthcare facilities and consequently to them resorting to other hospitals and healthcare centers, which would have a material adverse effect on the Company's business, results of operations, financial position, and prospects.

### 2.1.3 Risks Related to Reliance on a Limited Number of Healthcare Facilities and Their Geographical Concentration in Riyadh and the Expansion of Insurance Networks

All of the Company's hospitals are located in Riyadh, and therefore most of the Company's revenue from the healthcare services it provides is concentrated within a specific geographic area. The revenue of SMC Hospital (1) – King Fahd Road accounted for 78.2%, 71.3%, 68.6% and 64.9% of the Company's revenue in 2021G, 2022G and 2023G and the nine-month period ended 30 September 2024G, respectively, while the revenue of SMC Hospital (2) – King Abdullah Road accounted for 21.8%, 28.7%, 31.4% and 35.1% of the Company's revenue for the same periods, respectively. As a result, the Company's revenue may decline due to any of the factors affecting the facilities or that may affect the healthcare sector in Riyadh, such as increased competition with other private healthcare facilities, a decrease in the number of insured persons, demographic changes in Riyadh in general or changes in the legislative and regulatory environment related to the business of these facilities, which would have a material adverse effect on the Company's business, financial position, results of operations and prospects.

Since the commencement of its operations in March 2020G, the revenue growth rate for SMC Hospital (2) – King Abdullah Road reached 50.7%, 24.0% and 21.7% in the financial years ended 31 December 2022G and 2023G and the nine-month period ended 30 September 2024G, respectively. This growth is attributed to the ramp up of the hospital's operating and occupancy rate, its strategic location, and the hospital's initiatives to expand its patient base. For example, the Group has historically been represented across high-tier insurance networks such as Networks 6 and 7. Network tiers vary in terms of access, coverage and level of services and benefits available to insured persons, according to a classification of tiers from Network 1 to 7, with Network 7 providing the highest level. However, it has recently expanded its presence through strategic initiatives with insurance companies such as Bupa Arabia for Cooperative Insurance Company to enable access to lower-tier insurance networks, such as Network 5. Revenue generated from insurance companies as a percentage of the Company's total revenue increased from 55.5% in 2021G to 72.2% in 2023G, while the average accounts receivable days from insurance companies improved from 139 days as of 31 December 2021G to 118 days as of 30 September 2024G. Expansion of the Company's insurance networks to include lower-tier networks may expose the Company to additional risks of delayed collections and lower payment rates, which could have a material adverse effect on the Company's business, results of operations, financial position and prospects.

The Company follows various procedures for the purpose of managing delays in payment by insurance companies, as the Company's finance team periodically reviews the status of accounts receivable and monitors key performance indicators to ensure accuracy and efficiency in assessing the financial position of insurance companies, in order to assess and monitor the financial solvency of insurance companies. The Revenue Cycle Management (RCM) team also holds monthly meetings to identify and address any obstacles the Company may encounter in collecting dues from insurance companies, enhance its overall financial performance, and improve the collection process. Through such meetings, the RCM team assesses potential risks related to amounts due from insurance companies and, when necessary, sends notices to delinquent insurance companies of the closure of their available credit arrangements should outstanding amounts not be settled within 10 days. The Company also automates the collection process, with billing and claims operations integrated through the NPHIES platform, facilitating the automatic uploading of all claims every 15 or 30 days, followed by GSS confirmation from insurance companies. Payers are provided with an updated account statement, and most payments are settled on a monthly basis. If any amounts remain outstanding, they are followed up by the Company's collection team to ensure prompt settlement. If insurance companies delay or default on payments, or if the Company fails to comply with its internal procedures for managing delayed payments by insurance companies, this would have a material adverse effect on the Company's business, results of operations, financial position, and prospects.

### 2.1.4 Risks Related to the Concentration of Healthcare Facility Revenues on Specific Departments

The Company offers a wide range of healthcare services through SMC Hospital (1) - King Fahd Road and SMC Hospital (2) - King Abdullah Road. However, the Company's revenue is particularly concentrated on revenue generated from specific departments within these hospitals. The following table sets out the revenues generated by the Company's main departments for the financial years ended 31 December 2021G, 2022G and 2023G and the nine-month period ended 30 September 2024G, and their percentage of the Company's total revenue during the same periods:

**Table (7): Company Revenue by Main Department for the Financial Years Ended 31 December 2021G, 2022G and 2023G and the Nine-Month Period Ended 30 September 2024G**

| No. | Department | Value of Revenue (SAR million) | | | | Revenue as a Percentage of Company Revenue | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | 31 December 2021G | 31 December 2022G | 31 December 2023G | 30 September 2024G | 31 December 2021G | 31 December 2022G | 31 December 2023G | 30 September 2024G |
| 1. | Inpatients | 640,560 | 660,285 | 718,772 | 552,109 | 60.8% | 54.6% | 52.5% | 49.7% |
| 2. | Outpatient clinics | 322,336 | 404,301 | 503,910 | 424,492 | 30.6% | 33.5% | 36.8% | 38.2% |
| 3. | Outpatient pharmacies | 140,086 | 191,932 | 232,754 | 184,932 | 13.3% | 15.9% | 17.0% | 16.6% |
| 4. | ER | 47,417 | 76,817 | 114,140 | 87,760 | 4.5% | 6.4% | 8.3% | 7.9% |
| 5. | Other services | 34,760 | 33,127 | 35,291 | 20,902 | 3.3% | 2.7% | 2.6% | 1.9% |

Source: The Company

The Company's revenue is also particularly concentrated in revenue generated from specific clinics within its hospitals. The following table sets out the revenues generated by the five highest revenue-generating clinics for the financial years ended 31 December 2021G, 2022G and 2023G and the nine-month period ended 30 September 2024G, and their percentage of the Company's total revenue during the same periods:

**Table (8): Company Revenue from Key Clinics for the Financial Years ended 31 December 2021G, 2022G and 2023G and the Nine-Month Period Ended 30 September 2024G**

| No. | Item | Value of Revenue (SAR '000) | | | | |
|---|---|---|---|---|---|---|
| | | 31 December 2021G | 31 December 2022G | 31 December 2023G | 30 September 2023G | 30 September 2024G |
| 1. | Total revenue of key clinics | 163,155 | 204,886 | 252,505 | 182,831 | 210,401 |
| 2. | Total revenue of clinics | 322,336 | 404,302 | 503,909 | 362,094 | 424,493 |
| 3. | Total net revenue | 1,053,124 | 1,208,654 | 1,367,930 | 992,794 | 1,111,287 |
| 4. | As a percentage of outpatient clinic revenue | 50.6% | 50.7% | 50.1% | 50.5% | 49.6% |
| 5. | As a percentage of total net profit | 15.5% | 17.0% | 18.5% | 18.4% | 18.9% |

Source: The Company

Should the revenue of any of these departments or from their key clinics decline due to any factors affecting their operations, such as increased competition with other private healthcare facilities, changes in medical staff, a decrease in patient numbers or a deterioration in the reputation of the medical services provided in such departments or clinics. The occurrence of this could negatively impact the Company's revenue, resulting in a material adverse effect on the Company's business, financial position, results of operations and prospects.

## 2.1.5 Risks Related to Realization of the Company's Strategy

### A- Risks Related to the Construction of New Healthcare Facilities and the Construction Period Thereof

The Company relies on independent contracting, engineering, and supply companies to build and construct its new healthcare facilities. These companies are entrusted with the bulk of the construction tasks associated with new medical projects the Company undertakes. These construction works include structural building works, technical equipment, decoration works, technological equipment, safety and security equipment, and the supply of medical devices, as well as other equipment necessary for the preparation and operation of medical facilities. These construction and fit-out activities are subject to various factors that may lead to delays or increased associated costs, including shortages of available resources and equipment, shortages of local and foreign labor, environmental disasters, natural disasters, disputes with contracting, engineering or supply companies, or the Company's inability to enter into suitable contracts with such companies in order to complete the various projects. Delays in the completion of new projects or increased costs would hinder the Company's growth strategy, which in turn would adversely affect its business, financial position, results of operations and future prospects.

### B- Risks Related to Integrating Future Operations into the Company's Current Operations

The Company aims to expand the scope of its operations within the Kingdom over the coming years, by establishing and developing new medical facilities and integrating them operationally with its existing medical facilities. Such new facilities will be enabled to leverage the technical, informational and technological infrastructure and other administrative and operational systems used in the Company, in addition to them applying the medical and administrative policies and protocols adopted by the Company. It is worth noting that the Company's expansion plans include the construction of three tertiary care hospitals in Riyadh (for further information, please refer to Section 4.10 "**Current and Future Projects**" of this Prospectus). The joint venture led by the Company and represented through AlMukhtas Al Sehhi Company, were shortlisted as the preferred bidder for a PPP project to manage a mental health facility within the Kingdom. This project is being developed in partnership with Dr. Ebel Kliniken International GmbH Company and Health Gate Company and aims to address the significant shortage of mental health services across the Kingdom. The project is expected to start commercial operations in early 2026G. The Company's success in integrating its previous projects with its existing projects does not guarantee that it will achieve the same competitive advantages in its current operations in operational, financial and supervisory terms, nor does it guarantee the realization of the competitive advantages expected from this integration in the future, which would have an adverse effect on the Company's business, financial performance, results of operations and prospects.

### C- Risks Related to Capital Works-in-Progress

As at 30 September 2024G, the value of the Company's capital works-in-progress amounted to approximately SAR 77.4 million. These works mainly relate to the development of SMC Hospital (3) - Northern Ring Road project, which is expected to be completed during Q4 of 2027G, and the nurses accommodation development in Ishbiliya District, which aims to provide housing for nurses working at SMC Hospital (2) - King Abdullah Road (for further information, please refer to Section 6 "**Management Discussion and Analysis of Financial Position and Results of Operations**" of this Prospectus).

If the Company is unable to fund the capital expenditures primarily through operating cash flows, the Company will need additional sources of financing to support its operations, which would increase its indebtedness. If the Company is unable to secure the additional sources of financing necessary to support its capital expenditures, or is unable to secure them on favorable terms, the Company's ability to complete its ongoing projects may become limited, which may materially and adversely affect the Company's business, financial results and prospects.

### D- Risks Related to Future Capital Expenditures

The Company's long-term strategy includes expanding its business by establishing three new hospitals in Riyadh (for further information, please refer to Section 4.10 "**Current and Future Projects**" of this Prospectus). The Company's expansion projects may result in an increase in its future capital expenditures.

The Company's capital expenditures amounted to SAR 70.138 million, SAR 60.886 million, SAR 72.841 million and SAR 76.058 million for the financial years ended 31 December 2021G, 2022G and 2023G and the nine-month period ended 30 September 2024G, respectively. Should the Company's future capital expenditures exceed projections, the Company's operating expenses and profit margins may be negatively affected, which may lead to a material adverse effect on the Company's business, financial results, and prospects.

### 2.1.6 Risks Related to Keeping Pace with Developments in the Medical Field and Medical Technologies

The Company continuously strives to update its devices and equipment and keep pace with technical and technological advancements in order to maintain its distinguished competitive position in the healthcare market. However, doing so may require significant expenditures that the Company may not always be able to sustain. Accordingly, the Company seeks to rationalize and balance these expenses by avoiding investment in devices and equipment that are not essential and regularly used, and focuses instead on investing in essential medical equipment and technologies. The Company also avoids neglecting the updating of its current equipment and technologies for extended periods in order to ensure that it does not become unable to provide modern services compatible with the latest developments in medical technologies. The Company's total capital expenditures related to medical equipment amounted to SAR 23.1 million, SAR 15.5 million and SAR 25.98 million for the financial years ended 31 December 2022G and 2023G and the nine-month period ended 30 September 2024G, respectively. If the Company is unable to invest in modern technologies by purchasing new medical equipment and technologies or updating its current equipment and technologies, or if modern equipment and technologies emerge that the Company cannot afford. The occurrence of this would lead to a decline in the Company's ability to meet patient needs and, consequently, a loss of part of its market share. If the Company invests in devices and equipment that exceed its needs, this will result in additional costs related to the depreciation and operation of those assets. If any of these risks were to occur, they can have a material adverse effect on the Company's business, financial position, results of operations and prospects.

### 2.1.7 Risks Related to the Company's Revenue Growth Rates

The Company generates its revenue from healthcare services and other medical projects and initiatives provided by Company-owned medical facilities. The total revenue generated from these medical services related to inpatients, outpatient clinics, outpatient pharmacies and emergency rooms amounted to approximately 97.1%, 97.6% and 97.8% of total revenue for the financial years ended 31 December 2021G, 2022G and 2023G, and approximately 98.4% for the nine-month period ended 30 September 2024G.

The Company's annual revenue growth rate from medical services was 11.4% between 2021G and 2022G, and 9.7% between 2022G and 2023G, with a CAGR of 10.5% between 2021G and 2023G, while the annual growth rate was 12.8% between the nine-month period ended 30 September 2023G and the same period of 2024G. Meanwhile, the annual revenue growth rate from trade and retail was 35.6% between 2021G and 2022G, and 30.5% between 2022G and 2023G, with a CAGR of 33% between 2021G and 2023G, while the annual growth rate was 8.3% between the nine-month period ended 30 September 2023G and the nine-month period ended 30 September 2024G.

The healthcare sector is generally is exposed to multiple risks as outlined in Section 2.2 "**Risks Related to the Market, Sector and Regulatory Environment**" of this Prospectus. The Company may not be able to avoid the risks and challenges it may face or that the healthcare sector as a whole may face in the event of a decrease in demand for healthcare services within the Kingdom as a result of the realization of any of the risks affecting the sector, which may force the Company to reduce the scope of healthcare services provided by it and thus reduce its revenues, or it may not be able to grow its revenues or expand the scope of its operations. Therefore, the Company may not be able to grow its business volume or increase its revenue at the same rate of growth as in previous years. If any of these risks were to occur, they would result in a material adverse effect on the Company's business, results of operations, financial position, and prospects.

### 2.1.8 Risks Related to Attracting and Retaining Highly Qualified Healthcare Practitioners

The Company's recruitment and retention of competent healthcare practitioners, including doctors, nurses, and other technical and technological staff, along with their reputation and skills of healthcare practitioners and their ability to attract and retain patients, are considered fundamental to the Company's success. The Company faces ongoing challenges in recruiting and retaining medical and administrative staff across various specialties due to their relative scarcity in the Kingdom, as the Company competes with other public and private health facilities within the Kingdom and abroad in order to attract and retain such staff.

Healthcare practitioners typically take several factors into consideration when selecting a healthcare facility at which they will work, including salaries and benefits, working hours, the quality of devices and equipment, the infrastructure of health facilities, the efficiency of the work environment, the quality of the nursing staff and the reputation of the health facility compared to its competitors within the sector, in addition to geopolitical and economic factors that may impact the willingness of non-Saudi healthcare practitioners from outside the Kingdom to relocate to and work in the Kingdom. If the Company is unable to compete with other health facilities in any of these aspects, it may not be able to attract competent and reputable healthcare practitioners to work at its medical facilities.

In addition, the recruitment process involves meeting several regulatory requirements, including obtaining work visas for foreigners, and complying with labor rules and regulations and the Saudization ratios imposed by the MHRSD. Healthcare practitioners must also register with the Saudi Commission for Health Specialties (SCFHS) and obtain classification for healthcare practitioners, obtain professional practice licenses, and complete the mandatory training imposed by the Saudi Commission for Health Specialties. The Company's inability to meet these requirements may limit its ability to attract and retain healthcare practitioners. As a result, the Company may struggle to meet its operational needs or deliver high-quality healthcare services.

The Company's business growth and expansion require the Company to attract and employ skilled doctors, nurses, and administrative staff. In the event the Company is unable to employ the necessary staff, it may not be able to grow its business and achieve its strategy, which may have a material adverse effect on the Company's business, results of operations and prospects.

### 2.1.9 Risks Related to Employing and Retaining Senior Management and Senior Executives

The Company relies on its Senior Management and Senior Executives and their extensive experience in the healthcare sector to manage the Company's affairs and its medical facilities successfully and effectively. As with healthcare practitioners, the healthcare sector as a whole faces a shortage of experienced and qualified administrators due to intense and increasing competition among healthcare service providers and commercial companies operating in other sectors, particularly given the scarcity of such competencies. The Company is working to develop compensation, salary, allowance, and incentive programs for its key employees and to invest in developing their key skills in an effort to retain them. If one or all of the Senior Executives or other senior employees of the Company decide to leave the Company (for further information, please refer to Section 5.3.2 "**Biographies of the Senior Executives**" of this Prospectus), the Company may not be able to attract qualified employees to fill the vacant positions, which will weaken the experience of the Company's Senior Management team. This, in turn, would negatively impact the implementation of the Company's strategic plans and would thus affect the Company's ability to provide high-quality healthcare services. If any of these risks were to materialize, this would have an adverse and material effect on the Company's business, results of operations, financial position, and prospects.

### 2.1.10 Risks Related to Contracting with Government Agencies

The Company's strategy includes growing its business through participation in Government healthcare projects, initiatives, and contracts. The Company's revenues resulting from its dealings with Government entities constituted 20.7%, 15.9%, 11.8% and 8.5%, amounting in total to SAR 217,976,000, SAR 192,604,000, SAR 161,085,000 and SAR 94,379,000, of the Company's total revenue for the financial years ended 31 December 2021G, 2022G and 2023G and the nine-month period ended 30 September 2024G, respectively. Participation in these projects involves risks related to the contracting process with the relevant Government entities, including delays in the issuance of the Government approvals necessary to launch these projects and initiatives. In addition, political and economic factors may affect the commercial and legal terms of contracts that are offered or awarded by Government entities. Government contracts often involve stricter terms compared to other commercial contracts, which are difficult to amend, negotiate, or renew due to the regulatory restrictions imposed on Government contracts in general. The Company may face delays in receiving its dues from Government agencies. The Company's entry into contracts with Government entities on unfavorable terms, delays in the Company's receipt of its dues from such contracts or the termination or non-renewal of any of the Company's contracts with the Government may have a material adverse effect on the Company's business, financial performance, results of operations and prospects. The Company has provided services through its long-term care (LTC) division as part of three-year arrangements with Government entities, including the Ministry of National Guard Health Affairs (MNGHA), Prince Sultan Military Medical City, Security Forces Hospital, and King Faisal Specialist Hospital & Research Centre (KSFH&RC), however these contracts have expired as of September 2024G.

The Company also entered into a contract dated 21/12/1445H (corresponding to 27/06/2024G) to provide long-term healthcare services to patients with Prince Sultan Military Medical City, which includes provisions allowing the Government entity to terminate the contract if public interest so requires. While this contract does not include a definition of public interest or a method to measure whether public interest requires termination of the contract, if the Government entity reaches a conclusion that public interest requires termination of the contract, the Government will have the right to terminate the contract with the Company, which would have a material adverse effect on the Company's business, financial performance, results of operations and prospects.

It should be noted that the Company has adopted a strategy to reduce its reliance on long-term care (LTC) patients and focus on increasing revenue from outpatient clinics. This strategy resulted in a 3.8% decrease in total patient visits in the financial year 2023G, attributable to a 20.7% decrease in LTC patients. This decrease was accompanied by a decrease in LTC beds, from 755 in the financial year 2022G to 726 in the financial year 2023G. Such decrease continued until the end of the financial period ended September 2024G, along with a 6.4% decrease in inpatient visits and a decrease in LTC beds, reflecting the strategic shift pursued by the Company.

### 2.1.11 Risks Related to the Group's Lack of Full Control Over Subsidiaries and Strategic Partnership Projects

The Company sometimes seeks to enter into strategic partnerships with foreign companies in order to participate in certain Government projects and initiatives. For example, the Company entered into a partnership agreement with Dr. Ebel Kliniken International GmbH Company and Health Gate to participate with them as a consortium in a project for the operation of a mental health hospital within a PPP project. This partnership agreement resulted in the establishment of Al-Mukhtas Al-Sehhi Medical Co. While the Company owns 51% of this company's capital, the Company does not have absolute control over it, as this company was established for the specific purpose of participating in the PPP project, and therefore its nature requires that certain decisions need the approval of all partners so that no single partner can pass them unilaterally. These decisions include, for example, making changes to the capital of this company, dissolving the company, declaring its bankruptcy, merging it with another company, or selling part of its assets with a value exceeding five million Saudi Riyals (SAR 5,000,000). Accordingly, this company or other companies in which the Company may hold a stake in the future may not be managed in a manner that is entirely consistent with the Company's vision, investment strategy or growth, or may create conflicts of interest between the Company on one hand and Al-Mukhtas Al-Sehhi Medical Co. . There is no guarantee that the minority partners in Al-Mukhtas Al-Sehhi Medical Co. or other companies will act in a manner that serves the Company's interests or its growth strategy, which would have a material adverse effect on the Company's business, results of operations, financial position and prospects.

### 2.1.12 Risks Related to Related Party Contracts and Transactions

The Company has entered into a number of contracts and transactions with Related Parties (including Shareholders, companies controlled by the Company's Substantial Shareholders, and Directors) in order to conduct some of its activities and business. For example, the Company has entered into a contract to rent properties from Bunyan REIT which is 60% owned by Abdul Rahman Saad AlRashid and Sons, one of the Substantial Shareholders of the Company. Moreover, the Company entered unto a lease agreement to rent a property used by the Company for its business, with Saudi Bonyan Co., which is owned by Abdul Rahman Saad AlRashid and Sons Co., a Substantial Shareholder in the Company. The Company has also entered into several contracts with Abdul Rahman Saad AlRashid and Sons Co., a Substantial Shareholder in the Company, including a contract for the design and construction of accommodation buildings for nurses, a contract for the implementation of the accommodation project for the Company's employees and a contract for excavation works. The Company has also entered into two parking services agreements with Code Innovative Company, which is owned by the sister of the Board Chairman and Vice Chairman. Furthermore, the Company has entered into transactions with Al-Thomad Travel and Tourism Company, which is owned by Al-Thomad Trading Company, a Substantial Shareholder in the Company, for the purpose of purchasing travel tickets for the Company's employees. Moreover, the Company has entered into a contract with Snow Bright Laundry for the provision of laundry and ironing services, which is partially owned by Khaled Mokaimen Duwaihes Al-Anzi, who was a Director of the Company at the time the contract was entered into. The Company entered into a legal services contract with Wakilk for Law and Legal Advice, which is owned by the son of Khaled Mokaimen Duwaihes Al-Anzi, who was a Director of the Company at the time the contract was entered into. The Company entered into a contract with Resala Mubasharat Al-Hayah Company, which is owned by the daughter of Khaled Mokaimen Duwaihes Al-Anzi, who was a Director of the Company at the time the contract was entered into. The Company also entered into four agreements to lease properties to the Advanced Food Co., which is owned by Abdul Rahman Saad AlRashid and Sons, one of the Substantial Shareholders of the Company. While the majority of related party transactions in which the Directors have an interest were approved at the Company's Ordinary General Assembly meeting held on 17/11/1445H (corresponding to 23/06/2024G), and the Extraordinary General Assembly held on 14/06/1446H (corresponding to 15/12/2024G), the Company will procure the approvals of the Board and the General Assembly in connection with the related party contracts that have been recently concluded on 13/09/1446H (corresponding to 13/03/2025G) with the Advanced Food Co..

Material transactions with Related Parties relate to purchases and services, lease payments and expenses incurred on behalf of Related Parties, as well as revenue. The total value of material transactions entered into with these Related Parties amounted to SAR 21.5 million, SAR 23.1 million, SAR 46.9 million and SAR 21.9 million in the financial years ended 31 December 2021G, 2022G and 2023G and the nine-month period ended 30 September 2024G. The material transactions and related amounts are as follows:

**Table (9): Material Transactions with Related Parties for the Financial Years Ended 31 December 2021G, 2022G and 2023G and the Nine-Month Period Ended 30 September 2024G**

| Item | (SAR million) | | | |
|---|---|---|---|---|
| | Financial Year 2021G (Audited) | Financial Year 2022G (Audited) | Financial Year 2023G (Audited) | Nine-Month Period Ended 30 September 2024G (Unaudited) |
| Purchases and services | 3.3 | 5.7 | 19.5 | 7.2 |
| Lease payments | 14.8 | 14.8 | 16.2 | 12.2 |
| Expenses incurred on behalf of Related Parties | 0.1 | 0.6 | 9.6 | 0.2 |
| Revenue | 3.2 | 2.0 | 1.6 | 2.3 |
| **Related Party transactions** | **21.5** | **23.1** | **46.9** | **21.9** |
| **Related Party transactions as a percentage of revenue(1)** | **0.31%** | **0.16%** | **0.12%** | **0.21%** |
| **Related Party transactions as a percentage of administrative expenses and cost of revenue(2)** | **1.86%** | **1.92%** | **3.12%** | **2.15%** |

Source: The special-purpose consolidated financial statements for the financial year ended 31 December 2022G, the reissued consolidated financial statements for the financial year ended 31 December 2023G and the unaudited consolidated financial statements for the nine-month period ended 30 September 2024G.

(1) Calculated based on dividing the material transactions related to revenue by total revenue.

(2) Calculated based on dividing the material transactions related to purchases, services, and lease payments by the total cost of revenue and administrative expenses.

Dues to Related Parties amounted to SAR 450 thousand, SAR 925 thousand, SAR 896 thousand and SAR 977 thousand in the financial years ended 31 December 2021G, 2022G and 2023G and the nine-month period ended 30 September 2024G, respectively (representing 0.04%, 0.08%, 0.07% and 0.08% of the total liabilities as at 31 December 2021G, 2022G and 2023G and 30 September 2024G, respectively).

Dues from Related Parties amounted to SAR 2,362 thousand, SAR 1,440 thousand, SAR 1,015 thousand and SAR 1,022 thousand in the financial years ended 31 December 2021G, 2022G and 2023G and the nine-month period ended 30 September 2024G, respectively (representing 0.13%, 0.08%, 0.05% and 0.05% of the total assets as at 31 December 2021G, 2022G and 2023G and 30 September 2024G, respectively).

The Company also provides discounts to its Shareholders, Directors, employees, and their families on the prices of healthcare services not covered by insurance. The percentage of these discounts for Shareholders, Directors and their families ranges between 10% and 50%, while the percentage of discounts offered to employees and their families ranges between 20% and 40%, with the discount percentage dependent on the type of service provided. These discounts are not granted under any special agreements concluded with Shareholders, Directors, or employees, but are substantially similar to the discounts the Company offers to cash-paying clients (i.e., those not covered by insurance). While the Company will strive to comply with the principles of dealing on an arm's length basis, the accumulation of these discounts may adversely affect the Company's business, financial position, results of operations and prospects.

While all transactions with Related Parties described in Section 11.11 "**Related Party Transactions**" have been concluded in a regular and legal manner and on an arm's length basis similar to those concluded with other third parties, there can be no guarantee that these contracts will be renewed upon expiration or that they will be renewed on terms appropriate to the Company. It is possible that the Company's Board of Directors or its General Assembly will not agree to renew these contracts concluded with Related Parties or that the Related Parties will not agree to renew them on terms agreed upon by the Company. Given the Company's reliance on these contracts, in the event these contracts are not renewed, or in the event they are renewed on terms that are not suitable for the Company, this would have a material adverse effect on the Company's business, results of operations, financial position and prospects.

### 2.1.13 Risks Related to the Inability to Renew or Amend Existing Material Contracts

The Company is a party to numerous material agreements and arrangements, including a contract for the provision of LTC services concluded with Prince Sultan Military Medical City and agreements with medical equipment supply and maintenance companies, operation and maintenance companies, medical laboratory service companies and other service providers. Some of these agreements will expire within 12 months or less from the date of this Prospectus, while others will expire within the next few years. The term of the agreement with Prince Sultan Military Medical City for the provision of LTC services is three years, renewable in certain cases only. The term of agreement with Dräger Arabia with respect to the maintenance of equipment is also three years, renewable with the consent of both parties to the agreement. Likewise, the term of the agreement with Mayo Clinic Laboratories for the provision of medical laboratory services is for three years, automatically renewable. Some of the agreements concluded by the Company include termination provisions that allow the parties to terminate the agreement without cause, by notice to the other party, with no minimum notice period, such as the agreement with Roche Diagnostics Saudi Arabia LLC, the agreement with Siemens Healthcare Limited and the agreement with Tawaqah Trading Company. The agreement relating to the provision of LTC services concluded with Prince Sultan Military Medical City includes provisions that allow Prince Sultan Military Medical City to terminate the agreement in the public interest, without stating the circumstances that result in the right to such termination (for further information regarding these agreements, please refer to Section 11.7 "**Material Agreements**" of this Prospectus).

These agreements may not be renewed in the future if the term of any of the agreements expires or is terminated, or they may not be renewed under their current terms. In the event that any of these agreements are not renewed or are renewed on terms that are less favorable to the Company from a commercial or legal perspective, the Company's business, results of operations, financial position and prospects will be materially and adversely affected.

The Company's material agreements include a number of agreements with insurance companies (for further information regarding the revenue generated from these agreements and their percentage of the Company's total revenue, please refer to Section 2.1.29 "**Risks Related to Reliance on Key Clients and Insurance Companies**" of this Prospectus), in addition to agreements concluded with suppliers and other service providers (for further information, please refer to Section 2.1.33 "**Risks Related to Dependence on Suppliers**" of this Prospectus).

The following table sets out the Company's material agreements and the percentage of purchases arising therefrom as a percentage of the Company's total costs:

**Table (10): Material Agreements of the Company and the Percentage of Purchases Arising Therefrom as a Percentage of the Company's Total Costs**

| | Material Agreements | Value of Purchases in SAR Million (Financial Year 2021G) | As a Percentage of the Company's Total Costs (Financial Year 2021G) | Value of Purchases in SAR Million (Financial Year 2022G) | As a Percentage of the Company's Total Costs (Financial Year 2022G) | Value of Purchases in SAR Million (Financial Year 2023G) | As a Percentage of the Company's Total Costs (Financial Year 2023G) | Value of Purchases in SAR Million (Months Ended 30 September 2024G) | As a Percentage of the Company's Total Costs (Months Ended 30 September 2024G) |
|---|---|---|---|---|---|---|---|---|---|
| 1. | Design and engineering services agreement with DAR International for Engineering Consultancy Company | - | - | - | - | 1,890 | 0.1869% | 1,470 | 0.1913% |
| 2. | Ancillary support services agreement with Allied Support Services Contracting Company (NASCOM) | 10,110 | 1.2394% | 10,930 | 1.1842% | 9,900 | 0.9788% | 6,980 | 0.9082% |

| | Material Agreements | Value of Purchases in SAR Million (Financial Year 2021G) | As a Percentage of the Company's Total Costs (Financial Year 2021G) | Value of Purchases in SAR Million (Financial Year 2022G) | As a Percentage of the Company's Total Costs (Financial Year 2022G) | Value of Purchases in SAR Million (Financial Year 2023G) | As a Percentage of the Company's Total Costs (Financial Year 2023G) | Value of Purchases in SAR Million (Months Ended 30 September 2024G) | As a Percentage of the Company's Total Costs (Months Ended 30 September 2024G) |
|---|---|---|---|---|---|---|---|---|---|
| 3. | Maintenance contract with Dräger Arabia Co. Ltd | 750 | 0.0919% | 750 | 0.0813% | 860 | 0.0850% | 730 | 0.0950% |
| 4. | Customer service agreement with Philips Medical Systems | 6 | 0.0007% | - | - | 260 | 0.0257% | 320 | 0.0416% |
| 5. | Comprehensive maintenance contract with Siemens Healthcare Limited | 1,570 | 0.1925% | 1,570 | 0.1701% | 1,420 | 0.1404% | 390 | 0.0507% |
| 6. | Catering services agreement with International Specialized Food Co. - Gourmet 360 (SMC 1) | 28,280 | 3.4670% | 29,280 | 3.1723% | 11,140 | 1.1014% | 8,090 | 1.0527% |
| 7. | Catering services agreement with International Specialized Food Co. - Gourmet 360 (SMC 2) | 4,220 | 0.5174% | 4,390 | 0.4756% | 4,500 | 0.4449% | 3,150 | 0.4099% |
| | **Total** | **44,963** | **6%** | **46,920** | **5%** | **29,970** | **3%** | **21,130** | **3%** |
| | **Total costs** | **815,695** | | **922,978** | | **1,011,480** | | **768,514** | |

In addition to the foregoing, the other parties to these agreements may disclose confidential information related to these agreements, which may have an adverse effect on the business, results of operations, financial position and prospects of the Company and its Subsidiaries (for further information regarding the confidentiality terms, please refer to Section 11.7 "**Material Agreements**" of this Prospectus).

### 2.1.14 Risks Related to Real Estate Owned by the Company

The Company owns fourteen (14) real estate properties on which it relies for the operation of its medical facilities, in addition to its hospitals that are still under construction (for further information, please refer to Section 11.9 "**Real Estate Owned by the Company**" of this Prospectus). Incidents may arise that could affect the Company's ownership of these properties, including, for example, expropriation for public benefit, disputes over ownership or enforcement by lenders against mortgaged properties under loan or financing agreements. If any of the above were to occur, this may adversely affect the Company's business, results of operations, financial position, and prospects.

It is also worth noting that one of these real estate properties is mortgaged under a loan agreement in favor of the Ministry of Finance. The following table sets out the details of the mortgaged real estate properties owned by the Company:

**Table (11): Real Estate Mortgaged and Owned by the Company**

| No. | Registered Owner | Title Deed Number | Mortgage | Title Deed Date | Location | Area (in square meters) |
|---|---|---|---|---|---|---|
| 1. | The Company | 210120031213 | Mortgaged in favor of the Ministry Finance (General Directorate of Local Loans and Subsidies) as a guarantee for the payment of an amount of SAR 42,342,000 under a loan obtained by the Company for expansion work within the SMC Hospital (1) - King Fahd Road complex | 13/04/1435H (corresponding to 13/02/2014G) | Plot located in Al Namuthajiyah District, Riyadh | 2,554.41 $m^2$ |

Source: The Company

It should be noted that on 28/08/1446H (corresponding to 27/02/2025G), the Company paid the final installment of the loan granted by the Ministry of Finance and is following the necessary procedures for the release of the mortgage on the real estate property mentioned in Table 11 above and the removal of the notation thereto on the title deed for this property. As at the date of this Prospectus, the mortgage notation remains on the title deed for the aforementioned property.

### 2.1.15 Risks Related to the Inability to Renew Current Lease Arrangements

On 20/07/1446H (corresponding to 20/01/2025G), the Company entered into an agreement to lease three residential buildings for employee accommodation purposes with Nasser Fuhaid Fahd Al-Dosari. The term of this agreement is five years, commencing on 01/07/1446H (corresponding to 01/10/2025G), and any renewal of this agreement is subject to the mutual agreement of the two parties. The Company has also entered into an agreement to lease a building for employee accommodation purposes with Princess Wasmiya Abdulrahman Mohamed Al-Muammar. The term of this agreement is five years, commencing on 28/03/1446H (corresponding to 01/10/2024G), and any renewal of this agreement is subject to the mutual agreement of the two parties. Furthermore, the Company entered into an agreement to lease Tower 2 (within the SMC Hospital (1) – King Fahd Road complex) with Saudi Bonyan Co. for a period of ten (10) years, commencing on 17/05/1442H (corresponding to 01/01/2021G) and ending on 16/09/1453H (corresponding to 31/12/2031G). Saudi Bonyan Co. gave the Company the right to renew the lease for a period of fifteen years commencing from 17/09/1453H (corresponding to 01/01/2032G) and ending on 03/03/1469H (corresponding to 31/12/2046G) pursuant to a letter dated05/07/1446H (corresponding to 05/01/2025G). Any subsequent renewal of this agreement is subject to the mutual written agreement of both parties. The lease agreement with Saudi Bonyan Co. is deemed a Related Party transaction since Saudi Bonyan Co. is wholly owned by Abdul Rahman Saad AlRashid and Sons Co., a Substantial Shareholder in the Company (for further information, please refer to Section 11.10.1.3 "**Lease Agreement for Tower 2 (within the SMC Hospital (1) - King Fahd Road Complex**" of this Prospectus). It should be noted that the lease agreement with Saudi Bonyan Co. has been approved by the Company's General Assembly.

These agreements may not be renewed in the future, or they may not be renewed under their current terms. In the event that any of these agreements are not renewed or are renewed on terms that are less favorable to the Company from a commercial or legal perspective, the Company's business, results of operations, financial position and prospects will be materially and adversely affected.

Moreover, the Ministry of Justice issued a Ministerial Resolution dated 04/05/1440H (corresponding to 01/01/2019G), pursuant to Council of Ministers' Resolution No. 292, dated 16/05/1438H (corresponding to 13/02/2017G), which considers lease contracts not documented through the "Ejar" platform to be unenforceable. As of the date of this Prospectus, the Company is a party to two lease contracts which are not documented through the Ejar platform (for further information, please refer to Section 11.10 "**Lease Agreements with Third Parties**" of this Prospectus). Accordingly, in the event of a dispute between the Company and its lessors or lessees regarding a lease contract, the Company may face difficulties in protecting its legal rights. Furthermore, the Company may face difficulties in renewing licenses and approvals related to those leased properties, which would have a material adverse effect on the Company's business, financial performance, results of operations and prospects.

### 2.1.16 Risks Related to the Expiration, Suspension and Non-Renewal of Licenses, Permits and Regulatory and Operational Approvals

As the Company operates in a regulated sector that is under the oversight of the Government, the Company must periodically renew a number of its licenses, permits and approvals and must occasionally amend the scope thereof. Many of these licenses, permits and approvals (including those issued by the Ministry of Municipal and Rural Affairs and Housing, the Directorate of Civil Defense, the Ministry of Health, the Council of Cooperative Health Insurance and the Saudi Central Board for Accreditation of Healthcare Institutions) are subject to specific terms that make them subject to suspension or cancellation in the event the Company is unable to comply therewith (for further information regarding the licenses and permits held by the Company, please refer to Section 11.6 "**Key Licenses, Approvals and Permits Obtained by the Company**" of this Prospectus). If the Company is unable to obtain any of the licenses, permits or approvals necessary for the conduct its business in the Kingdom, if its licenses or permits or the approvals issued to it expire or are suspended, if any of these licenses, permits and approvals are renewed under terms that are not favorable to the Company, or if the Company is unable to obtain additional necessary licenses, permits and approvals in the future, this will result in the suspension of the Company business in whole or in part or monetary fines being imposed on it by Government entities. This in turn may hinder or disrupt the Company's operations and cause the Company to incur additional costs, which would have a material adverse effect on the Company's business, results of operations, financial position, and prospects.

As of the date of this Prospectus, the Ministry of Health has imposed ten (10) penalties against the Company, each with a value of ten thousand Saudi Riyals (SAR 10,000). The Company has appealed all of these penalties, with the appeal process still under review. The penalties include the lack of a prominent display of the hospital's license, a shortage of therapeutic nutritionists within support services, the absence of a sorting and packaging room within the laboratory and the absence of signage explaining the rights and duties of patients within the hospital. Moreover, the Company received three notices from the Administrative Court of Riyadh in connection with "white land" fees relating to the land on which SMC Hospital (3) – Northen Ring Road, in the amounts of SAR 1,751,322 dated 17/01/1444H (corresponding to 15/08/2022G) which was subsequently settled on 27/09/1446H (corresponding to 27/03/2025G), SAR 1,208,877 dated 17/01/1445H (corresponding to 04/08/2023G) and SAR 1,956,696 dated 17/01/1446H (corresponding to 23/07/2024H). The Company appealed all of these notices of fees (including the one that was settled by the Company) with the Ministry of Municipal and Rural Affairs and submitted evidence that the relevant land is being developed and is not a "white land". The appeal is pending review. If the Company is not successful in its appeal or if the appeal is rejected by the Ministry of Municipal and Rural Affairs or if the Company is not successful in recovering the amount paid by it in respect of the first notice, the Company's business, financial position, results of operations and prospects may be adversely affected.

### 2.1.17 Risks Related to the Non-Renewal and Non-Issuance of Material Medical Accreditation Certificates

The Company seeks to adhere to best practices in the healthcare sector and to comply with the highest classification standards for healthcare facilities. The Company has obtained a number of mandatory and non-mandatory medical accreditation certificates for its current healthcare facilities (for further information regarding the medical accreditation certificates obtained by the Company, please refer to Section 4.3.7 "**Quality Accreditation Certificates**" of this Prospectus). While all key medical certificates and accreditations are valid as of the date of this Prospectus, such certificates and accreditations must be renewed upon expiration.

The Company's inability to renew these certificates, meet their conditions or obtain any certificates imposed in the future may result in the suspension or interruption of some or all of the healthcare services provided by the Company. This may have an adverse and material effect on the Company's reputation or may lead to the loss of some business, which would have a material adverse effect on the Company's business, financial position, results of operations and prospects.

### 2.1.18 Risks Related to Medical Errors

The Company is susceptible to medical errors by its medical staff, and the Company cannot guarantee that errors will not occur within its facilities in the future. Article 41 of the Law of Practicing Healthcare Professions stipulates that subscription to cooperative insurance against medical malpractice is mandatory for all doctors and dentists working in public and private health institutions. These institutions are responsible under the Law for payment of any remaining amounts awarded to affected patients as compensation for the damages incurred as a result of the medical error committed if the insurance coverage is insufficient in covering the value of the compensation. Accordingly, the Company is obligated, in accordance with Article 41, to bear the financial compensation that must be paid to patients affected by medical errors (for further information, please refer to Section 2.1.31 "**Risks Related to the Inadequacy of Insurance Coverage**" of this Prospectus). As of the date of this Prospectus, the Company is a defendant in five (5) lawsuits, all of which are related to medical errors. Two (2) of these lawsuits are material in terms of the estimated value of their claims, which amount to 79.2% of the value of claims under lawsuits related to medical errors. The total estimated value of the claims under these five (5) lawsuits amounts to eleven million, three hundred and sixty-three thousand Saudi Riyals (SAR 11,363,000) (for further information, please refer to Section 2.1.20 "**Risks Related to Disputes and Investigations**" of this Prospectus).

In certain cases, the Company may not be able to collect full compensation from its insurance company for legal or technical reasons, including the expiration of the policy, the expiration of the claim period, or because the claim is not covered by the insurance coverage, among other reasons. It is also possible that the value of the compensation collected by the Company from the insurance Company is less than the total value of the compensation due to the affected patient. In addition, the insurance coverage may not cover certain medical errors, and the Company may not be able to prove the basis of its claim to the insurance company before the relevant judicial authority, which may result in the Company incurring additional expenses and compensation towards patients. This would have a material adverse effect on the Company's business, financial position, results of operations and prospects.

If the Company does not provide appropriate and sufficient training to its health practitioners and these health practitioners do not follow the Company's directives and policies, the likelihood of medical errors occurring in the future will increase.

The occurrence of any of these risks will have a material adverse effect on the Company's business, results of operations, financial position, and prospects.

### 2.1.19 Risks Related to Non-Compliance with Internal Policies and Procedures and Professional Codes of Conduct

Health professionals must adhere to the rules of professional conduct set forth in the laws and regulations for practicing health professions, including the Law of Practicing Healthcare Professions issued by Royal Decree No. M/59, dated 04/11/1426H, and its Implementing Regulations issued by Ministerial Resolution No. 4080489, dated 02/01/1439H. The Saudi Commission for Health Specialties has also issued directives relating to health practitioner ethics. However, the Company cannot guarantee that its health practitioners will always adhere to its code of professional conduct and internal regulations, nor can it guarantee the adequacy of its internal procedures and rules regarding the application of the code of professional conduct. The Company or its health practitioners may be subject to financial or disciplinary penalties in the event of their failure to comply with the provisions and requirements of these laws and regulations, which may negatively impact the Company's reputation. The occurrence of any of these risks would have a material adverse effect on the Company's business, financial position, results of operations and prospects.

### 2.1.20 Risks Related to Disputes and Investigations

The Company may face lawsuits and statutory and regulatory procedures at any time in the future, whether filed by it or against it. These lawsuits and procedures may relate to various fields and topics, such as lawsuits related to medical errors, intellectual property disputes, Zakat issues, labor disputes, contractual disputes and other matters related to the Company's business. The Company may also be required, in the course of its ordinary business, to take legal measures against other parties in order to protect its rights (for further information, please refer to Section 11.15 "**Litigations, Disputes and Regulatory Compliance**" of this Prospectus).

As of the date of this Prospectus, the Company is a defendant in five (5) lawsuits, all of which relate to medical malpractice, two (2) of which are material in terms of the estimated value of the claims. The total estimated value of the claims for these five (5) claims is eleven million, three hundred and sixty-three thousand Saudi Riyals (SAR 11,363,000). The Company is also a plaintiff in thirteen (13) lawsuits, all of which are immaterial, with a total estimated value of three million, one hundred and eleven thousand, six hundred and nineteen Saudi Riyals (SAR 3,111,619).

Since the Company is exposed to lawsuits, complaints and claims in the ordinary course of its business, it cannot accurately predict the amount of expenses incurred by such lawsuits or legal proceedings that it may file or that may be filed against it, nor can it predict the final judgments of such lawsuits or proceedings and the consequences and compensation they may entail. If the judgments issued in any of these lawsuits or procedures are not in the Company's favor, this may have a material adverse effect on the Company's business, results of operations, financial position, and prospects. Regardless of the outcome of such lawsuits or proceedings, pursuing them may result in significant expenses for the Company. This would require the Company to allocate significant resources, which may lead to a material adverse effect on the Company's business, results of operations, financial position, and future prospects.

### 2.1.21 Risks Related to Medical Waste Management

Given the Company's work in the healthcare sector, the Company's operations involve handling medical waste, which is subject to laws related to waste management and preventing the leakage of prohibited substances into the sewage network, including the GCC Uniform Law for Medical Waste Management (issued by Royal Decree No. M/53, dated 16/09/1426H) and the Law of Treated Sewage Water and Reuse Thereof (issued by Royal Decree No. M/6, dated 13/02/1421H), as well as the Implementing Regulations related to such laws. The Company relies on external companies licensed to provide healthcare waste management and treatment services (for further information regarding these contracts, please refer to Section 11.7 "**Material Agreements**" of this Prospectus). Accordingly, the Company cannot guarantee that medical waste management and treatment service providers will implement the regulatory standards and procedures related to the management of medical and hazardous waste, which may expose the Company to being in violation of the relevant laws. Since the Company is exposed to such violations in the future, the occurrence of any of the above risks could have a material adverse effect on the Company's business, financial position, results of operations and prospects.

### 2.1.22 Risks Related to the Efficiency of Data Protection Operations and Disaster Management Systems

The Company relies on electronic systems and applications to handle, manage and process patient affairs and organize their appointments and medical files. Moreover, the Company also allows patients to use some of these electronic systems and applications. The Company's information and disaster management systems are essential for a number of important considerations related to its operations and are used to facilitate patient and visitor access to various services provided by healthcare facilities. The electronic systems and applications used by the Company and patients are subject to several risks, including malware, viruses, software bugs, attempts to hack the Company's networks and other cyber threats and electronic attacks, lack of the necessary security updates, breach of data confidentiality and human error. These risks pose a direct threat to the Company's services and data (including electronic records and patient data). The Company's networks may also be subject to disruptions due to natural disasters and other force majeure events that the Company cannot control, which may result in the confidentiality of the Company's or its clients' information, or of the Company's assets or the ability to access them being compromised. This may result in the loss or leakage of such information, whether by the Company or by any other party to whom it entrusts such information.

The Company relies heavily on the availability, completeness, and confidentiality of information, which includes sensitive data such as patient credit card information, personal data, medical records, and employee data. Accordingly, any failure to maintain such information or ensure compliance with regulations related to the disclosure of information in an accurate and timely manner may result in problems or claims against the Company. If any of these factors were to occur, this would have a material adverse effect on the Company's business, financial position, results of operations and prospects.

In the context of the Company's efforts to maintain the integrity and confidentiality of the various electronic data and records of its employees, clients and patients, the Company updates and enhances its technical and electronic systems by adopting additional procedures from time to time. This causes the Company to incur additional operating costs and financial burdens, which generally will have an adverse effect on the Company's business, financial position, results of operations and prospects.

In addition, external attempts may be made to induce employees or suppliers to disclose sensitive or confidential information in order to access the Company's data in general. In the event that a third party's attempt to obtain the Company's data (including Shareholder and company information) or information related to intellectual property (including assets with digital content) or to disrupt the Company's electronic media, systems and applications, or third-party systems used by the Company is successful, the Company's business and reputation may be affected and the Company may incur high costs to address these electronic breaches, which would have a material adverse effect on the Company's business, results of operations, financial position and prospects.

### 2.1.23 Risks Related to Outbreaks of Infectious Diseases

The Company's medical facilities treat patients suffering from various diseases, including highly contagious bacterial and viral diseases, which may expose the safety of health practitioners working in those facilities and other employees and visitors to the risk of contracting these infectious diseases while they are present or working within the Company's health facilities or visiting them. This may prompt them to claim compensation from the Company for the damage they have suffered. Health practitioners and other employees of the Company may also contract infectious diseases, limiting the Company's ability to provide treatment and medical services to patients, and thus affecting the reputation of the Company and its medical facilities as a result of negative media reports and coverage due to the spread of infectious diseases within its facilities.

In the event of an outbreak of infectious diseases within the Company's medical facilities, restrictions may be imposed on those medical facilities, which may include: (1) quarantine, (2) temporary closure of certain hospital wings, (3) the imposition of other regulatory restrictions, or (4) cancellation of the licenses, permits and approvals of the relevant health facilities. The occurrence of any of the aforementioned would result in a decrease in the operating rates of the Company's health facilities, which in turn would have a material adverse effect on the Company's business, financial position, results of operations and prospects.

### 2.1.24 Risks Related to Zakat, Taxation and Customs

The Company has submitted all of its Zakat returns for all financial years since its establishment until 31 December 2023G. Furthermore, the Company has paid all amounts due on their due dates and has obtained the final Zakat certificates from ZATCA for 2021G, 2022G and 2023G. As of 30 September 2024G, ZATCA has not submitted any review of the returns for the period from 2019G to 2023G, which are still subject to review. ZATCA has the right to review the Zakat returns for the previous five years in the absence of Zakat assessments and to challenge the returns submitted in accordance with the Implementing Regulations for Zakat Collection issued by Ministerial Resolution No. 2217, dated 07/07/1440H (corresponding to 14/03/2019G), and request the Company to pay additional Zakat amounts, whereby the Company would have to bear any amounts demanded by ZATCA as a result of its review of the returns submitted for previous years. If this were to occur, the Company's business, financial position, results of operations and prospects would be materially and adversely affected.

The balance of the Zakat provision amounted to SAR 3,321,202, SAR 3,957,230, SAR 5,714,642, SAR 4,814,600, and SAR 6,120,116 in the financial years ended 31 December 2021G, 2022G and 2023G, the nine-month period ended 30 September 2023G and the nine-month period ended 30 September 2024G, respectively.

### 2.1.25 Risks Related to Compliance with the Companies Law, the Capital Market Law, and the Corporate Governance Regulations which Impose Additional Restrictions on the Company

The Company is subject to numerous laws and regulations, including the Companies Law issued by Royal Decree No. M/132, dated 01/12/1443H (corresponding to 30/06/2022G), which entered into force in January 2023G, and the Capital Market Law issued by Royal Decree No. M/30, dated 02/06/1424H (corresponding to 31/07/2003G), as amended. In particular, the Company is subject to the Rules on the Offer of Securities and Continuing Obligations issued by CMA Board Resolution No. 3-123-2017, dated 09/04/1439H (corresponding to 27/12/2017G), as amended by CMA Board Resolution No. 3-6-2024, dated 05/07/1445H (corresponding to 17/01/2024G) and the Corporate Governance Regulations issued by CMA Board Resolution No. 8-16-2017, dated 16/05/1438H (corresponding to 13/02/2017G), as amended by CMA Resolution No. 8-5-2023, dated 25/06/1444H (corresponding to 18/01/2023G). These laws and regulations impose mandatory regulatory obligations that all listed joint-stock companies must adhere to, which may involve taking specific measures and adopting new corporate governance regulations. In the event that the Company does not comply with any of these requirements, the Company may be subject to monetary fines or administrative penalties which could lead to the delisting of its shares. This would have a material adverse effect on the Company's business, results of operations, financial position, and prospects.

### 2.1.26 Risks Related to the Company's Exposure to Operational Risks and Unexpected Obstacles

The Company may be exposed to a number of risks that could affect the uninterrupted conduct of its business operations, including power outages, failure of medical equipment and devices or information systems, criminal acts, fires, or any other risks that result in the partial or complete disruption or interruption of the Company's operations and hinder the Company's ability to provide services and fulfill its obligations. The occurrence of any of these risks could have a material adverse effect on the Company's business, financial position, results of operations and prospects.

### 2.1.27 Risks Related to Securing and Maintaining the Necessary Financing

The Company relies on the availability of the necessary financing from external sources, such as banks and other financial institutions, to finance its projects and business activities. The total limits of bank facilities as of 30 September 2024G amounted to SAR 3,613 million, with the amounts utilized from the facilities granted to the Company amounting to a total of approximately SAR 648.2 million, SAR 638 million, SAR 621.8 million and SAR 701 million in the financial years ended 31 December 2021G, 2022G and 2023G and the nine-month period ended 30 September 2024G, respectively.

The limits of the bank facilities available to the Company are divided into: (a) long-term bank facilities with a total value of SAR 1,761 million, of which 9% has been utilized, and (b) short-term revolving bank facilities with a total value of SAR 1,852 million, of which 29% has been utilized. The Company relied on these amounts mainly for the following purposes: (a) financing the Company's operations, in the amount of SAR 358.3 million; (b) refinancing the Company's loans, in the amount of SAR 340 million; and (c) additional loans to cover capital expenditure for the construction project of SMC Hospital (3) - Northern Ring Road, in the amount of SAR 2.8 million. As of 30 September 2024G, the facilities granted to the Company included short-term bank loans in the amount of SAR 540 million, and long-term bank loans in the amount of SAR 158.3 million.

The following table sets out the limits of the bank facilities available to the Company and the percentages and values of the amounts utilized thereof:

**Table (12): Limits of the Bank Facilities Available to the Company and the Percentages and Values of the Amounts Used Thereof**

| No. | Bank Facility Limits | Total Limit (SAR million) | Amount Utilized (SAR million) | Amount Utilized (%) | Unutilized Amount (SAR million) | Unutilized Amount (%) |
|---|---|---|---|---|---|---|
| 1. | Long-term bank facilities | 1,761 | 161 | 9% | 1,600 | 91% |
| 2. | Short-term revolving bank facilities | 1,852 | 540 | 29% | 1,312 | 71% |
| 3. | Total bank facility limits | 3,613 | 701 | 19% | 2,912 | 81% |

The Company's reliance on borrowing from banks to finance working capital expenditures or refinance loans when due or to meet capital expenditure requirements may make the Company vulnerable to fluctuations in interest costs, which may have a material adverse effect on the Company's business, results of operations, financial position and prospects (for further information, please refer to Section 2.2.7 "**Risks Related to Adverse Changes in Interest Rates**" of this Prospectus).

The financing agreements concluded by the Company generally require the repayment of the facilities utilized by specific dates and oblige the Company to maintain its total debt below certain limits as well as keep Shareholders' equity above certain limits. The commercial terms also include specific interest or profit rates and specific costs for debt service and other financial obligations (for further information regarding these loans, please refer to Section 11.8 "**Financing Agreements**" of this Prospectus). These agreements also require the Company to obtain the approval of the banks regarding any change in the Company's ownership or legal form or for disclosure of the agreements. The Company has obtained all of these approvals.

If the Company commits a material breach of the terms and conditions of the financing agreements it has entered into, the relevant lender may terminate the financing agreement and exercise any or all of the rights accruing to it as a result of the Company's breach in order to recover the amounts due under the financing agreement. This may include demanding accelerated repayment of all amounts due under the financing agreement and seeking enforcement on the assets pledged as collateral for the benefit of the relevant lending institution, or seizure of the Company's movable and immovable property in order to settle the amounts due from it (for further information, please refer to Section 2.1.14 "**Risks Related to Real Estate Owned by the Company**" of this Prospectus). The Company's failure to comply with the restrictions imposed on it or its inability to repay the loans and facilities granted to it will have a material adverse effect on its business, financial position, results of operations and prospects.

The value of the facilities granted under the facilities agreement entered into with the National Bank of Kuwait on 06/10/1445H (corresponding to 15/04/2024G) amounts to SAR 200,000,000, of which no amounts were drawn down as at 30 September 2024G. The Company's obligations under this agreement have been secured by (1) a promissory note in the amount of SAR 200,000,000, guaranteed by the Company's Shareholders, each in proportion to their shareholding in the Company, and (2) personal and corporate guarantees from the Company's Shareholders, each in proportion to their shareholding in the Company. On 09/06/1446H (corresponding to 10/12/2024G), the Company obtained the approval of the National Bank of Kuwait to cancel and release the aforementioned guarantees immediately upon the Company's listing (for further information regarding the key terms and conditions of this agreement, please refer to Section 11.8.1 "**Credit Financing Agreement with the National Bank of Kuwait**" of this Prospectus).

The value of the facilities granted under the facilities agreement entered into with Arab National Bank on 28/03/1446H (corresponding to 01/10/2024G) amounts to SAR 1,110,000,000, of which no amounts were drawn down as at 30 September 2024G. The Company's obligations under this agreement have been secured by (1) a promissory note in the amount of SAR 1,110,000,000, guaranteed by the Company's Shareholders, each in proportion to their shareholding in the Company, and (2) a joint guarantee of payment and performance signed by the Company's Shareholders, each in proportion to their shareholding in the Company. On 16/06/1446H (corresponding to 17/12/2024G), the Company obtained the approval of Arab National Bank to cancel and release the aforementioned guarantees immediately upon the Company's listing (for further information regarding the key terms and conditions of this agreement, please refer to Section 11.8.3 "**Credit Financing Agreement with Arab National Bank**" of this Prospectus).

The value of the facilities granted under the facilities agreement entered into with Saudi Awwal Bank (SAB) on 29/08/1445H (corresponding to 10/03/2024G) amounts to SAR 300,000,000, of which the amount utilized as at 30 September 2024G was SAR 80,000,000. The Company's obligations under this agreement have been secured by (1) a promissory note in the amount of SAR 300,000,000, guaranteed by the Company's Shareholders, each in proportion to their shareholding in the Company, and (2) personal and corporate guarantees from the Company's Shareholders, each in proportion to their shareholding in the Company. On 11/06/1446H (corresponding to 12/12/2024G), the Company obtained the approval of Saudi Awwal Bank to cancel and release the aforementioned guarantees immediately upon the Company's listing (for further information regarding the key terms and conditions of this agreement, please refer to Section 11.8.5 "**Credit Financing Agreement with Saudi Awwal Bank**" of this Prospectus).

The value of the facilities granted under the facilities agreement entered into with Banque Saudi Fransi on 22/09/1445H (corresponding to 01/04/2024G) amounts to SAR 594,469,387.76, of which the amount utilized as at 30 September 2024G was SAR 258,265,000. The Company's obligations under this agreement have been secured by (1) a promissory note in the amount of SAR 594,469,388, guaranteed by the Company's Shareholders, each in proportion to their shareholding in the Company, and (2) personal and corporate guarantees from the Company's Shareholders, each in proportion to their shareholding in the Company. On 01/08/1446H (corresponding to 20/02/2025G), the Company obtained the approval of Banque Saudi Fransi to cancel and release the aforementioned guarantees immediately upon the listing of the Company, provided the promissory note is maintained (without any guarantors therefor) (for further information regarding the key terms and conditions of this agreement, please refer to Section 11.8.2 "**Credit Financing Agreement with Banque Saudi Fransi**" of this Prospectus).

The value of the facilities granted under the facilities agreement entered into with Alrajhi Bank on 01/06/1446H (corresponding to 02/12/2024G) amounts to SAR 1,526,000,000, of which the amount utilized as at 30 September 2024G was SAR 310,000,000. The Company's obligations under this agreement have been secured by (1) a promissory note in the amount of SAR 616,504,000, guaranteed by Abdul Rahman Saad AlRashid and Sons Co.; (2) a promissory note in the amount of SAR 314,966,400, guaranteed by Abdullah Saad AlRashid and Sons Co.; (3) a promissory note in the amount of SAR 308,252,000, guaranteed by Al-Thomad Trading Company; (4) a promissory note in the amount of SAR 198,685,200, guaranteed by Rashid Saad AlRashid and Sons Co.; (5) a promissory note in the amount of SAR 58,293,200, guaranteed by Khaled Mokaimen Duwaihes Al-Subaie Al-Anzi; (6) a promissory note in the amount of SAR 29,299,200, guaranteed by Mohammed Saleh Mohammed Mahmoud Qanbaz; and (7) personal and corporate guarantees from the Company's Shareholders, each in proportion to their shareholding in the Company. On 23/06/1446H (corresponding to 13/03/2025G), the Company obtained a letter of approval to cancel the aforementioned guarantees upon listing of the Company (for further information regarding the key terms and conditions of this agreement, please refer to Section 11.8.4 "**Credit Financing Agreement with Alrajhi Bank**" of this Prospectus).

The Company's obligations under the loan agreement entered into with the Ministry of Finance on 24/09/1435H (corresponding to 21/07/2014G) are secured by a real estate mortgage on one of the properties owned by the Company. The Company has initiated the procedures to release the mortgage on the real estate property in question following the repayment of all installments resulting from the loan agreement with the Ministry of Finance (for further information, please refer to Section 11.9 "**Real Estate Owned by the Company**" of this Prospectus).

Generally, interest on loans and bank facilities mainly relates to the Group's long-term and short-term loans. The cost of interest on loans and bank facilities increased by 161.9%, from SAR 7.2 million in the financial year ended 31 December 2021G (representing 0.7% of the Company's revenue), to SAR 18.8 million in the financial year ended 31 December 2022G (representing 1.6% of the Company's revenue), and further by 66.5% to SAR 31.3 million in the financial year ended 31 December 2023G (representing 2.3% of the Company's revenue). This was mainly due to an increase in loan balances for the refinancing of loans upon their maturity, financing the construction of SMC Hospital (3) - Northern Ring Road, and the costs of renovating Tower 1 within SMC Hospital (1) - King Fahd Road, in addition to an increase in the SAIBOR rate during the review period. Interest on loans and bank facilities also increased by 16.7%, from SAR 25.1 million in the nine-month period ended 30 September 2023G (representing 2.5% of the Company's revenue), to SAR 29.7 million in the nine-month period ended 30 September 2024G (representing 2.7% of the Company's revenue). This was mainly due to financing working capital requirements and refinancing loans upon their maturity.

## 2.1.28 Risks Related to Force Majeure

The Company and its healthcare facilities are subject to unforeseen emergencies or accidents that the Company cannot fully or partially predict, control, or manage, which could affect the Company's business and its healthcare facilities. These events include fires, natural disasters, emergencies that may arise from geopolitical changes within the region, outbreaks of diseases and epidemics, and the resulting quarantine measures and widespread closures, which could adversely affect the Company or any of its affected healthcare facilities. The occurrence of such incidents may result in the suspension of work within the affected healthcare facilities for a period of time, which would result in a reduction in the Company's revenue during such period. The Company may also be required to carry out repairs and restoration work on its facilities to address the damages it has sustained, and the financial impact of these capital expenditures would have a material adverse effect on the Company's business, financial position, results of operations and prospects.

## 2.1.29 Risks Related to Reliance on Key Clients and Insurance Companies

In the ordinary course of its business operations, the Company relies on agreements with cooperative health insurance companies, under which the insurance companies pay the invoices for healthcare services provided by the Company to the clients of those insurance companies. These agreements contribute significantly to the Company's total revenue, with the revenue generated by the Company from these agreements representing approximately 55.5%, 65.2%, 72.2% and 75.5% of its total revenue for the years 2021G, 2022G and 2023G and the nine-month period ended 30 September 2024G, respectively. The revenue generated by the Company from agreements with the top three (3) insurance companies constituted approximately 48.7%, 56.3%, 60.2% and 64.2% of its total revenues for the years 2021G 2022G and 2023G and the nine-month period ended 30 September 2024G, respectively.

The following table sets out the details of the Company's revenue from insurance companies during the financial years ended 31 December 2021G, 2022G and 2023G and the nine-month periods ended 30 September 2023G, and 2024G:

**Table (13): Company Revenue from Insurance Companies**

| SAR '000 | Financial Year 2021G (Management) | Financial Year 2022G (Management) | Financial Year 2023G (Management) | Nine-Month Period Ended 30 September 2023G (Management) | Nine-Month period Ended 30 September 2024G (Management) |
|---|---|---|---|---|---|
| Insurance Company 1 | 270,942 | 387,992 | 446,272 | 319,635 | 385,150 |
| Insurance Company 2 | 171,133 | 227,346 | 284,037 | 210,791 | 242,903 |
| Insurance Company 3 | 70,671 | 65,265 | 92,956 | 63,377 | 85,852 |
| Insurance Company 4 | 12,680 | 32,920 | 59,720 | 41,932 | 41,057 |
| Insurance Company 5 | 9,515 | 27,266 | 41,266 | 28,573 | 34,600 |
| Insurance Company 6 | 14,985 | 19,677 | 28,490 | 21,727 | 19,610 |
| Other insurance companies | 34,308 | 27,102 | 35,264 | 18,245 | 29,950 |
| **Total** | **584,234** | **787,569** | **988,006** | **704,280** | **839,123** |
| As a percentage of total revenue | 55.5% | 65.2% | 72.2% | 70.9% | 75.5% |

Source: The Company

The following table sets out the Company's revenue from each insurance company as a percentage of the Company's total revenue from insurance companies during the financial years ended 31 December 2021G, 2022G and 2023G and the nine-month periods ended 30 September 2023G and 2024G:

**Table (14):** **Revenue by Insurance Company as a Percentage of Total Revenue from Insurance Companies During the Financial Years Ended 31 December 2021G, 2022G and 2023G and the Nine-Month Periods Ended 30 September 2023G and 2024G**

| Percentage | Financial Year 2021G (Management) | Financial Year 2022G (Management) | Financial Year 2023G (Management) | Nine-Month Period Ended 30 September 2023G (Management) | Nine-Month period Ended 30 September 2024G (Management) |
|---|---|---|---|---|---|
| Insurance Company 1 | 46.4% | 49.3% | 45.2% | 45.4% | 45.9% |
| Insurance Company 2 | 29.3% | 28.9% | 28.7% | 29.9% | 28.9% |
| Insurance Company 3 | 12.1% | 8.3% | 9.4% | 9.0% | 10.2% |
| Insurance Company 4 | 2.2% | 4.2% | 6.0% | 6.0% | 4.9% |
| Insurance Company 5 | 1.6% | 3.5% | 4.2% | 4.1% | 4.1% |
| Insurance Company 6 | 2.6% | 2.5% | 2.9% | 3.1% | 2.3% |
| Other insurance companies | 5.9% | 3.4% | 3.6% | 2.6% | 3.6% |
| **Total** | **100%** | **100%** | **100%** | **100%** | **100%** |

Source: The Company

The following table sets out the Company's revenue from each insurance company as a percentage of the Company's total revenue during the financial years ended 31 December 2021G, 2022G and 2023G and the nine-month periods ended 30 September 2023G and 2024G:

**Table (15):** **Company Revenue from Each Insurance Company as a Percentage of the Company's Total Revenue During the Financial Years Ended 31 December 2021G, 2022G and 2023G and the Nine-Month Periods Ended 30 September 2023G and 2024G**

| Percentage | Financial Year 2021G (Management) | Financial Year 2022G (Management) | Financial Year 2023G (Management) | Nine-Month Period Ended 30 September 2023G (Management) | Nine-Month period Ended 30 September 2024G (Management) |
|---|---|---|---|---|---|
| Insurance Company 1 | 25.7% | 32.1% | 32.6% | 32.2% | 34.7% |
| Insurance Company 2 | 16.3% | 18.8% | 20.8% | 21.2% | 21.9% |
| Insurance Company 3 | 6.7% | 5.4% | 6.8% | 6.4% | 7.7% |
| Insurance Company 4 | 1.2% | 2.7% | 4.4% | 4.2% | 3.7% |
| Insurance Company 5 | 0.9% | 2.3% | 3.0% | 2.9% | 3.1% |
| Insurance Company 6 | 1.4% | 1.6% | 2.1% | 2.2% | 1.8% |
| Other insurance companies | 3.3% | 2.2% | 2.6% | 1.8% | 2.7% |
| **Total** | **55.5%** | **65.2%** | **72.2%** | **70.9%** | **75.5%** |

Source: The Company

Competition from other hospital groups and healthcare facilities in the Kingdom may affect the Company's ability to negotiate with insurance companies with respect to the prices of the healthcare services it provides to clients of these companies and may lead to possible increases in such prices, which could have a material adverse effect on the Company's business, financial position, results of operations and prospects.

The following table sets out the values of insurance company receivables and their percentage of the Company's total receivables for the financial years ended 31 December 2021G, 2022G and 2023G and the nine-month period ended 30 September 2024G:

**Table (16): Insurance Company Receivables and their Percentage of the Company's Total Receivables**

| SAR '000 | Financial Year 2021G (Management) | Financial Year 2022G (Management) | Financial Year 2023G (Management) | Nine-Month period Ended 30 September 2024G (Management) |
|---|---|---|---|---|
| Value of insurance company receivables | 209,707 | 318,060 | 335,444 | 388,044 |
| Insurance company receivables as a percentage of the Company's total receivables | 53.5% | 62.3% | 56.4% | 53.7% |

Source: The Company

As at 30 September 2024G, receivables from insurance companies accounted for the highest concentration of all receivables, with total receivables from insurance companies amounting to SAR 388.0 million, representing 53.7% of the Company's total receivables as of 30 September 2024G.

## 2.1.30 Risks Related to Discounts and Rejected Claims

As a result of its reliance on agreements with cooperative health insurance companies, the Company is exposed to the risk of such companies refusing to pay the value of financial claims submitted by the Company or delaying the payment thereof. Additionally, due to the obligations associated with these agreements, the Company is also exposed to risks related to the discounts provided thereunder (for further information, please refer to Section 2.1.29 "**Risks Related to Reliance on Key Clients and Insurance Companies**" of this Prospectus). In certain cases, insurance companies may refuse to pay the amounts due to the Company under the invoices issued by the Company in exchange for healthcare services provided by the Company to the clients of such insurance companies, delay the payment of such invoices or demand discounts on the amounts due. This may occur as a result of human error (such as the Company's failure to provide all of the necessary documents to the insurance company, the Company's delay in issuing invoices and submitting them to the insurance company, or the Company's failure to follow up on delayed or rejected invoices with the insurance company), computer errors, or financial difficulties that insurance companies may face, such as restrictions on liquidity and solvency limits that must be complied with in accordance with applicable regulations, or as a result of insurance companies taking advantage of intensified competition among healthcare service providers within the Kingdom, which could adversely affect the Company's business, financial position, results of operations and prospects.

The value of the costs incurred by the Company as a result of contractual obligations related to insurance companies (such as those related to the rejection of claims by insurance companies, in addition to discounts offered to insurance companies based on achieving certain patient number targets, and early payment discounts) increased by 19.5% from SAR 132.0 million as at 31 December 2021G to SAR 157.8 million as at 31 December 2022G, due to higher discounts offered to insurance companies, in line with an increase in the number of patients and early payment discounts. Contractual obligations increased by 44.8% from SAR 157.8 million as at 31 December 2022G to SAR 236.9 million as at 31 December 2023G due to higher discounts granted to insurance companies in exchange for higher patient volumes. Contractual obligations decreased by 14.5% from SAR 173.6 million in the nine-month period ended 30 September 2023G to SAR 148.4 million in the nine-month period ended 30 September 2024G, due to a decrease in the number of rejections by insurance companies. Contractual obligations related to insurance companies represented 22.6%, 20.0% and 23.1% of the Company's revenue generated from insurance companies during the financial years ended 31 December 2021G, 2022G and 2023G, respectively, and 24.7% and 17.7% during the nine-month periods ended 30 September 2023G and 2024G, respectively.

The refusal of insurance companies to compensate the Company fully or partially for the claims it submits, or their delay in making payment of such invoices, would adversely affect the Company's business, results of operations and financial performance. The Company's ability to collect receivables from insurance companies will also decrease the longer such receivables are delayed, and the Company's profits, revenue and cash flows will be adversely affected if the discount rates granted to insurance companies increase.

## 2.1.31 Risks Related to the Inadequacy of Insurance Coverage

The Company may be exposed to lawsuits, regulatory procedures or claims that may result in the Company incurring significant financial liabilities and high legal fees. The value of some of these lawsuits and claims may exceed the value of the insurance coverage held by the Company. Moreover, insurance companies may reject claims made by the Company due to the Company's inability to prove the basis of its claims to the insurance company or to the relevant judicial authority if necessary. This would have a material adverse effect on the Company's business, financial position, results of operations and prospects.

The Company may also face difficulties in contracting for insurance coverage with respect to certain insurance risks due to the high value of insurance premiums, whether as a result of the nature of the insurance risk, the Company's insurance history and its ongoing exposure to risks, or due to the unavailability of insurance coverage at all. Accordingly, the insurance coverage held by the Company may not be sufficient to cover all the risks to which the Company may be exposed, which could result in it incurring high expenses and financial burdens. In addition, the Company's inability to obtain necessary and sufficient insurance coverage to cover all of its business may restrict the Company and its medical practitioners from performing certain medical procedures or adversely limit their ability to do so, which would reduce the scope of services that the Company is able to provide. The occurrence of any of the foregoing would have a material adverse effect on the Company's business, financial position, results of operations and prospects.

### 2.1.32 Risks Related to Revenue Sharing Arrangements with Doctors

The Company enters into revenue sharing agreements with certain part-time doctors, under which each physician receives a percentage of the revenue they generate after deducting the costs of medications and medical supplies, in addition to 20% (which represents the percentage of discounts granted to insurance companies or claims rejected by insurance companies). As of 30 September 2024G, the Company had 167 part-time doctors, compared to 443 full-time doctors. Among the part-time doctors, 9 receive only a fixed monthly salary, while 5 receive a fixed monthly salary in addition to a variable salary according to the revenue sharing agreement. These arrangements may affect the sustainability of the Company's profits, its profitability and the continuity of its business, as these doctors may seek to negotiate with the Company for a higher share of revenues, particularly upon renewal of their contracts, which are renewed annually, and especially if these doctors are well-known, experienced, possess specialized skills, or enjoy the loyalty of a large number of patients. This may increase the cost of retaining doctors, who may otherwise resign from the Company and join one of its competitors, which could have a material adverse effect on the Company's business, financial position, results of operations and prospects.

The following table sets out the revenue sharing arrangement with certain part-time doctors as a percentage of the Company's total revenue during the financial years ended 31 December 2021G, 2022G and 2023G and the nine-month periods ended 30 September 2023G and 2024G:

**Table (17): Revenue Sharing with Certain Part-Time Doctors as a Percentage of the Company's Total Revenue**

| Percentage | Financial Year 2021G (Management) | Financial Year 2022G (Management) | Financial Year 2023G (Management) | Nine-Month Period Ended 30 September 2023G (Management) | Nine-Month period Ended 30 September 2024G (Management) |
|---|---|---|---|---|---|
| Revenue sharing with certain part-time doctors as a percentage of the Company's total revenue | 8.8% | 8.0% | 7.2% | 7.4% | 7.0% |

Source: The Company

### 2.1.33 Risks Related to Dependence on Suppliers

The Company secures medical and pharmaceutical equipment, supplies and devices from suppliers and agents within the Kingdom and abroad. The Company's supply chain may be subject to interruptions or delays due to reasons related to local and foreign suppliers and subcontractors appointed by them, or due to operational reasons related to customs clearance procedures, quality control and other procedures.

The following table sets out the value of the Company's imports from its top three suppliers and the average thereof regarding its total imports during the financial years ended 31 December 2021G, 2022G and 2023G and the nine-month period ended 30 September 2024G:

**Table (18): Value of the Company's Imports from its Top Three Suppliers and the average thereof regarding its total imports during the financial years ended 31 December 2021G, 2022G and 2023G and the Nine-Month Period Ended 30 September 2024G**

| | Supplier | Value of Purchases (SAR Million) | | | | Nature of Imports | Nationality of Supplier | Nature of Contractual Relation |
|---|---|---|---|---|---|---|---|---|
| | | (Financial Year 2021G) | (Financial Year 2022G) | (Financial Year 2023G) | (Nine-Month Period Ended 30 September 2024G) | | | |
| 1) | **Supplier 1** | 143,975,363 | 198,595,038 | 231,563,221 | 184,060,683 | Medicines | Saudi | Contract |
| | % of total costs | 17.65% | 21.52% | 22.89% | 23.95% | | | |
| | % of total purchases | 49.53% | 57.78% | 61.09% | 67.15% | | | |
| 2) | **Supplier 2** | 7,387,418 | 8,183,987 | 10,665,296 | 6,259,392 | Medical supplies | Saudi | Contract and purchase orders |
| | % of total costs | 0.91% | 0.89% | 1.05% | 0.81% | | | |
| | % of total purchases | 2.54% | 2.38% | 2.81% | 2.28% | | | |
| 3) | **Supplier 3** | 11,887,779 | 11,898,542 | 7,241,899 | 4,176,518 | Medical supplies | Saudi | Purchase orders |
| | % of total costs | 1.46% | 1.29% | 0.72% | 0.54% | | | |
| | % of total purchases | 4.09% | 3.46% | 1.91% | 1.52% | | | |
| | Total value of purchases from the top 3 suppliers | 163,250,560 | 218,677,567 | 249,470,416 | 194,496,593 | | | |
| | % of total costs from the top 3 suppliers | 20.02% | 23.70% | 24.66% | 25.30% | | | |
| | % of total purchases from the top 3 suppliers | 56.16% | 63.62% | 65.81% | 70.95% | | | |

Source: The Company

While the Company strives to diversify its supply chain sources in order to reduce its reliance on a limited number of suppliers, the Company may not be able to diversify its supply chain sufficiently, particularly if suppliers hold exclusive distribution rights for certain medical products, equipment, and pharmaceutical preparations. Changes in laws and regulations, registration procedures, delays in customs clearance and release of goods and the fees associated therewith may also negatively impact all of the Company's suppliers simultaneously. Additionally, the Company may find it difficult to continue its dealings with its suppliers due to increased product acquisition costs or the inability of foreign or local suppliers to meet the Company's requirements in terms of quantity and quality in a timely manner. The realization of any of these risks would adversely affect the Company's business, financial position, results of operations and prospects.

## 2.1.34 Risks Related to Medical Equipment

The Company's ability to achieve its growth strategy is linked to its ability to continue providing distinguished healthcare services, as well as its ability to develop, maintain and renew the medical equipment and devices used in the Company's healthcare facilities. These medical equipment and devices are subject to numerous operational risks which may lead to their malfunction due to unexpected reasons, lack of periodic maintenance, natural disasters or other emergencies or force majeure circumstances such as fires or floods, which could lead to a decline in the ability of those medical facilities to provide healthcare services to patients or substantial delays in such services. The Company may incur significant costs to repair or fix major malfunctions or damages that may occur to medical equipment and devices. If the Company is unable to repair or maintain medical equipment and devices at all, or in a timely or adequate manner, the Company may be required to suspend its operations either partially or completely until the relevant medical devices and equipment are repaired or replaced. The Company cannot guarantee that any material malfunctions will not occur to the medical equipment and devices used in its medical facilities in the future. The Company's inability to efficiently handle these events in a timely and cost-effective manner would have a material adverse effect on its business, financial position, results of operations and prospects.

The Company may also be required to incur capital expenditures to replace medical equipment and devices upon the expiration of their useful or productive life. In the event the Company fails to do so, its ability to achieve its growth strategy will decline, which would have a material adverse effect on the Company's business, financial position, results of operations and prospects.

### 2.1.35 Risks Related to Management's Experience in Managing a Company Listed on the Saudi Stock Exchange

Despite the efficiency of the Company's Executive Management team and their distinguished cumulative experience in administrative affairs, the experience of the Executive Management team in managing listed joint-stock companies and adhering to the rules and regulations of listed joint-stock companies on the Saudi Stock Exchange (including continuing obligations related to disclosure, announcements, the preparation of financial statements and disclosure thereof for each financial quarter) may be considered relatively limited, particularly since companies listed on the Stock Exchange are subject to continuous scrutiny by securities analysts and investors. The Company may be subject to fines, administrative penalties, or negative publicity if it violates any of the governance, disclosure, and other regulatory requirements applicable to it, which would have a material adverse effect on the Company's business, financial position, results of operations and prospects.

### 2.1.36 Risks Related to Board Committees and the Effectiveness of Governance

The Company's Board of Directors established the Audit Committee and the Nomination and Remuneration Committee in 2024G, taking into account the requirements of the Corporate Governance Regulations issued by the CMA (for further information, please refer to Section 5.2 "**Board Committees**" of this Prospectus). The inability of the members of these committees to perform the tasks assigned thereto, which aim at preserving the interests of the Company and its Shareholders, may negatively affect the effectiveness of the Board of Directors' oversight of the Company's operations through these committees, which would have a material adverse effect on the Company's business, results of operations, financial position and prospects.

### 2.1.37 Risks Related to the Issuance of the Financial Statements for the Financial Years Ended 31 December 2021G and 2022G as Special-Purpose Financial Statements and the Reissuance of the Financial Statements for the Financial Year Ended 31 December 2023G

The Company issued the financial statements for the financial years ended 31 December 2021G and 2022G as special-purpose consolidated financial statements and reissued the financial statements for the financial year ended 31 December 2023G. The reason for the issuance of the financial statements for the financial years 2021G and 2022G as special-purpose consolidated financial statements and the reissuance of the financial statements for the financial year 2023G is the Company's appointment of a new auditor in order to meet the requirements for submission of the Offering file to the CMA. The audit of previous years by the current Auditor necessitated the issuance of the financial statements for the financial years 2021G and 2022G as special-purpose consolidated financial statements and the reissuance of the financial statements for the financial year 2023G.

In the context of the audit process for the financial years ended 31 December 2021G and 2022G, amendments were made to certain disclosures within the aforementioned statements due to errors related to the classification of certain receivables and expenses. In accordance with IAS 1 on the basis of presentation of financial statements and IAS 8 accounting policies, changes in expectations and errors were addressed retrospectively. Accordingly, amendments were made to the presentation of receivables in the consolidated statement of financial position as of 1 January 2022G and 31 December 2022G and the statement of comprehensive income for the financial year ended 31 December 2022G (for further information, please refer to Section 6.5.5 "**Comparative Information**" of this Prospectus). Amendment of the disclosures within the consolidated financial statements may have a material adverse effect on the Company's business, results of operations, financial position, and prospects.

The financial information for the financial years ended 31 December 2021G and 31 December 2022G has been derived from the financial information presented in the special-purpose consolidated financial statements for the financial years ended 31 December 2021G and 2022G, while the financial information for the financial year ended 31 December 2023G has been derived from the reissued consolidated financial statements for the year ended 31 December 2023G.

### 2.1.38 Risks Related to the Application of Financial Reporting Standards, the Preparation of Consolidated Financial Statements, and the Application of Internal Controls

The Company is subject to the directives of the Saudi Organization for Chartered and Professional Accountants (SOCPA) in preparing its reports and financial statements. The Company has prepared its financial statements in accordance with the IFRS-KSA and other standards and pronouncements approved by the SOCPA (for further information, please refer to Section 6 "**Management Discussion and Analysis of Financial Position and Results of Operations**" of this Prospectus).

The Company uses a range of electronic applications and software to prepare its reports and financial statements, which may be subject to technical errors and malfunctions. Among these electronic applications and software, the Company uses a Hospital Information Management System (HIMS) accounting system in its hospitals and clinics, while it uses Excel to conduct standard operations. Since these software programs are not inherently comprehensive systems, the use of such software may lead to human errors that could lead to a delay in the issuance of the Company's financial statements or shortcomings with respect to certain detailed financial data. Accordingly, if the Company is unable to maintain and update these software programs and applications periodically, or if these software programs and applications are subject to technological or technical failures, the Company's business, financial results, and prospects will be materially and adversely affected.

The Company's Audit Committee and Internal Audit Department periodically review the internal policies, procedures, controls, and systems used in the preparation of financial reports and related matters and make the necessary updates and amendments in accordance with the applicable financial reporting standards and best practices related to preparing financial reports. The controls and procedures carried out by the Audit Committee and Audit Department may not be sufficient or effective in all cases, which may have a material adverse effect on the Company's business, financial results and prospects.

### 2.1.39 Risks Related to Liquidity and Collection of Receivables

As of 30 September 2024G, the Company's total receivables amounted to SAR 722.0 million, with SAR 137.6 million outstanding for over one year. These receivables are mainly attributable to receivables from Prince Sultan Military Medical City in the amount of SAR 70.0 million, GlobeMed (MoH) in the amount of SAR 10.5 million, and SAR 57.1 million distributed among other debtors. The loss provision allocated by the Company amounted to approximately SAR 106.7 million as of 30 September 2024G. For further information, please refer to Section 6.5.2.4.2 "**Trade and Other Receivables**" of this Prospectus.

The total trade receivables, which amounted to SAR 722.0 million as of 30 September 2024G, mainly consist of the following:

- Insurance companies, including the rejection provision (SAR 388.0 million as of 30 September 2024G), representing approximately 53.7% of the total trade receivables as of 30 September 2024G, mainly related to claims submitted but not yet collected from insurance companies. These receivables are distributed between insurance companies as follows: Insurance Company (1) (approximately 45% of the total insurance receivables as of 30 September 2024G), Insurance Company (2) (approximately 34% of the total insurance receivables as of 30 September 2024G) and Insurance Company (3) (approximately 19% of the total insurance receivables as of 30 September 2024G). The rejection provision mainly relates to the expected rejection of insurance clients.
- Government receivables (SAR 296.9 million as of 30 September 2024G), representing approximately 41.1% of the total trade receivables as of 30 September 2024G, mainly relate to receivables from Prince Sultan Military Medical City and GlobeMed/MoH.
- Other receivables mainly consist of corporate receivables (SAR 19.2 million as of 30 September 2024G), patient receivables (SAR 15.5 million during the same period) and clinics (SAR 2.4 million). The Group recognizes expected credit losses during each reporting period, using a provision matrix derived from its historical credit loss history. It is understood from Management that the credit policy is typically 60-90 days for insurance and other clients, 30 days for clinic clients and one year for Government clients.

The average age of receivables ranges from 60 to 90 days for insurance companies and other clients, 30 to 60 days for clinic patients and approximately 365 days for Government clients. The Company recorded expected credit losses of SAR 51.3 million (representing 4.9% of revenues), SAR 36.1 million (representing 3.0% of revenues), SAR 6.2 million (representing 0.5% of revenues) and SAR 20 million (representing 1.8% of revenues) in the financial years ended 31 December 2021G, 2022G and 2023G and the nine-month period ended 30 September 2024G, respectively.

The difference between current assets and current liabilities increased from approximately SAR 63.5 million as of 31 December 2021G to SAR 154.4 million as of 31 December 2022G, before decreasing to SAR 92.5 million as of 31 December 2023G and SAR 93.1 million as of 30 September 2024G. The average accounts receivable days decreased from 118 days as of 31 December 2021G to 116 days as of 31 December 2022G, before increasing to 125 days as of 31 December 2023G and 139 days as of 30 September 2024G. This was mainly due to short-term loans, which were primarily used to finance operating costs and refinance outstanding loans.

The following table sets out an analysis of the aging of trade receivables during the financial years ended 31 December 2021G, 2022G and 2023G and the nine-month period ended 30 September 2024G:

**Table (19): Analysis of the Aging of Trade Receivables During the Financial Years Ended 31 December 2021G, 2022G and 2023G and the Nine-Month Period Ended 30 September 2024G**

| Trade Receivables (SAR '000) | Current | 1–90 days | 91–180 days | 181–260 days | More than 360 days | Total | Expected Credit Loss Provision | Accounts Receivable – Net |
|---|---|---|---|---|---|---|---|---|
| 31 December 2021G | 210,995 | 68,598 | 23,758 | 24,095 | 64,512 | 391,957 | (51,320) | 340,637 |
| 31 December 2021G, % of total receivables | 53.8% | 17.5% | 6.1% | 6.1% | 16.5% | | | |
| 31 December 2022G | 264,908 | 123,526 | 49,453 | 28,573 | 44,042 | 510,502 | (84,891) | 425,611 |
| 31 December 2022G, % of total receivables | 51.9% | 24.2% | 9.7% | 5.6% | 8.6% | | | |
| 31 December 2023G | 319,071 | 102,815 | 54,448 | 65,763 | 53,003 | 595,100 | (86,654) | 508,446 |
| 31 December 2023G, % of total receivables | 53.6% | 17.3% | 9.1% | 11.1% | 8.9% | | | |
| 30 September 2024G | 219,412 | 119,355 | 130,957 | 114,743 | 137,575 | 722,042 | (106,654) | 615,388 |
| 30 September 2024G, % of total receivables | 30.4% | 16.5% | 18.1% | 15.9% | 19.1% | | | |

Source: Management information.

The following table sets out the movement of the expected credit loss provision for the financial years ended 31 December 2021G, 2022G and 2023G and the nine-month periods ended 30 September 2023G and 2024G:

**Table (20): Movement of the Expected Credit Loss Provision for the Financial Years Ended 31 December 2021G, 2022G and 2023G and the Nine-Month Periods Ended 30 September 2023G and 2024G**

| Expected Credit Loss Provision (SAR) | Financial Year 2021G | Financial Year 2022G | Financial Year 2023G | Nine-Month Period Ended 30 September 2023G | Nine-Month period Ended 30 September 2024G |
|---|---|---|---|---|---|
| 1 January | 4,560,617 | 51,319,972 | 84,890,629 | 84,890,629 | 86,653,689 |
| Amounts charged during the year | 51,319,972 | 36,125,726 | 6,214,023 | 0 | 20,000,000 |
| Amounts written off during the year | (4,560,617) | (2,555,069) | (4,450,963) | 0 | 0 |
| **31 December** | **51,319,972** | **84,890,629** | **86,653,689** | **84,890,629** | **106,653,689** |

Source: Management information.

Delayed collection of receivables and a high deficit between current assets and current liabilities may affect the Company's ability to meet its obligations and sustain its business, which could have a material adverse effect on the Company's business, financial results, and prospects.

## 2.2 Risks Related to the Market, Sector and Regulatory Environment

### 2.2.1 Risks Related to Changes in the Regulatory Environment

The healthcare sector is subject to laws and regulations in all regions in which the Company operates. These laws and regulations relate to many fundamental matters directly related to the Company's operations, including professional ethics, licensing of facilities and services, renewal of licenses, changes in fees related to non-Saudi employees, fixing or classification of prices according to specific levels, the adequacy and quality of healthcare services provided, the quality of medical devices and equipment, the qualifications of doctors and administrative staff, matters related to maintaining and protecting the confidentiality of patient information, matters related to medical records and patient records, emergency patient care protocols, health facility accreditation standards, health insurance coverage limits, regulatory compliance standards and changes in the mechanism for pricing and dispensing medicines.

The Company cannot predict changes that may occur within the regulatory environment that regulates its business, as this environment may be subject to changes including tax systems, the adoption of stricter antitrust measures, price fixing and corporate governance, among others. In the event that the Company does not comply with the laws and regulations to which it is subject, or which are applicable to it, fines or penalties will be imposed on the Company, which would have a material adverse effect on its business, financial performance, financial position, and prospects.

Furthermore, the Company is unable to predict future Government decisions that may affect the Company's business, including, for example, decisions by Government entities to close roads or streets leading to the Company's health facilities, either completely or partially, which would negatively impact client attendance at the Company's health facilities. There are also many other events that would reduce the profit margins achieved from the services and products provided by the Company, including the imposition of mandatory pricing according to specific standards with respect to certain healthcare services provided by private health facilities or changes in the pricing of healthcare services by regulatory and supervisory authorities. The occurrence of any of the aforementioned risks would have a material adverse effect on the Company's revenue, financial position, financial performance, and prospects.

### 2.2.2 Risks Related to Competition

The Company operates in a highly competitive market and faces strong competition in all sectors in which it operates (for further information, please refer to Section 3 "**Market and Industry Information**" of this Prospectus). This competition has intensified in recent years across all sectors, leading to an increase in the number of providers of these services, particularly healthcare services in the Kingdom and abroad, thus rendering the Company unable to provide any guarantees regarding its ability to compete effectively within these sectors. Such competition may lead the Company, in order to maintain its clients, to reduce the prices of its services, which would adversely affect profitability levels. This in turn would have a material adverse effect on the Company's business, financial performance, and prospects.

The Company may also face additional competition from global healthcare companies with significant capabilities and experience that provide or intend to provide healthcare services in the Kingdom, as the Saudi Law of Private Health Institutions allows foreign investors to fully own hospitals (i.e., 100% ownership), which opens the door to global competition for the Company. Moreover, the Company faces competition from health facilities in Europe and the USA for advanced and critical health services, as these facilities attract citizens of the Kingdom and GCC countries for the purpose of medical tourism.

It is also possible that large mergers will occur between private health facilities, whereby the Company's competitors may rely on establishing alliances to acquire a larger share of the market. Such alliances may weaken the Company's position in the market. In addition, if numerous Government entities establish their own health facilities in the Kingdom or transfer their health facilities to be managed by the private sector or privatize or restructure them in line with Saudi Vision 2030, this may lead to a significant reduction in the private sector's share of the healthcare market. This in turn would have a material adverse effect on the Company's business, financial position, results of operations and prospects.

### 2.2.3 Risks Related to the Competition Law

The Competition Law issued by Royal Decree No. M/75, dated 29/06/1440H (corresponding to 06/03/2019G), and its Implementing Regulations issued by the General Authority for Competition pursuant to Resolution No. 337, dated 25/01/1441H (corresponding to 24/09/2019G), impose restrictions on certain commercial practices conducted by establishments across all sectors, including the conclusion of verbal or written agreements or contracts between establishments that aim at or lead to a disruption of competition within the Kingdom, such as setting prices for goods, service fees and terms of sale or purchase. The General Authority for Competition conducts investigations and imposes fines on establishments that violate the Competition Law, with penalties reaching up to 10% of the total annual sales value of the violation, or not exceeding ten million Saudi Riyals (SAR 10,000,000) when it is impossible to estimate such sales. The General Authority for Competition may also impose fines of up to three times the profits achieved by the violating entity, with the suspension of its activities partially, completely, permanently, or temporarily in the event of repeat violations.

While the Company is not currently subject to any penalties or fines from the General Authority for Competition, the occurrence of any of the risks listed above may have a material adverse effect on the Company's business, financial position, results of operations and prospects.

### 2.2.4 Risks Related to Non-Compliance with Saudization Requirements

All companies operating within the Kingdom must comply with the Saudization requirements by employing a certain percentage of Saudi employees among their workforce. The minimum percentage of Saudi employees varies based on the activities of each entity. As of 30 September 2024G, the Company has 3,353 employees, of whom 32.7% are Saudi citizens. According to Nitaqat website, the Company falls under Platinum category.

However, the Company may face penalties imposed by Government entities, such as the suspension of visa applications and transfer of sponsorship for non-Saudi employees and exclusion from Government tenders and loans, due to Saudization requirements not being met. Moreover, it may be difficult for the Company to maintain the required Saudization rate. In addition, the Company may face difficulties in recruiting the required Saudi workforce, hiring the required number of non-Saudi employees, attracting non-Saudi doctors and administrative staff to its existing and future health facilities, or attracting them on appropriate terms. There may be a significant increase in salary costs in the event the Company hires a larger number of Saudi employees. The occurrence of any of the above would affect the Company's business, financial position, results of operations and prospects.

For further information regarding the Company's Saudization rates and Nitaqat classification, please refer to Section 5.8 "**Employees**" of this Prospectus.

### 2.2.5 Risks Related to the Economic Situation in the Kingdom and Worldwide

The Company's performance depends largely on the economic situation in the Kingdom. Despite the efforts made to diversify income sources, the oil sector remains a significant contributor to the Saudi GDP. Fluctuations in oil prices, specifically substantial and significant decreases in such prices, may directly affect economic activity within the Kingdom, including the healthcare sector in which the Company operates. This may result in the Government reducing costs and expenses, including the provision of healthcare services, which in turn may lead to the cancellation or postponement of current and future contracts. If there are any future changes within the economy, market, or political conditions, this may adversely affect the overall economy of the Kingdom, and consequently the Company's business, financial position, results of operations and prospects.

In addition, if any of the macroeconomic factors or indicators in the Kingdom were to change, including economic growth, currency exchange rates, interest rates, inflation, wage levels and the volume of foreign investment and global trade, this would have a material adverse effect on the Company's business, financial position, results of operations and prospects.

### 2.2.6 Risks Related to Foreign Exchange Rates

The Company conducts transactions in currencies other than the Saudi Riyal, particularly the US Dollar. In line with the policy of the Kingdom, the Saudi Riyal is currently pegged to the US Dollar at an exchange rate of SAR 3.75/USD 1. However, there is no guarantee that the Saudi Riyal will remain stable against the US Dollar and any fluctuations or changes in the value of the Saudi Riyal relative to foreign currencies, including the US Dollar, could result in increased costs. This, in turn, would have a material adverse effect on the Company's business, financial performance, results of operations and prospects.

### 2.2.7 Risks Related to Adverse Changes in Interest Rates

The Company's expansion and development activities rely on obtaining financing and facilities from external financiers including commercial banks, Government lending entities and other financiers. As such, a rise in interest rates could have a significant impact on the Company's access to external financing and the interest rates applicable to such arrangements. Interest rates are highly sensitive to various factors beyond the control of the Company, including Government policies, monetary and tax regulations, and local and global economic and political conditions. Increases in interest rates result in higher financing costs, leading to lower cash flows for the Company. Consequently, negative fluctuations in interest rates could have a material adverse effect on the Company's business, financial position, results of operations and prospects.

In addition, the Company incurs fixed and variable interest rates (known as SAIBOR in the Kingdom) which it pays to banks and other financiers. For further information regarding the cost of financing incurred by the Company, please refer to Risk Factor 2.1.27 "**Risks Related to Securing and Maintaining the Necessary Financing**" and Section 6 "**Management Discussion and Analysis of Financial Position and Results of Operations**" of this Prospectus.

An increase in the Company's cost of financing would have a material adverse effect on its business, financial position, results of operations and prospects.

### 2.2.8 Risks Related to the Adoption of VAT and its Impact on the Company

The approval of the Unified VAT Agreement for the GCC Countries by the Council of Ministers on 02/05/1438H marked the introduction of a new tax to be added to the system of taxes in the Kingdom, which came into effect on 01/01/2018G. This tax is applicable to the healthcare sector in which the Company operates, among other sectors subject to taxes and fees. Currently, the state bears the VAT for Saudi citizens receiving private healthcare services. However, there is no guarantee that this exception will continue indefinitely.

The VAT rate is currently set at 15% and is ultimately borne by the consumer. In the event of a future increase in the VAT rate, the Company may face challenges in raising the prices of its services due to the nature of the contractual agreements with certain customers or as a result of competitive factors prevalent in the market. Consequently, the Company may have to absorb the additional VAT amount not collected from customers, which would adversely impact its business, financial position, results of operations and prospects.

### 2.2.9 Risks Related to Changes in the Regulatory Environment to which the Company is Subject

The Company generally operates within the regulated healthcare and pharmaceutical sectors which are subject to strict laws and regulations in all regions where the Company conducts its business, as well as the other regions where the Company intends to expand its activities in the future. These laws and regulations relate to several matters that are fundamental and directly relevant to the Company's operations, including: (1) professional ethics; (2) licensing of facilities and services; (3) renewal of licenses; (4) changes in fees for non-Saudi employees; (5) fixed pricing for services or classification of service pricing according to specific bands; (6) adequacy and quality of healthcare services provided; (7) quality of medical equipment, devices and services; (8) qualifications of doctors and administrative staff; (9) issues related to confidentiality, maintenance and security; (10) issues related to medical records and patient records; (11) examination of patients suffering from emergency conditions, ensuring their condition is stable and that such patients are transferred to intensive care and resuscitation units if necessary; (12) standards for the accreditation of health facilities; (13) the limits of medical insurance coverage; and (14) regulatory compliance standards.

The Company is unable to anticipate changes in the regulatory environment within the Kingdom. The regulatory environment of the Company may be subject to numerous changes, including changes in tax laws, the adoption of more stringent antitrust measures, changes in fixed pricing, and corporate governance. If the Company fails to comply with some or all of the requirements to which it is subject or which are applicable to it pursuant to the applicable laws and regulations, penalties or fines will be imposed on the Company. This would have a material adverse effect on the Company's business, results of operations, financial position, and prospects.

Furthermore, the Company is unable to predict the future decisions of Government authorities, which may affect the Company's business, including, for example, Government decisions to completely or partially close roads or streets on which the Group's health facilities are located, which would negatively impact customer visits. This in turn would have a material adverse effect on the Company's business, results of operations, financial position, and prospects.

A number of events could reduce the profit margins of services and products provided by the Company, including as a result of regulatory authorities imposing mandatory pricing according to specific criteria for certain healthcare services provided by private health facilities, changes by regulatory and supervisory bodies to the pricing of healthcare services, or a reduction in the pricing or permitted profit margins of medicines by the Saudi Food and Drug Authority or other regulator.

The occurrence of any of the aforementioned risks would have a material adverse effect on the Company's revenue, financial position, results of operations and prospects.

### 2.2.10 Risks Related to Natural Disasters

The Company may incur significant costs and face operational challenges if its health facilities, utilities, or employees are adversely impacted by unforeseen natural disasters or disruptive events beyond its control, including floods, earthquakes, and other similar occurrences. Such incidents could substantially impair the Company's ability to conduct and carry out its operations effectively, leading to a reduction in its operating performance. The occurrence of these natural disasters or other disruptive events which cause damage to the Company's facilities would have a material adverse effect on its business, financial position, results of operations and prospects.

### 2.2.11 Risks Related to Political, Social and Security Instability in the Middle East and its Impact on the Company's Operations

Prospective investors should carefully evaluate the geopolitical risks prevalent in the Middle East, as they could significantly impact the Kingdom's economy, as well as the Company, its clients, and operations. These risks may negatively influence the willingness of foreign doctors and workers to seek employment within the region, which in turn would affect the Company's business, financial position, results of operations and prospects.

### 2.2.12 Risks Related to Dependency on the Insurance Market

The Company relies heavily on customers insured by private insurance companies operating in the Kingdom. Accordingly, any risks or changes in the health insurance market could significantly impact the Company's business, financial position, and results of operations. Furthermore, economic conditions, both locally and internationally, may affect the financial performance of insurance companies operating in the Kingdom, which, in turn, may prompt them to negotiate greater discounts or lead to increased rejections of medical claims, whether justified or unjustified. These factors collectively pose risks to the Company's business, financial position, results of operations and prospects.

### 2.2.13 Risks Related to the Increase in Government Fees Applicable to Non-Saudi Employees

The Saudi Government has implemented a number of resolutions aimed at reforming the labor market, including the imposition of additional fees on non-Saudi employees and the imposition of additional fees for residence permits and renewals thereof. These increased fees will impact the expenses incurred by the Company for non-Saudi employees and may result in higher prices of services provided to customers, which could lead to difficulties in retaining non-Saudi employees. The Company will also incur additional financial liabilities due to Government fees for the issuance of residence permits. These factors pose risks to the Company's business, financial position, results of operations and prospects.

### 2.2.14 Risks Related to Changes in the Mechanism for Calculating Zakat and Tax

The Zakat, Tax and Customs Authority (ZATCA) requires Saudi companies listed on the Stock Exchange to calculate income and Zakat based on the nationality of shareholders and their actual ownership, replacing the previous practice where companies paid Zakat or tax based on their founders' ownership. The Company, being a closed joint-stock company owned by Saudi Shareholders, has not assessed the financial impact of this decision or taken the necessary steps to ensure compliance therewith, particularly with respect to the rules that impose income tax on all non-GCC residents who are shareholders in listed Saudi companies and that apply withholding tax on dividends of non-resident shareholders regardless of their nationality. If the financial impact of this circular is significant or if the Company incurs additional costs in order to take the necessary steps to ensure compliance therewith, this would have an adverse effect on its business, results of operations, financial position and prospects.

## 2.3 Risks Related to the Offer Shares

### 2.3.1 Risks Related to Effective Control by the Selling Shareholders

Upon completion of the Offering, the Selling Shareholders will own 175,000,000 shares, representing 70% of the total issued share capital of the Company. As a result, collectively they will have significant influence over the Company's decisions, including matters that require Shareholder approval such as mergers and acquisitions, asset sales, the election of Directors, share capital increases or reductions, the issuance or non-issuance of additional shares, dividend distributions, and any changes to the Company's structure. If circumstances arise in which the interests of the Selling Shareholders conflict with those of the other Shareholders, this would materially and adversely affect the interests of the other Shareholders and their investment strategies in the Company. Moreover, the Selling Shareholders may exert their control over the Company in a manner that adversely affects the Company's business, financial position, financial performance, and prospects.

### 2.3.2 Risks Related to Liquidity and the Lack of a Previous Market for Trading the Company's Shares

There may not be an active and sustained market for the Company's shares following the Offering. If an active and liquid market for the shares does not develop or is not maintained, this could have an adverse effect on the trading price of the shares.

The Offer Price has been determined based on several factors including the Company's financial position and prospects, market competition and an assessment of the Company's operational and financial performance. However, the trading liquidity and price of the Company's shares on the Exchange may be significantly affected by factors beyond the Company's control, such as: (1) fluctuations in financial results; (2) general circumstances; (3) overall economic conditions; (4) the regulatory environment in which the Company operates; and (5) other external factors. As a result, the trading liquidity and price of the Company's shares may experience significant volatility due to these factors, which are beyond the Company's control.

### 2.3.3 Risks Related to Fluctuations in the Price of the Shares on the Exchange

The Offer Price determined during the Offering may not accurately reflect the trading price of the Shares on the Exchange following completion of the Offering. Subscribers may face difficulties in reselling the Offer Shares at or above the Offer Price, or they may face challenges in selling them altogether. Following the Offering, the price of the shares on the Stock Exchange (Tadawul) may be adversely affected by various factors, including, but not limited to:

1- negative fluctuations in the Company's operating performance and improved performance by its competitors;
2- actual or expected fluctuations in the quarterly or annual operating results;
3- research reports published by securities analysts regarding the Company, its competitors, or the healthcare service sector;
4- public reactions to press statements and other announcements made by the Company;
5- actions taken by the Company or its competitors that contradict analyst expectations;
6- resignation of key employees;
7- key strategic decisions made by the Company or its competitors, as well as changes in business strategy;
8- changes in the regulatory environment affecting the Company or the healthcare services sector;
9- changes in approved accounting regulations and policies;
10- outbreaks of terrorist acts, wars, civil unrest, natural disasters, and other similar events; and
11- changes in general market conditions and overall economic conditions.

The occurrence of any of these risks or other factors may lead to a significant decrease in the price of the shares on the Exchange. As with any market, the Saudi Stock Exchange is subject to fluctuations in price and supply volume. This can lead to significant volatility in share prices, which in turn can cause a decrease in the value of the shares. Additionally, price fluctuations may be further amplified due to lower share trading volumes. This could adversely affect the investments of Subscribers in the Company's shares.

### 2.3.4 Risks Related to Research Published on the Company

The Company is subject to risks related to the publication of research concerning its operations and activities, which could impact its reputation, financial position, and overall business. If securities or industry analysts do not publish research or publish inaccurate or unfavorable research about the Company and its business, the price of the Shares on the Exchange may decline. The trading price and volume of the shares will depend in part on the research that securities or industry analysts publish about the Company and its business. If research analysts do not conduct adequate research coverage on an ongoing basis, or if one or more of the analysts covering the Company downgrades their recommendations with respect to the shares or publishes inaccurate or unfavorable research about the Company, the price of the shares on the Exchange could decline. In addition, if one or more research analysts cease coverage of the Company or fail to publish reports on it regularly, the Company could lose visibility in the financial markets, which, in turn, could cause the price of the Shares on the Exchange to decline significantly.

### 2.3.5 Risks Related to the Company's Ability to Distribute Dividends

The Company declared dividends of SAR 35 million, SAR 50 million, SAR 60 million and SAR 100 million for the financial years ended 31 December 2021G, 2022G and 2023G and the nine-month period ended 30 September 2024G, respectively. The Company's ability to distribute dividends in the future is dependent on several factors, including, but not limited to, future earnings, financial condition, cash flows, working capital requirements, capital expenditures and the Company's reserves (for further information regarding the Company's dividend distribution policy, please refer to Section 7 "**Dividend Distribution Policy**" of this Prospectus). In certain cases, the Board of Directors may not recommend, and the Shareholders may not approve, the distribution of dividends. Furthermore, future financing agreements may impose restrictions upon the distribution of dividends by the Company. If the Company decides not to distribute dividends to Shareholders, the Shareholders may not receive any returns on their investment in the shares unless they sell the shares at a price higher than the purchase price.

The Company cannot guarantee that it will be able to distribute dividends to Shareholders, nor can it guarantee that dividend distributions will be recommended or approved by the Board of Directors or the Shareholders. This could have a material adverse effect on the anticipated returns of Subscribers.

### 2.3.6 Risks Related to the Sale of a Large Number of Shares on the Exchange

The sale of a large number of shares on the Exchange after the completion of the Offering, or the perception among investors or the market in general of the possibility of such sale occurring, could adversely affect the shares and the price at which they are traded. The Company's current Substantial Shareholders, who own 5% or more of the Company's shares, are subject to a six-month Lock-Up Period from the date the Company's shares commence trading on the Exchange, during which they may not dispose of their shares. However, after the expiration of the Lock-Up Period, a number of the Company's Substantial Shareholders may decide to sell some or all of their shares. The sale of a large number of shares by the Substantial Shareholders following the end of the Lock-Up Period, or the perception among investors or the market in general of the possibility of such sale occurring, would materially and adversely affect the price of the Company's shares.

### 2.3.7 Risks Related to the Issuance of New Shares on the Exchange Post-Offering

In the event the Company decides to issue new shares in order to raise additional capital, this could impact the price of the shares on the Exchange (Tadawul) and lead to a dilution in the shareholdings of the current Shareholders if they do not subscribe for the newly issued shares. This in turn could have a material adverse effect on the anticipated returns of Subscribers for the Offer Shares.

Furthermore, if the Company decides to increase its share capital through the issuance of new shares which are allocated exclusively to employees of the Company and its Subsidiaries, this could affect the price of the shares on the Exchange (Tadawul) and result in a dilution of the shareholdings of the Selling Shareholders. This, in turn, could have a material adverse effect on the expected returns of Individual Subscribers.

### 2.3.8 Risks Related to Delays in Closing the Offering and Listing the Offer Shares

The end of the public Offering period for the Offer Shares usually coincides with the admission to listing of such shares, with both usually occurring more than two weeks after the announcement of the final Offer Price of the shares. During this time, the parties will complete the Offering to Individual Subscribers, which only commences in the Kingdom after determination of the final Offer Price, completion of the subscription process, and allocation of the Offer Shares. The Company aims to list the Offer Shares within the timeframe specified in the "**Key Dates and Subscription Procedures**" section of this Prospectus. However, the Company cannot guarantee that the listing of the Offer Shares will commence as expected. Consequently, the completion of the Offering period and the subsequent listing of the shares and trading thereof on the Exchange may be delayed. The Company will announce the commencement of trading of the shares on the Saudi Stock Exchange via its website.

### 2.3.9 Risks Related to the Inability of Non-Qualified Foreign Investors to Acquire the Shares Directly

Non-qualified Foreign Investors (who are not classified as Strategic Investors) wishing to participate in the Offering must enter into swap agreements with a Capital Market Institution, which enables them to obtain the economic benefit of the Offer Shares. Non-qualified Foreign Investors may trade their beneficial rights in the Offer Shares through Capital Market Institutions that retain ownership of these shares. Accordingly, non-qualified Foreign Investors will not be able to hold ownership of these shares or exercise their voting rights, and therefore, these factors may adversely affect investors and could result in the loss of all or part of their investment in the Company.

smc
Specialized Medical Company الشركة الطبية التخصصية

# 3. Market and Industry Information

## 3.1 Introduction

The information in this section is extracted from a report prepared by Jones Lang LaSalle Saudi Arabia Ltd, the Market Consultant, based on the Company's instructions. Jones Lang LaSalle Saudi Arabia Ltd is an independent company that specializes in strategic market research.

The Market Consultant prepared the research report independently and objectively, and ensured that it completeness and accuracy. The research was conducted with a macro view of the sector, which may not necessarily reflect the performance of companies individually.

The directors believe that the information and data presented in this Prospectus, which has been sourced or obtained from other sources, including the market research report prepared by the Market Consultant, are reliable. However, this information has not been independently verified by the Company, its Board members, or its advisors (other than the Market Consultant), and therefore they cannot give any assurance as to its accuracy, completeness, or integrity.

Neither the Market Consultant nor any of its shareholders, board members, or their relatives own any shares or interest of any kind in the Company and its subsidiaries. The Market Consultant has given written consent to the use of the market research data in the form and manner described in this Prospectus and has not withdrawn that consent as of the date of this Prospectus.

The analyses of the supply and demand in the report are based on current and historical trends. However, they may be affected by factors such as unforeseen supply delays, declining demand levels, changes in investor, business, and consumer attitudes, as well as economic growth forecasts at the local, regional, and global levels.

There are several ambitious projects in the Kingdom in the planning phase. Clients are advised to monitor the upcoming healthcare supply throughout the project duration and refine the analysis accordingly.

The Market Consultant is not responsible for any shifts in market conditions that occurred between the period of preparation and use of its report. The Market Consultant is also not responsible for any discrepancies between the assumptions contained in the report and actual market conditions, which may not be fully accessible to any qualified healthcare consultant due to limited market transparency.

Saudi Arabia is experiencing a thriving economy propelled by the transformative Vision 2030 initiatives, ushering in structural reforms, diversification efforts, and a surge in private investment and positioning the nation as an appealing investment hub. The landscape of ongoing mega-infrastructure and development projects signals an era of significant population expansion, with investments from gigaprojects anticipated to markedly bolster nonpetrochemical GDP growth. This economic vigour is set to catalyse substantial population growth, with projections nearing ~43 million by 2035, up from the current population of 37.5 million, escalating the demand for healthcare services. Against the backdrop of an expanding and ageing population, the rise in noncommunicable diseases (NCDs), the prominence of road traffic accidents, and the uptick in mental health disorders, there is a pressing need for a robust healthcare system to uplift the well-being of the populace.

The Kingdom is well-poised to address the rising healthcare needs through advances in the Vision 2030 transformation initiatives. The KSA's Health Sector Transformation Program (HSTP) under Vision 2030 is geared towards a comprehensive overhaul of the nation's healthcare framework through sweeping reforms, innovative ventures and strategic collaborations to enhance health outcomes, drive economic prosperity and cultivate sustainable investment avenues. The government's pronounced emphasis on public-private partnerships is evident, with 10 upcoming healthcare projects and 4 live transactions currently in the pipeline. SMC, in particular, leverages robust affiliations with governmental bodies like the Ministry of Health (MOH) and the Ministry of Defence (MOD), building on prior collaborations and its capacity to draw in top-tier professionals as well as its profound grasp of the regional healthcare terrain, which positions it as a favoured collaborator for such opportunities.

In alignment with governmental directives, initiatives are underway to augment insurance penetration to meet the escalating demand for healthcare services in the Kingdom. The Council of Health Insurance initiative aims to encompass roughly 54% of the country's population under mandatory health insurance by 2030. Despite the strides made in addressing the burgeoning demand for healthcare services, a notable gap persists in the availability of skilled healthcare professionals to meet these escalating needs. To bridge this gap, Saudi Arabia is expanding its medical education sector to cater to the escalating demand for healthcare practitioners, supported by the Saudisation initiative.

Fuelled by key drivers, the KSA healthcare market is projected to burgeon to around USD 102 billion by 2035 from the current USD 58 billion, with growth propelled by both the public and private sectors. The comparatively lower per capita healthcare spending compared to developed economies underscores the sector's high growth potential and opportunities for further expansion and enhancement. Riyadh, the capital of the Kingdom, is at the forefront of a significant urban migration wave, drawing both residents and international migrants to its dynamic landscape. Currently representing 20% of the total population in the KSA, this figure is projected to climb to 22% by 2035. Gigaprojects such as King Salman Park, Qiddiya and New Murabba are poised to be instrumental in Riyadh's ongoing expansion, catalysing the increasing demand for healthcare services within the city.

Riyadh stands as a prominent hub for the private healthcare sector in the KSA, with major healthcare groups clustered mainly in the Central and Northern regions of the city. In 2023, Riyadh emerged as a central healthcare nucleus within Saudi Arabia, hosting 22% of the country's hospitals and accommodating 27% of its overall hospital beds. This area spearheads the nation in healthcare infrastructure, encompassing 24.5% of public sector and 34.9% of private sector hospital beds. The private sector is poised to play a pivotal role in driving growth within Riyadh's healthcare market through a blend of public-private partnerships and strategic expansions. Embracing cutting-edge technologies such as artificial intelligence (AI) will be paramount for healthcare providers to navigate and thrive in the evolving landscape.

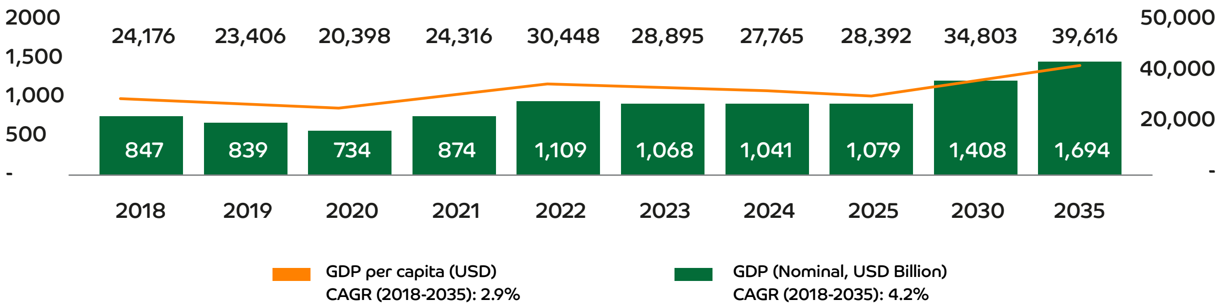
Competition among healthcare entities in Riyadh is intensifying, with key players adopting innovative strategies to capture market share and elevate service standards — a trend that is mirrored in their financial performance. Key healthcare players are strategically planning to increase their capacity by adding a significant number of hospital beds to their existing facilities. Currently, SMC holds 9% of the share of private beds in Riyadh. With the planned expansion of 697 beds, SMC is poised to become one of the largest private healthcare providers in Riyadh, boasting approximately 1,275 hospital beds. Despite the burgeoning healthcare supply, the current and planned infrastructure in Riyadh is not adequately aligned with the expected population surge, which is anticipated to result in a shortfall of hospital beds. An estimated 1,500 beds will be in demand by 2035 to meet the need for these specialities. Key specialities such as cardiac sciences, orthopaedics, OB-GYN, neurology and general surgery collectively constitute 47% of surgical volumes in Riyadh MOH hospitals. Both the public and private sectors offer a range of general surgical services, with public hospitals focusing on complex and emergency cases and private hospitals, on the other hand, specialising in elective procedures and quicker access to care. Large hospital groups, such as SMC, are pioneering a shift in this trend by providing specialised healthcare services within the private sector.

In conclusion, Riyadh's healthcare sector is poised for substantial growth, which is driven by demographic shifts and a rise in chronic conditions. Efforts to enhance healthcare access, preventive care and fitness programmes indicate a shift towards diversified service offerings and a focus on wellness. The emergence of centres of excellence, evolving healthcare formats towards outpatient and short-stay options, and the emphasis on long-term care and rehabilitation services reflect Riyadh's evolving healthcare landscape. Moreover, the ongoing initiatives of the Health Sector Transformation Program under Vision 2030 are creating multiple opportunities for public-private partnerships within the healthcare sector. The city's increasing appeal as a healthcare hub, coupled with rising healthcare consumerism and advancements in specialised services in key specialities such as oncology, cardiac sciences, neurosciences and OB-GYN, positions Riyadh for continued expansion and innovation in the healthcare industry.

## 3.2 Healthcare Market Overview of the KSA

### 3.2.1 Macro drivers impacting healthcare market growth

**Figure (3): GDP (nominal, USD billion), GDP per capita (USD) (2018-2035E)**




Sources: Oxford Economics, JLL Healthcare Analysis

Prudent macroeconomic policies, transformative changes (through fiscal reforms and in the regulatory business environment) and strong domestic demand have helped prop up nonpetrochemical growth. There is a strategic shift towards diversification, with Vision 2030 initiatives pivoted towards strengthening the nonpetrochemical economy; the nonpetrochemical revenue reached 38% of the total revenue in 2023 from 32% in 2018, with a growth of 9.3%.[1]

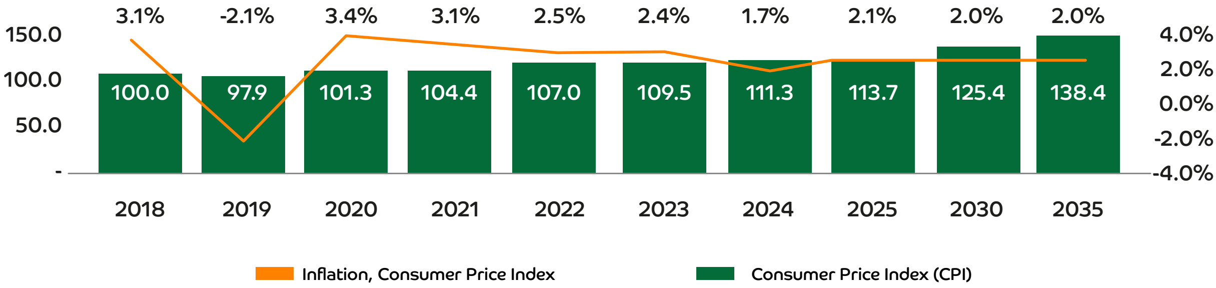
Besides diversification, the implementation of wide structural changes, such as restructuring Saudi Aramco into a global industrial conglomerate, establishing a sovereign wealth fund, and privatising essential sectors like health, education, transport, and housing, have fuelled economic growth. Policies mandating companies to set up regional headquarters in the Kingdom after 2023 further underscore the government's commitment to sustaining economic development in which the private sector and emerging businesses are expected to drive the economy.[2] This corporatization is poised to attract a significant influx of talent to the Kingdom, thereby driving population growth and increasing the demand for healthcare services.

The private sector's active role in growth-oriented policies, such as privatization and pro-investment measures by the Capital Market Authority (CMA), fosters a thriving investment landscape. The KSA holds a stable economic risk evaluation score of 3.5,[3] favorably positioning it against a regional average (MENA) of 5.2 in terms of exchange rates, market costs and inflation outlook.[4]

The KSA is expected to witness a consistent uptrend in the Consumer Price Index (CPI) from 2018 to 2035, surging from a baseline of 100 in 2018 to 138.44 by 2035. In 2019, a decline in inflation rates was primarily driven by a reduction in housing prices. However, in 2020, the rates fluctuated amid the impacts of the COVID-19 pandemic and the tripling of the value-added tax (VAT), causing an increase in the rates. Thus, looking ahead, a stabilization in inflation rates is anticipated, maintaining an average of 2.0% through 2035. This trend in the CPI and inflation rates in KSA, with a projected stabilization, not only reflects the country's economic resilience but also indicates a balance between price stability and economic growth.

1 General Authority of Statistics.
2 Invest Saudi.
3 Economic risk evaluation score assesses market demand, market cost, exchange rate, sovereign credit and trade credit.
4 Oxford Economics.

**Figure (4): Consumer price index (CPI), inflation, CPI YoY % (2018-2035E)**



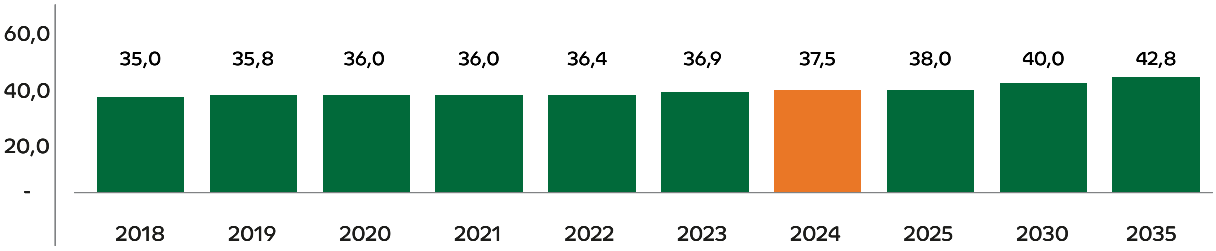

Sources: Oxford Economics, JLL Healthcare Analysis

### 3.2.2 Demographic drivers impacting healthcare market growth

As a result of economic initiatives, the KSA population is poised to grow from ~38 million in 2024 to reach ~43 million by 2035, presenting a strategic opportunity due to heightened demand for healthcare services.

Economic growth, including increasing private sector participation (PSP), enhanced business incentives for organisations and ongoing construction of mega-infrastructure projects, is attracting a large number of expatriates in the country and, as a result, fuelling population growth. The population is projected to reach 42.8 million by 2035, reflecting a CAGR of 1.2% from 2018 to 2035. This growth is bolstered by a 2022 crude birth rate of 16.9, marginally exceeding the global average of 16.6. This robust demographic trend, however, is anticipated to moderate due to declining fertility rates and increased female workforce participation, mirroring global patterns. While this may impact birth rates, the Kingdom's population growth strategy remains resilient, centred on establishing itself as a global professional hub. This strategic focus is expected to attract a significant influx of expatriate talent, further contributing to population expansion.

**Figure (5): Total population of Saudi Arabia (in millions) (2018-2035E)**




Sources: Oxford Economics, JLL Healthcare Analysis

The KSA's projected population growth and size position it favourably compared to other GCC countries and international benchmarks like the U.S. and the U.K. While the U.S. and the U.K. exhibit slower growth rates of 0.4% and 0.5%, respectively, the KSA's steady increase, coupled with its larger population size of 42.8 million in 2035 compared to other GCC countries such as the UAE (12.9 million), Oman (6.5 million) and Qatar (3.5 million), presents a significant opportunity to leverage its growing population. This demographic dividend can fuel economic growth, increase domestic consumption and drive demand for various sectors. By strategically investing in infrastructure, education and healthcare, the KSA can capitalise on this potential and solidify its position as a regional economic powerhouse.

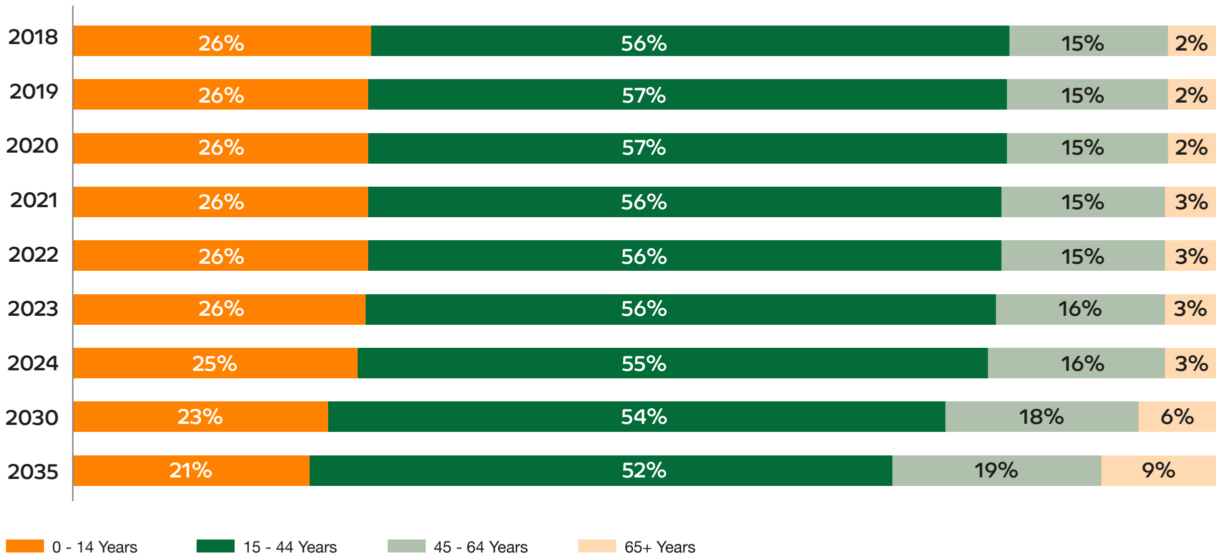
**Table (21): Total population and population growth (in millions) (2018-2035E)**

| Parameter | KSA | UAE | Kuwait | Qatar | Oman | Bahrain | Egypt | U.S. | U.K. |
|---|---|---|---|---|---|---|---|---|---|
| Population in 2018 | 35.0 | 9.3 | 4.3 | 2.8 | 4.6 | 1.5 | 105.7 | 328.3 | 66.5 |
| Population in 2035E | 42.8 | 12.9 | 5.6 | 3.5 | 6.5 | 1.9 | 136.1 | 353.9 | 72.8 |
| CAGR (2018-2035) | 1.2% | 1.9% | 1.5% | 1.4% | 2.1% | 1.3% | 1.5% | 0.4% | 0.5% |

Sources: Oxford Economics, JLL Healthcare Analysis

Despite the current skew towards a youthful demographic (55% of the kingdom population is aged between 15 and 44 years[5] in 2024) due to the heavy reliance on an expatriate workforce, the Kingdom is bracing for a demographic shift towards an ageing population. Projections suggest that the percentage of individuals aged 65 years and above will increase from 3% in 2024 to 9% in 2035, signaling an impending rise in the country's disease burden as the geriatric population is more prone to cardiological, orthopedic and neurological disorders and diseases like ischemic heart diseases (IHDs), osteoarthritis and dementia, creating more demand for healthcare services.

**Figure (6): Population split by age groups, Saudi Arabia (2018-2035E)**

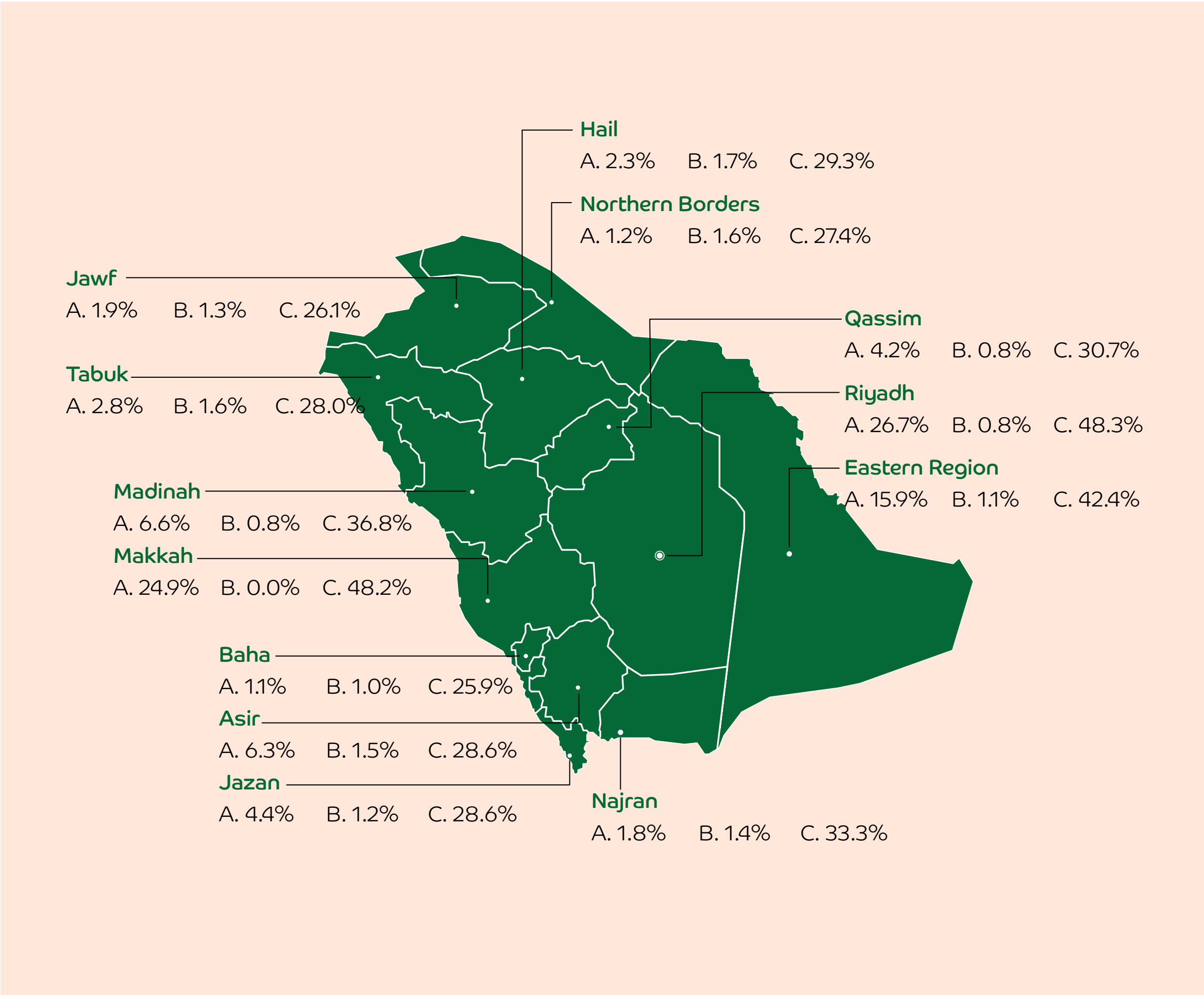



Sources: Oxford Economics, JLL Healthcare Analysis

The population distribution within the KSA is notably uneven, with 74% of the population concentrated in key regions such as Riyadh, Makkah, the Eastern Region and Madinah as of 2022. These regions, being focal points for megaprojects and gigaprojects, are driving economic growth and acting as central hubs for the Kingdom's development. Although regions like Tabuk, Hail and the Northern Borders have historically exhibited higher growth rates due to larger average family sizes, their overall contribution to the total population remains relatively modest.

5 Oxford Economics, JLL Healthcare Analysis.

**Figure (7):** **(A.) Share of population by provinces (2022), (B.) historical growth rate (2018-2022) and (C.) share of expat population (2022)**




Sources: General Authority of Statistics, JLL Healthcare Analysis

Note: The latest available data is as of 2022.

As economic growth continues to attract expatriates (constituting 42% of the Kingdom's population as of 2022),[6] the Kingdom anticipates a further influx of individuals seeking opportunities within its burgeoning economy. The ongoing mega-infrastructure and development projects signal a period of substantial population expansion, with investments from gigaprojects expected to bolster nonpetrochemical GDP growth significantly.[7]

Currently, the Kingdom boasts a portfolio of over 35 active key megaprojects and gigaprojects. These ambitious endeavours are poised to span across various regions, with Riyadh, the capital, serving as a focal point for 12 significant projects. Key projects in Riyadh, such as Seven, King Salman Park, King Abdullah Financial District, Diriyah Gate, Dahiyat Al Khuzam, ROSHN, Misk Foundation City, New Murabba, Qiddiya, Sports Boulevard, Riyadh Expo, and the North Pole, are expected to collectively cover an extensive land area of approximately 28 billion square metres.

6 Saudi Census.

7 IMF, "Saudi Arabia: Staff Concluding Statement of the 2024 Article IV Mission", June 2024.

## 3.2.3 Disease drivers aiding healthcare market growth in the KSA

The country's expanding and ageing population, surge in NCDs, high rate of road traffic accidents, and increase in mental health disorders emphasise the necessity for a comprehensive healthcare system to enhance the well-being of the population.

Prevalent sedentary lifestyles and unhealthy dietary habits in the Kingdom present considerable health challenges, contributing to a high prevalence of obesity across both genders. This has contributed to a surge in noncommunicable diseases, notably diabetes, which has reached epidemic levels, with a prevalence of 18.7% as of 2021,[8] making the KSA the second-highest country in the rates of diabetes and obesity in the GCC region, following Kuwait. When benchmarked against global standards, the Kingdom exhibits a higher percentage of diabetes cases and a similar obesity rate compared to the United States. Cardiovascular diseases, including ischemic heart disease and strokes, dominate NCD-related mortalities, accounting for 47% of deaths in 2022,[9] while the ageing population is also driving an uptick in oncology cases, with new cancer diagnoses reaching 28,113 cases in 2022.[10]

Consanguineous marriages and inadequate folic acid supplementation for mothers have resulted in a notable prevalence of congenital birth defects, particularly cardiac, genitourinary, craniofacial and nervous system abnormalities amongst children. Additionally, high rates of road traffic accidents contribute significantly to the demand for tertiary care services, necessitating the need for trauma facilities and emergency care. Furthermore, the Saudi National Mental Health Survey (2023) underscores the correlation between several personal, socioeconomic and environmental factors and mental health disorders in the KSA. However, low funding and limited research underline a significant unmet need for both inpatient and outpatient mental healthcare services despite increasing demand.

The ageing population, along with the rising prevalence of NCDs and traumatic road accidents, is reshaping disease patterns and healthcare needs in the KSA. This requires an urgent need for improved medical infrastructure to support both acute and post-acute care. Demand is also high for specialised long-term care and rehabilitation services in areas like cardiac sciences, neurosciences, orthopaedics and oncology, necessitating the establishment of dedicated centres to meet these critical health requirements.

**Table (22): Selected healthcare indicators**

| Selected Healthcare Indicators | KSA | UAE | Bahrain | Kuwait | Qatar | Oman | Egypt | U.S. | U.K. |
|---|---|---|---|---|---|---|---|---|---|
| Diabetes national prevalence (20-79 years) (2021) | 18.7% | 16.4% | 11.3% | 24.9% | 19.5% | 13.8% | 20.9% | 13.6% | 5.6% |
| Prevalence of obesity in adults (2023)[11] | 37.6% | 34.0% | 29.8% | 39.7% | 37.1% | 29.3% | 34.3% | 38.5% | 29.9% |
| Incidence of cancer cases per 100,000 population (2022) | 87.1 | 105.1 | 113.8 | 111.4 | 82.4 | 105.3 | 166.1 | 367.0 | 307.8 |
| Infant mortality rate[12] per 1,000 live births (2022) | 5.5 | 4.3 | 5.6 | 7.4 | 4.5 | 9.0 | 15.5 | 5.4 | 3.6 |
| Crude death rate[13] per 1,000 population (2022) | 2.8 | 1.9 | 2.5 | 2.6 | 1.1 | 3.3 | 6.4 | 9.8 | 9.1 |
| Life expectancy at birth | 77.9 | 79.2 | 79.2 | 80.3 | 81.6 | 73.9 | 70.2 | 76.4 | 80.1 |

Sources: International Diabetes Federation (IDF) Diabetes Atlas; World Population Review; Wisevoter; World Bank Statistics; World Health Organization – Global health estimates: Leading causes of death; JLL Healthcare Analysis

## 3.2.4 Governmental transformation initiatives

The KSA's Health Sector Transformation Program (HSTP) under Vision 2030 aims to revamp the nation's healthcare landscape through comprehensive reforms, innovative initiatives and strategic partnerships to improve health outcomes, foster economic growth and create sustainable investment opportunities.

8 Diabetes prevalence: Age-adjusted comparative diabetes prevalence (%) in adults 20-79 years (95% confidence interval), International Diabetes Federation (IDF) Diabetes Atlas, JLL Healthcare Analysis.

9 World Life Expectancy.

10 World Cancer Trends Research Funds International.

11 Body Mass Index ≥ 30 kg/m$^2$.

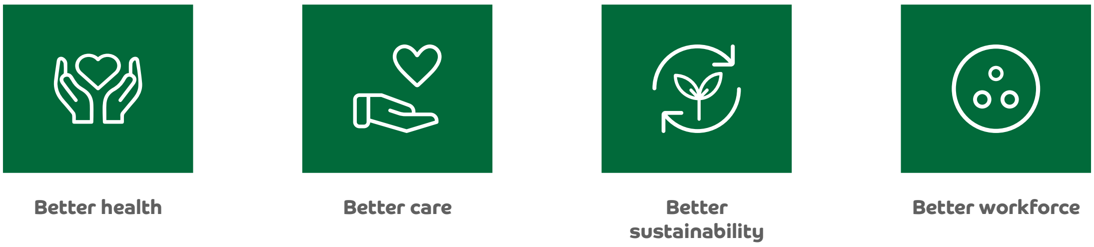
12 Infant mortality rate is the number of infants dying before reaching one year of age per 1,000 live births in a given year.

13 Crude death rate is calculated as the number of deaths in each period divided by the population exposed to risk of death in that period.

Saudi Vision 2030 serves as a comprehensive road map for the Kingdom's economic and developmental aspirations, establishing clear goals and responsibilities to realise its objectives. One of its key components is the HSTP, which aims to restructure the Saudi health sector into an effective, integrated and value-based ecosystem focused on patient health. The programme is designed to work collaboratively with all health sector entities and relevant government bodies to ensure alignment with national objectives throughout the transformation process. By encompassing all health entities within a strategic framework, the programme focuses on facilitating access to health services, enhancing care quality and efficiency, improving health risk prevention, and promoting traffic safety.

To drive these changes, the Health Sector Transformation Program is built on four strategic cornerstones:

**Figure (8): Strategic cornerstones of the Health Sector Transformation Program, KSA**




Sources: Health Sector Transformation Program Delivery Plan, Vision 2030; JLL Healthcare Research

Some of the key objectives of this program are:[14]

| | |
|---|---|
| **Raising the average life expectancy in the Kingdom from 75 to 80 years by launching a series of initiatives within the NTP with the aim of reducing health risks affecting average life span and quality of life.** | **Reducing the number of road deaths in line with international figures — 10 per 100,000 people.** |

In 2023, the initiative successfully met its goals, significantly reducing road fatalities from 28.4 to 13.1 and extending basic healthcare coverage to 88% of the population, achieving milestones ahead of its 2025 schedule.[15] The progress reflects the programme's evolving journey and the transformative changes in the healthcare landscape over the last couple of years, which have been driven by the following strategic reform initiatives:

| | |
|---|---|
| **1- Health Sector Governance** | The MOH is transitioning to become the exclusive regulator and monitor of the healthcare sector, stepping away from its previous role as a provider. A separate holding company, the Health Holding Company, was established for investing in and developing the health sector. This change aligns with Vision 2030 and necessitates the separation of the three roles currently held by the MOH; this will direct the ministry's endeavours towards regulating and overseeing the health sector, ensuring that all beneficiaries receive care that adheres to national quality standards. |
| **2- Modern Care Model** | The cluster strategy is being implemented to fundamentally transform beneficiary care in the Kingdom, dividing the nation into 20 health clusters. Each cluster will serve approximately 1 million individuals, encompassing all hospitals and primary care centres throughout the Kingdom. Primary care facilities, general hospitals and specialised services will be integrated within each cluster, allowing beneficiaries to access comprehensive services through a unified administrative system. This approach is designed to enhance the overall beneficiary experience by ensuring flexibility in service procedures, timely delivery of care and high levels of beneficiary satisfaction. |
| **3- Institutional Transformation of Healthcare Facilities** | The modern care model guarantees safe, efficient and beneficiary-centred care delivered promptly and effectively. This approach will elevate the value and quality of services received by the beneficiaries. |
| **4- National Health Insurance and New Financing Models** | Creating a national entity, specifically the Center for National Health Insurance (CNHI), aims to boost the quality and value of healthcare services by providing cost-free medical coverage for all citizens. This entity, financed by the Ministry of Finance, will strategically procure services and engage in contractual partnerships with health clusters to deliver free, high-quality care tailored to individual needs. |
| **5- E-Health Initiative** | The e-health initiative stands as a pivotal element in the healthcare transformation strategy. Spearheaded by the Saudi Health Information Exchange, it aims to embed digital capacities throughout the health system, encompassing healthcare services, health monitoring, medical resources, and health education, knowledge and research. In 2022, the launch of the Seha Virtual Hospital marked a significant milestone, attracting over 123,000 beneficiaries since its inception and serving as a fundamental cornerstone for the e-health transformation journey.[16] |

14 Health Sector Transformation Program Delivery Plan.
15 HSTP Achievements Report, 2023.
16 Health Sector Transformation Program Achievements Report, 2023.

| | |
|---|---|
| **6- Workforce Initiative** | The government is developing a national strategy to assess current workforce capabilities and predict demand, aiming to identify shortages in healthcare specialities and subspecialities. Efforts are being made to strengthen healthcare professionals' skills and attract qualified Saudi workers to the workforce, with a focus on making nursing and other healthcare professions more attractive. |
| **7- Private Sector Participation** | Aligned with the government's healthcare sector revitalisation vision, the MOH has established a strategic blueprint to attract private sector investments into the Saudi healthcare system. To streamline this endeavour, the government sanctioned the Private Sector Participation (PSP) Law in March 2021. This collaboration is poised to significantly elevate the healthcare landscape, with private entities introducing advanced technologies, structured healthcare delivery systems and cutting-edge digital solutions to the sector.<br>Nine primary domains have been pinpointed for private sector involvement in dispensing health services within the Kingdom as a component of this initiative. |

The government's commitment to supporting private sector participation in healthcare is evident through its emphasis on key focus areas and initiatives. These include rehabilitation, long-term care, home care, pharmaceutical care, extended care and primary healthcare, as well as radiology and laboratory services and service launches for hospitals and medical cities.[17] This strategic approach highlights the government's efforts to leverage private sector involvement in various healthcare segments for improved service delivery and overall healthcare system enhancement.

**Figure (9): PPP projects under live transactions (up to date)**

| PPP Projects | Details |
|---|---|
| Long-Term Care (LTC) and Skilled Nursing Home (SNH) Project | This project includes designing, building, financing, operating (clinical and nonclinical) and maintaining (DBFOM) 200 beds for the LTC facility and 100 beds for SNH (for each health region). |
| Medical Rehabilitation Hospital | The project includes designing, building, financing, operating (clinical and nonclinical) and maintaining (DBFOM) 150 beds and 120,000 outpatient rehabilitation sessions annually (for each health region). |
| Home Healthcare (HHC) | This project includes operating (clinical operations) and maintaining 5,000 active patients under their umbrella (for each health region). |
| Al Iman General Hospital Staff Accommodation | The project includes building, operating, and maintaining 564 housing units to accommodate 808 staff members of Al Iman General Hospital in Riyadh. |

Sources: NCP, JLL Healthcare Research

In addition, the MOH's PPP project for SABIC Behavioral Care Specialist Hospital, with a capacity of 150 beds,[18] for which the joint venture led by the Company and represented through AlMukhtas Al Sehhi Company, were shortlisted as the preferred bidder, and it will be active starting 2026.[19]

**Table (23): PPP healthcare project pipeline in Saudi Arabia**

| PPP Projects | Closed Projects | Under Construction | Live Transactions | Upcoming Projects |
|---|---|---|---|---|
| Number of PPP projects in the pipeline | 4 | 1 | 4 | 10 |

Sources: National Center of Privatization, JLL Healthcare Research

Note: According to the amended executive regulations of the Privatization Law, the minimum limit for a public-private partnership project shall be USD 53.3 million. The regulations set the minimum value for the transfer of asset ownership projects at USD 13 million.

17 Health Sector Transformation Program Delivery Plan.
18 NCP and MOH, January 2022.
19 SMC's Management Team.

The PPP healthcare pipeline in the Kingdom extends across various healthcare segments, encompassing primary and preventive care as well as specialised opportunities in subfields. Key healthcare groups are well-positioned to capitalise on these opportunities due to their strong track record of delivering high-quality healthcare services and substantial market presence. SMC, in particular, benefits from strong partnerships with governmental entities such as the MOH and the MOD, given its previous partnerships on LTC contracts, further solidifying its position as a leading player in the healthcare sector. As a testament to the robust partnership between SMC and MOH, the MOH shortlisted the joint venture led by the Company and represented through AlMukhtas Al Sehhi Company as the preferred bidder for the first PPP contract for the SABIC Behavioral Care Specialist Hospital, showcasing the depth of their collaborative engagement and successful business alliance. The SMC's ability to attract top talent, as well as its deep understanding of the local healthcare landscape, makes it an ideal partner for developing world-class healthcare facilities and services.

Overall, the government's intense focus on developing and restructuring the healthcare sector has opened many avenues for multiple investment opportunities in the private sector.

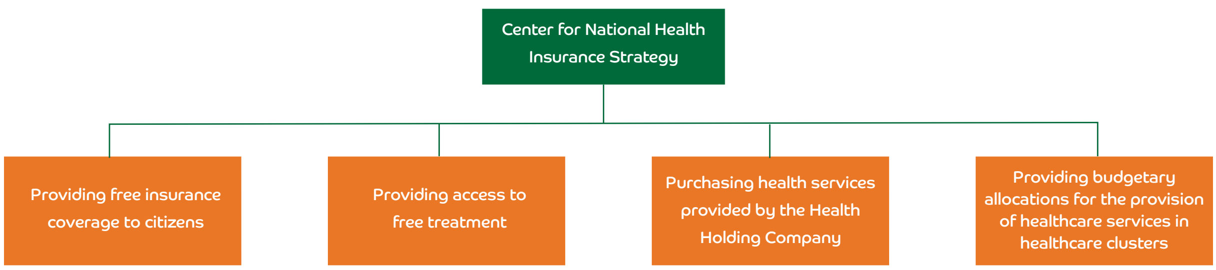
### 3.2.5 Insurance penetration

Aligned with governmental initiatives, the authorities are planning to enhance insurance penetration to meet the growing demand for healthcare services in the Kingdom.

In alignment with Vision 2030 and the National Transformation Program (NTP), the KSA government is dedicated to overhauling the reimbursement system to optimise the utilisation of healthcare services. To facilitate this, the Program for Health Assurance and Purchasing (PHAP) has been established to streamline services for public health providers.

In 2021, the National Platform for Health and Insurance Exchange Services (NPHIES) was introduced to foster connectivity among all stakeholders in the healthcare sector. Following this, in 2022, the MOH mandated the expansion of healthcare insurance coverage to include primary healthcare, telemedicine and other enhancements by both private and governmental organisations. Most recently, a shift consolidated all healthcare services under the National Health Holding Company with the launch of the Center of National Health Insurance (CNHI). Under this restructuring, the MOH will focus on the regulation and oversight of all public and private health institutions. Simultaneously, the Health Holding Company will deliver comprehensive healthcare services to beneficiaries across the KSA through its local health cluster subsidiaries, while the PHAP will transition into the primary payor for healthcare services within the MOH, serving as the Center of National Health Insurance.

**Figure (10): Key objectives of the National Health Insurance Strategy**




Sources: CHI, MOH, JLL Healthcare Analysis

Private health insurance in the KSA, introduced in 1999, has undergone numerous revisions over the years. Presently, it offers coverage to all expatriate and national workers along with their dependents in the Kingdom. Lack of sufficient insurance coverage now leads to nonrenewal of residency for expatriates. The broadening of mandatory insurance coverage is expected to diminish out-of-pocket expenses and boost the utilisation of healthcare services.

**Figure (11): Timeline of mandatory health insurance**

| | |
|---|---|
| 1999 | First nonmandatory Health -insurance introduction |
| 2005 | Mandatory for working expats (excluding families) |
| 2009 | Mandatory for working Saudis (excluding families) |
| 2014 | Health insurance made mandatory for all expat workers' family members |
| 2016 | Unified Health Insurance Policy (one policy for all company workers and dependents) introduced; Phase 1: Companies with 100+ employees Phase 2: Companies with 50-99 employees |
| 2017 | Unified Health Insurance Policy continued; Phase 3: Companies with 25-49 employees and Phase 4: Companies with fewer than 25 employees |
| 2018 | Modified Unified Policy: A new coverage announced by CCHI for bariatric sleeve, heart valve, autism and others |
| 2019 | Health insurance made mandatory for all Saudi workers' family members |
| 2020 | COVID-19 Response: Started a trial of 90 days coverage for telemedicine and child immunization through home care services, got extended till end of 2020 |
| 2021 | Visitors Health Insurance made mandatory for hajj and umrah visitors starting Jan 2020, NPHIES Platform launched |
| 2022 | CHI's Essential Benefit Package updated; Telehealth and other benefits added |
| 2023 | Suspension of two or more insurance coverage plans for a worker or his dependents from 1 Aug 2023 |
| 2024 | CHI and IA implemented a decision for mandatory insurance for domestic workers registered with the employer if their number exceeds four persons |

Source: JLL Healthcare Research

CHI targets to cover approximately 54% of the country's population under mandatory health insurance by 2030.

Between 2019 and 2023, the insurance sector in the country experienced a notable 14.6% overall growth, with total gross written premiums (GWP) reaching SAR 65.5 billion in 2023, showcasing substantial progress. Health insurance remained a major segment, contributing ~59% to the total GWP in 2023.[20] Initially, the number of insured individuals declined by 4.1% between 2016 and 2020 due to a significant exodus of expatriate workers during the COVID-19 pandemic. However, over the past four years, the number of insured individuals has rebounded, growing at a CAGR of 5.7%.[21] As of 2023, around 33% of the total population in the KSA is covered under health insurance.[22] The CHI aims to provide coverage for 21.7 million people by 2030, which would represent approximately 54% of the total population in the Kingdom.[23]

**Table (24): Total insured population in KSA (in millions) and % of insured population of total population**

| Parameter | 2020 | 2021 | 2022 | 2023 | 2024 | 2030F |
|---|---|---|---|---|---|---|
| Insured population | 9.8 | 9.9 | 11.5 | 11.8 | 12.2 | 21.7 |
| % of insured population | 27% | 28% | 32% | 33% | 34% | 54% |

Sources: CHI, JLL Healthcare Research

Note: The 2021 numbers are as of March 2021, the 2023 numbers as of 6 February 2023 and the 2024 numbers as of 25 January 2024, as published by the Council of Health Insurance (CHI).

Private healthcare insurance typically features distinct network tiers that offer varying levels of access and coverage within the private sector. While network nomenclature varies among insurance providers, a widely recognised example is the tiered system employed by Bupa. In Bupa's network structure, tiers are categorised from Networks 1 to 7, with Network 7 offering the highest level of premium service and benefits.

The healthcare system is moving towards value-based healthcare, a system in which providers are paid based on the quality of care and patient outcomes rather than the quantity of services provided. This model aims to improve patient health, reduce costs and enhance the overall healthcare experience.[24] Building on that, and with the government aiming to shift towards value-based healthcare, a strategic focus will be placed on insurance programmes for middle-class segments in the Kingdom. By prioritising cost-effective and accessible services, healthcare providers can optimise resource utilisation and expand their patient base. This approach aligns with the evolving healthcare landscape, where value is increasingly measured by the quality of care delivered relative to its cost. By tailoring offerings to meet the specific needs of this segment, providers can enhance patient satisfaction, improve health outcomes and establish a sustainable business model in the era of value-based care.

## 3.2.6 Manpower availability

While key initiatives and regulations are effectively addressing the rising demand for healthcare services in the Kingdom, a notable gap persists in the availability of skilled healthcare manpower to meet these increasing needs.

While the KSA has made significant strides in physician density, positioning itself as a regional leader, a notable gap persists in nurse-per-capita ratios when compared to certain GCC nations and established healthcare systems.

20 The Saudi Insurance Market Report, 2023.
21 MOH, Secondary Research, JLL Healthcare Analysis.
22 The Council of Health Insurance (CHI).
23 The Council of Health Insurance (CHI).
24 Centers for Medicare & Medicaid Services (CMS).

**Table (25): Healthcare manpower density per 1,000 population (latest available data)** [25]

| Healthcare Personnel | KSA | UAE | Bahrain | Kuwait | Qatar | Oman | Egypt | U.S. | U.K. |
|---|---|---|---|---|---|---|---|---|---|
| Physicians | 3.8 | 2.9 | 0.8 | 2.3 | 2.5 | 2.1 | 0.7 | 2.7 | 3.2 |
| Nurses | 5.8 | 6.4 | 2.4 | 4.6 | 7.2 | 4.4 | 1.8 | 12.0 | 8.7 |

Sources: World Bank Data, KSA MOH Statistical Yearbook

Furthermore, physician availability is skewed towards general specialties, with a scarcity of doctors in tertiary care specialties.

**Table (26): Availability of physicians in key tertiary care specialities per 1,000 population (latest available data)**

| Country | Cardiac Sciences | Orthopedics | Neuro Sciences | Oncology | Opthalmology | Urology | Dermatology | Gastroenterology and General Surgery | OBGYN | Plastic Surgery |
|---|---|---|---|---|---|---|---|---|---|---|
| KSA | 0.07 | 0.10 | 0.05 | 0.02 | 0.07 | 0.05 | 0.10 | 0.20 | 0.21 | 0.02 |
| U.S.A | 0.10 | 0.08 | 0.10 | 0.08 | 0.08 | 0.04 | 0.04 | 0.16 | 0.14 | 0.03 |

Well-penetrated specialty    Low-penetrated specialty

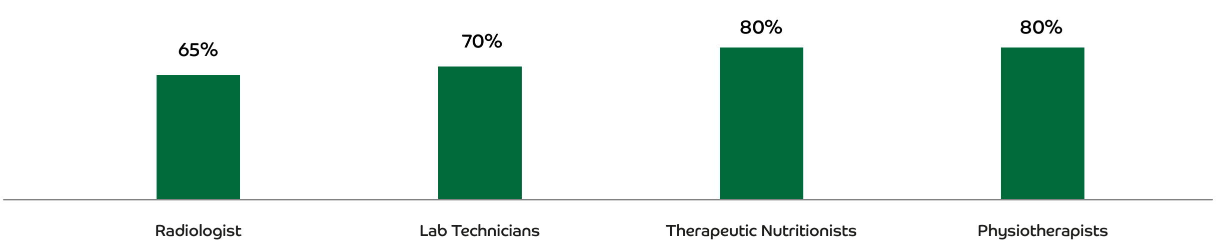
Sources: KSA MOH Statistical Yearbook, Association of American Medical Colleges

Note: The comparative data for other GCC and Middle Eastern countries is not available.

With the healthcare landscape undergoing a massive transition, the government plans to build a more resilient workforce, i.e., one with less reliance on foreign health workers. As part of the Saudization initiative to increase the participation of local talent in the private sector, the KSA's Ministry of Human Resources and Social Development started implementing this initiative in some key health sectors in April 2022. This included 60% Saudization in health specialization professions, 30% localization of engineering and technical professions in the field of medical appliances, and 40% Saudization of professions in the fields of sales and medical appliances and supplies throughout the country.

In October 2024, the Ministry of Human Resources and Social Development revealed the Saudization percentages to be applied to four healthcare professions as follows:[26]

**Figure (12): Saudisation percentages to be applied to four healthcare professions (2024)**[27]




Sources: Saudi Gazette, JLL Healthcare Analysis

25 KSA 2023, UAE 2020, Bahrain 2016, Kuwait 2020, Qatar 2018, Oman 2020, Egypt 2019, U.S. 2021, U.K. 2021.
26 Saudi Gazette, "Saudi Arabia to raise localization rates in 4 health professions effective from April 17, 2025", 16 October 2024.
27 KSA 2023, U.S. 2021.

### 3.2.7 Healthcare expenditure

Owing to key drivers, the KSA healthcare market size is expected to reach approximately USD 102 billion by 2035, with growth being driven by both the public and private sectors.

The healthcare expenditure in the KSA, as a percentage of GDP, has risen from 4.4% in 2013 to 6.0% in 2021.[28] In the fiscal year 2024, the Saudi government earmarked SAR 214 billion (USD 57.1 billion) for the health and social development sector, with the allocated share climbing from ~13% of the total government budget in 2017 to ~17% in 2024. Despite this increase, there remains a disparity when compared to developed nations like the U.S., which allocated about 18.8% of GDP to healthcare in 2020, and the U.K., which allocated around 11.9% of GDP in 2021.

In 2019, domestic general government health expenditure constituted approximately 70% of the total healthcare spending in Saudi Arabia, underscoring the substantial role of government investments in the country's healthcare sector. In line with the transformation vision, the government is implementing diverse strategies to reduce public sector spending and boost private sector involvement, aiming to achieve a private sector contribution ranging between 25% and 35% by 2030.[29]

The collaborative efforts of the Saudi government and private sector expansion are anticipated to propel the growth of the healthcare market in the future. JLL Healthcare estimates that public sector expenditure will surge from USD 45 billion in 2022 to USD 69 billion by 2035, while private sector expenditure is forecasted to rise from USD 16 billion in 2022 to an estimated USD 33 billion by 2035. Collectively, it is estimated that both the public and private sectors will expand, culminating in a total market size of ~USD 102 billion by 2035.

**Table (27): Total healthcare expenditure in the KSA (USD in billions) as a percentage of GDP and per capita (2018-2035E)**

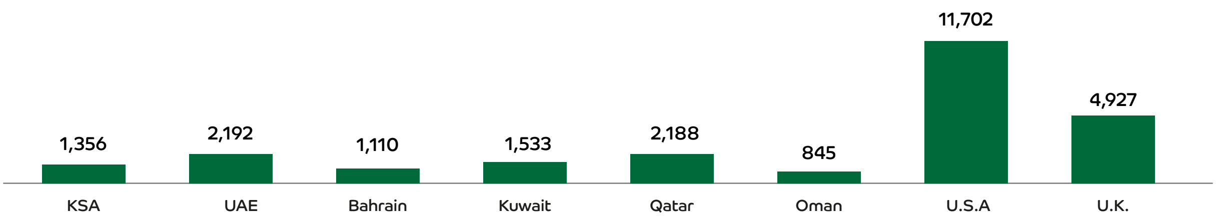
| Parameter | 2018E | 2020E | 2021E | 2022E | 2023E | 2024E | 2025E | 2030E | 2035E |
|---|---|---|---|---|---|---|---|---|---|
| Total current healthcare expenditure (USD billion) | 45.2 | 48.8 | 52.2 | 60.6 | 59.0 | 58.2 | 61.1 | 84.5 | 101.6 |
| Healthcare expenditure as % of GDP (nominal) | 5.3% | 6.6% | 6.0% | 5.5% | 5.5% | 5.6% | 5.7% | 6.0% | 6.0% |
| Per capita healthcare expenditure (USD) | 1,292 | 1,356 | 1,451 | 1,665 | 1,599 | 1,553 | 1,606 | 2,088 | 2,377 |

Sources: World Bank, JLL Healthcare Analysis

The per capita healthcare spending is lower than that of developed economies, indicating high growth potential.

Despite the rise in the KSA's per capita healthcare expenditure from USD 1,292 in 2018 to USD 1,665 in 2022, it remains notably lower than that of countries with established economies like the U.S. and the U.K. This discrepancy indicates substantial growth prospects within the country's healthcare sector.

**Figure (13): Current healthcare expenditure per capita in USD (2020)**




Sources: World Bank, JLL Healthcare Analysis

Note: The data provided is as per the latest available statistics for comparable countries, i.e., for 2020. Although JLL Healthcare has estimated per capita healthcare expenditure for the KSA till 2035, the 2020 data has been provided here for comparison.

28 World Bank Statistics, July 2024 Update.
29 Ministry of Investment.

## 3.3 Healthcare Market Analysis of Riyadh

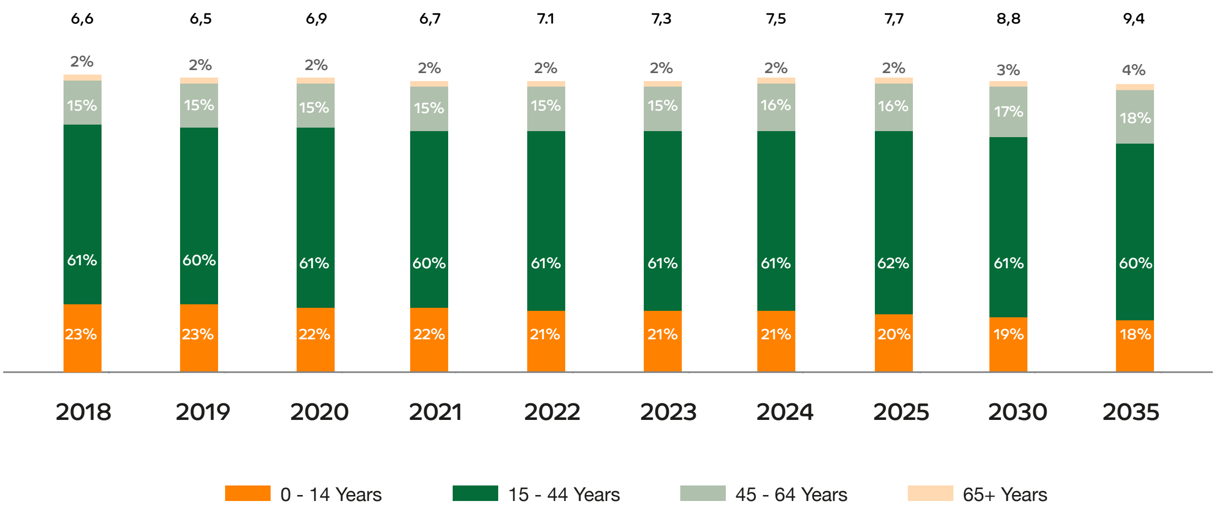
### 3.3.1 Demographic drivers impacting healthcare market growth

Riyadh's dynamic economic landscape, coupled with ambitious megaprojects and government incentives, is leading to population growth and fostering significant business opportunities.

Economic development is expected to be a key driver for population growth in Riyadh. As a major contributor to the KSA's nonpetrochemical economy, Riyadh plays a pivotal role in diversifying the Kingdom's economic landscape, which is integral to the success of Vision 2030. With projections indicating a surge from 7.5 million residents in 2024 to 9.5 million residents by 2035 at an expected CAGR of 2.1%, Riyadh's population is anticipated to grow at a rate nearly double that of the national growth rate, i.e., 1.2% during the same period.

The KSA is experiencing rapid urbanisation, with its urban population having reached approximately 31.4 million in 2023.[30] As the capital and largest city of the Kingdom, Riyadh is at the forefront of this urban migration, attracting both local and international migrants; it currently comprises 20% of the total population in the KSA, which is expected to increase to 22% by 2035.[31] A significant demographic driver is the youth population (aged 15-44 years), which comprises about 60% of the total population. This large youth cohort intensifies the demand for economic opportunities, housing, jobs and quality healthcare services. Concurrently, the expatriate population in Riyadh has grown from 2.9 million to 4.2 million between 2010 and 2022,[32] further increasing the demand for essential services, including healthcare.

**Figure (14): Total population (in millions) and population split by age groups in Riyadh (2018-2035E)**




Sources: Oxford Economics, JLL Healthcare Analysis

Riyadh experienced population growth among both Saudi nationals and expatriates at rates of 2.4% and 0.9% between the period of 2018 and 2022. To accommodate this trend, the Ministry of Investment of Saudi Arabia and the Royal Commission for Riyadh City are actively attracting multinational companies to establish regional headquarters in the city, resulting in over 180 foreign companies setting up bases in 2023.[33]

This influx is driving government investment in mega-infrastructure projects like King Salman Park and Riyadh Metro, with a primary focus on the city's Northern Region. These developments, alongside the population surge, are expected to fuel growth in Riyadh's healthcare sector. To sustain this growth, which is further driven by natural increase, urbanisation, an increase of younger age groups in the population, migration and economic factors, strategic planning and investment in healthcare services are crucial to meet the evolving needs of the city's diverse and expanding population.

30 World Bank Data.
31 Oxford Economics.
32 Saudi Census.
33 Zawya, "Riyadh ranks among the top 15 fastest-developing cities, sole among Asian cities in Savills Growth Hubs Index", 8 July 2024.

### 3.3.2 Current healthcare service provision

Riyadh is a major hub for the private healthcare sector in the KSA.

As of 2023, Riyadh has been a pivotal healthcare hub in Saudi Arabia, housing 22% of the nation's hospitals and 27% of its total hospital beds. This region leads the Kingdom in healthcare infrastructure, encompassing 24.5% of public sector and 34.9% of private sector hospital beds.[34]

**Table (28): Availability of hospitals and hospital beds in Riyadh and share out of total (2018-2023)**

| Parameter | | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | CAGR 2018-2023 | Total Additions |
|---|---|---|---|---|---|---|---|---|---|
| Hospitals | Public sector | 65 | 65 | 65 | 65 | 65 | 65 | 0.0% | 0 |
| | % share | 61% | 61% | 59% | 59% | 59% | 60% | – | – |
| | Private sector | 41 | 41 | 45 | 46 | 45 | 44 | 1.4% | 3 |
| | % share | 39% | 39% | 41% | 41% | 41% | 40% | – | – |
| Hospital Beds | Public sector | 13,409 | 13,886 | 14,590 | 14,172 | 14,433 | 15,147 | 2.5% | 1,738 |
| | % share | 70% | 71% | 70% | 69% | 71% | 70% | – | – |
| | Private sector | 5,747 | 5,747 | 6,212 | 6,339 | 6,024 | 6,345 | 2.0% | 598 |
| | % share | 30% | 29% | 30% | 31% | 29% | 30% | – | – |
| **Total Beds per 1,000 Capita** | | **1.98** | **2.00** | **2.08** | **2.03** | **2.10** | **2.17** | **–** | **–** |

Sources: Ministry of Health, JLL Healthcare Analysis

Note: The public sector includes the MOH and OGS.

Note: The population used in calculating hospital beds per 1,000 capita is based on the healthcare region level.

Between 2018 and 2023, public hospital beds saw a 2.5% CAGR increase, while the private sector's contribution involved the addition of three new hospitals and a CAGR of 2.6% for hospital beds within the same period. This growth indicates the increasing significance of private healthcare in the region. As Riyadh continues to expand as a major business and healthcare hub, the demand for healthcare services is projected to rise significantly. By addressing these emerging needs, Riyadh is poised to solidify its position as a leading healthcare destination.

**Table (29): Outpatient volumes, inpatient admissions and surgeries in Riyadh (in thousands) (2018-2023)**

| Parameter | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|---|
| **Public sector** | | | | | | |
| Outpatient | 20,801 | 23,125 | 13,652 | 17,159 | 18,016 | 20,981 |
| Inpatient | 463 | 447 | 378 | 523 | 430 | 473 |
| Surgeries | 182 | 214 | 231 | 182 | 216 | 199 |
| **Private sector** | | | | | | |
| Outpatient | 18,869 | 18,869 | 13,010 | 16,997 | 24,174 | 25,993 |
| Inpatient | 390 | 390 | 300 | 360 | 266 | 656 |
| Surgeries | 179 | 179 | 179 | 128 | 199 | 229 |

Sources: Ministry of Health, JLL Healthcare Analysis

Note 1: The public sector includes the MOH and OGS.

Note 2: 2018 and 2019 private OP and IP volumes were the same. This might be because of the nonavailability of the latest private sector data in 2019. The 2020-2021 patient volumes were affected by the COVID-19 pandemic.

34 This report refers to both the MOH and other governmental sectors as the public sector.

In 2023, Riyadh's healthcare sector witnessed notable growth, with inpatient admissions reaching 1.1 million, showing a 5.8% CAGR since 2018. This rise was fuelled by factors like population growth, increased healthcare awareness, less exodus of patients due to higher availability of services in the region and a rising demand for specialised care.

Outpatient visits also increased steadily, with a 3.4% CAGR, reflecting a shift towards preventive care. During the period from 2019 to 2021, Riyadh experienced a notable decline in outpatient numbers; this was attributed to the impact of the COVID-19 pandemic, which prompted numerous private clinics to temporarily suspend operations, particularly in elective specialities such as aesthetics and cosmetology. Following the Kingdom's globally recognised success in mitigating the impacts of the COVID-19 pandemic, there was a resurgence in outpatient figures surpassing pre-pandemic levels as individuals resumed elective care, demonstrating a heightened awareness and engagement in healthcare services. This trend is supported by expanded health insurance coverage and government initiatives focusing on primary care.

Surgical procedures in Riyadh nearly doubled from 2018 to 2023, totalling close to 700,000 procedures. This surge is attributed to surgical advancements, greater access to specialised surgeons and a growing inclination towards elective surgeries.

Leading public institutions like King Faisal Specialist Hospital & Research Center and King Fahad Medical City highlight Riyadh's dedication to quality healthcare. Moreover, the healthcare market is increasingly dominated by key private healthcare groups such as the Specialized Medical Center, Mouwasat Medical Services Company, Dallah Health and Dr. Sulaiman Al-Habib Hospital, which collectively control about 63% of the region's private bed capacity. This consolidation is reducing market fragmentation and promoting a more cohesive approach to healthcare delivery.

**Table (30): Beds, share of key private hospital groups in Riyadh (latest available) and announced upcoming supply**

| Hospital Name | Beds | % Share of Private Beds | Recently Opened (2024) + Announced Upcoming Supply | Total Beds (Current and Upcoming) | % Share of Private Beds With Expansions |
|---|---|---|---|---|---|
| Dr. Sulaiman Al-Habib Hospital | 1,087 | 17% | 836 | 1,923 | 17% |
| Dallah Health | 1,072 | 17% | 500 | 1,572 | 14% |
| Care Medical Group | 884 | 14% | 400 | 1,284 | 12% |
| **Specialized Medical Company** | **578** | **9%** | **697** | **1,275** | **12%** |
| Fakeeh Care Group | 185 | 3% | 0 | 185 | 2% |
| Mouwasat Medical Services Company | 165 | 3% | 120 | 285 | 3% |
| Others[35] | 2,374 | 37% | 2,170 | 4,544 | 41% |

Sources: Ministry of Health KSA, Company Annual Reports, Secondary Research, JLL Healthcare Analysis

Note: Dallah Health bed capacity includes Kingdom Hospital.

With the upcoming expansion in the form of approximately 1,275 hospital beds, SMC will be one of the largest private healthcare providers in Riyadh, giving it 12% of the share of private hospital beds in the market.

The megaprojects and gigaprojects coming to life in Riyadh are poised to significantly elevate healthcare services throughout the region. For instance, King Salman Park and Sports Boulevard are tailored to promote active lifestyles while prioritising specialised services. Moreover, developments like Qiddiya, the North Pole, ROSHN, Dahiyat Al Khuzam and New Murabba are positioned to emerge as healthcare centres, catering to the projected population growth in adjacent areas. These endeavours are set to catalyse opportunities for healthcare investment across primary, secondary and specialised care, including the burgeoning segment of medical tourism.

Key private healthcare groups are located mainly in Central and Northern Riyadh.

35 The bed supply under "Others" includes ~27 hospitals and 8 upcoming projects.

Located primarily in Central and Northern Riyadh, the strategic positioning of key hospitals near major highways, such as King Fahd Road and the Northern Ring Road, ensures swift connectivity to the city's extensive urban and suburban areas, enhancing both accessibility and operational efficiency. As a result, Riyadh stands out as a hub for numerous corporate private hospitals characterised by structured management and efficient operations, reinforcing its role as a leading healthcare destination in the Kingdom. With the current expansions taking place in Riyadh, healthcare groups are keen to expand their presence across the various regions of the cities to enhance patients' accessibility and increase footfall.

**Table (31): Recent and upcoming hospital supply in Riyadh**

| Recently Opened + Upcoming Development Name | Ownership | Announced Completion Year | Beds |
|---|---|---|---|
| Sulaiman Al-Habib Medical Group – Sehat Al Kharj | Private | 2024 | 141 |
| Sulaiman Al-Habib Medical Group – As Sahafa Hospital | Private | 2024 | 400 |
| Dallah Health – Namar Hospital: Phase 2 | Private | 2024 | 250 |
| Sulaiman Al-Habib Medical Group – Al Narjis District Hospital in Riyadh | Private | 2024 | 60 |
| Sulaiman Al-Habib Medical – Gharb Al-Takhassusi: Maternity & Paediatric Hospital | Private | 2024 | 145 |
| Dallah Health – Dallah Hospital in Riyadh | Private | 2025 | 250 |
| Sulaiman Al-Habib Medical Group – Al Hamra Hospital in Riyadh | Private | 2025 | 90 |
| Al Hammadi – Olaya Hospital | Private | 2026 | 200 |
| **SMC 3 - Specialized Medical Center (Northern Ring Road)** | **Private** | **2027** | **296** |
| National Medical Care – New National Hospital in Riyadh | Private | 2027 | 400 |
| Mouwasat Medical Services – Hospital in Al Qadisiyya | Private | 2027 | 120 |
| **SMC 4 – Specialized Medical Center (Al Khuzam Suburb – Prince Faisal Bin Bander Road)** | **Private** | **2028** | **201** |
| Al Hammadi – Narjis Hospital | Private | 2028 | 200 |
| **SMC 5 – Specialized Medical Center (Al Malqa – Northwest of Riyadh)** | **Private** | **2029** | **201** |

Sources: MEED Projects, Secondary Research, JLL Healthcare Analysis

The expansion of mid-tier and high-tier insurance networks is anticipated to create growth opportunities for major healthcare stakeholders such as SMC.

Primarily, the private healthcare industry in the nation relies on insured patients, making insurance revenue the primary driver of revenue within the private healthcare sector. SMC collaborates with prominent insurance entities, with the top three insurers – Bupa Arabia, Tawuniya and Medgulf – representing 85.1% of the total insurance revenue as of year-to-date 2024, which is equal to these companies' market share in private insurance.

In the Kingdom, Bupa and Tawuniya are key players in the private health insurance sector, employing distinct network segmentation strategies. For example, Bupa divides its coverage into seven networks, with Networks 6 and 7 representing the high-tier segments and Networks 4 and 5 representing the mid-tier ones. SMC is prominently present across various insurance networks, with a notable emphasis on mid- and high-tier segments. As upcoming projects drive population growth and attract more corporate headquarters to the region, there is a projected increase in demand for mid- and high-tier segments.

Strategically positioned at the confluence of Riyadh's Southern, Western and Central regions, SMC's first hospital in Riyadh maximises its accessibility to effectively address the expanding healthcare demands of the area.

SMC's strategic decision to position its flagship hospital (SMC1) on King Fahad Road capitalises on the area's accessibility and the rising demand for high-quality healthcare services. This location, strategically situated at the juncture of Riyadh's Southern, Western and Central regions and combined with the city's expanding population and economic vibrancy, establishes SMC as a pivotal player in the healthcare landscape. The hospital's prime placement ensures easy access for patients from various neighbourhoods, reducing travel time and maximising convenience. Additionally, its proximity to major transportation routes, commercial hubs and the upcoming King Salman Park enhances visibility and accessibility within a 5 km radius, broadening SMC's reach to a diverse patient demographic seeking top-notch medical care in a convenient setting.

SMC's strategic advantage lies in its strong market presence, evidenced by the expanding patient pool and the escalating demand for its services. This existing presence and reputation contribute to SMC's ability to maintain a strong position in the healthcare sector, even with the presence of other hospitals in the vicinity.

SMC's expansion to King Abdullah Road positions it to capitalise on the growing healthcare demand in Riyadh's Eastern Region, leveraging the strategic advantage to cater to the diverse needs of the local population.

The group's expansion into Riyadh's Eastern Region, with the opening of its second hospital (SMC2) on King Abdullah Road, further solidifies its position as a leading healthcare provider. This location offers accessibility to major thoroughfares, including King Abdullah Road itself, a vital artery connecting various parts of the city. The area's burgeoning residential communities, coupled with the increasing population and economic activities, have created a significant demand for quality healthcare services. This strategic move positions SMC to capitalise on the growing healthcare needs of this dynamic region.

In a catchment area already serviced by established healthcare providers like Mouwasat Hospital and Dr. Mohammed Al Fagih Hospital, as well as emerging players such as Riyadh Hospital, SMC expanded its reach into the Eastern Region to better address the varied healthcare requirements of the community and to fortify its market standing.

SMC's competitive advantage amidst these competitors lies in its proven track record, which has been established by its flagship hospital. This has not only elevated the quality of healthcare services provided but has also set a local and regional benchmark for other players to follow. This premium edge positions SMC as a leader in the healthcare sector, fostering trust and loyalty among patients and solidifying its reputation as a provider of exceptional healthcare services.

SMC's planned expansion into Riyadh's Northern Region, with the opening of SMC3, SMC4 and SMC5 in prime locations, is expected to solidify the group's market positions further.

SMC's expansion into Riyadh's Northern Region underscores its commitment to increase healthcare coverage across the city. The upcoming opening of SMC3 in 2026 (located on the Northern Ring Road), SMC4 in 2028 (located in Al Khuzam Suburb —Prince Faisal Bin Bander Road) and SMC5 in 2029 (located in Al Malqa — northwest of Riyadh), positions the group to capitalise on the significant growth and development in the area, particularly driven by megaprojects like the King Abdullah Financial District, Sports Boulevard, the North Pole and Riyadh Expo.

These prime locations offer both accessibility and visibility, attracting a diverse patient population, including expatriates, affluent locals and medical tourists. By establishing new facilities in this rapidly developing region, SMC aims to meet the increasing demand for high-quality healthcare services.

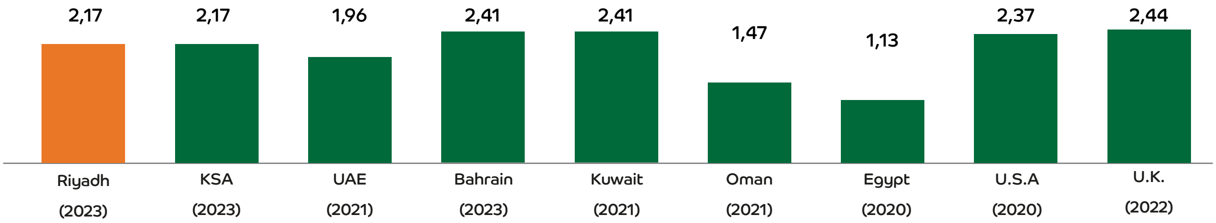
As a key player in the KSA healthcare market, SMC's strategic and rational geographical expansion across various regions in Riyadh aligns with the growing needs of the population. By reaching out to a diverse pool of patients and diverging the current patient flow, SMC can expect to improve organizational efficiency, strengthen its brand value and enhance revenue streams. This expansion strategy is more salient considering that Riyadh's market offers significant opportunities for key healthcare players.

### 3.3.3 Availability of hospital beds

Despite the growing supply in Riyadh's healthcare market, the current and planned healthcare supply is not aligned with the expected population growth, leading to a gap in the availability of hospital beds in Riyadh by 2030.

The growth of the healthcare market must prioritise the expansion of hospital bed capacity and the enhancement of existing infrastructure for specialised care. Riyadh's bed density is currently comparable to the national average but lower compared to established healthcare markets like the U.S. and the U.K.

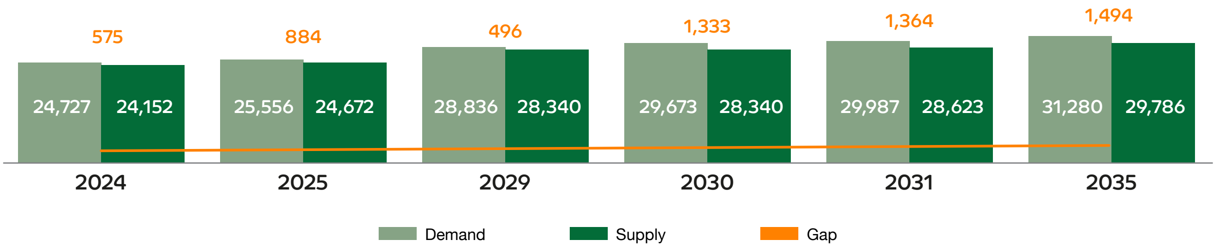
**Figure (15): Comparison of hospital bed density per 1,000 population (latest available)**




Sources: Ministry of Health reports for various GCC countries; UAE Stat; National Health Regulatory Authority (NHRA), Bahrain; Statista; Oxford Economics; JLL Healthcare Research and Analysis

Based on the announced supply and the assumed organic growth beyond 2030, a total of ~6,850 hospital beds will be added to Riyadh's hospitals to make the sum reach a total of ~30,000 beds by 2035, with approximately 40% allocated to the private sector. However, to meet the ambitious healthcare goals outlined in Vision 2030, an additional ~1,500 beds are required to achieve the target bed-to-population ratio of 2.7 per 1,000 population. Hence, the region must accelerate medical infrastructure expansion. Additionally, to bridge this gap, strategic investments and innovative healthcare solutions are imperative.

**Figure (16): Estimated demand for hospital beds in Riyadh (2024-2035)**




Sources: Ministry of Health, MEED, Company Annual Reports, Secondary Research, JLL Healthcare Analysis

Note: An organic growth of hospital bed addition has been considered post the announced supply.

## 3.3.4 Current private healthcare market and outlook

**Key players in the market, such as SMC, Habib Medical Group and Dallah Health, as well as regional players like Burjeel Holdings, have invested in primary care in Riyadh.**

The need for primary healthcare in Riyadh is currently met through a combination of public health centres, private clinics and hospitals. Public sector facilities, managed by the MOH, provide a wide range of primary care services, including preventive care, routine checkups and chronic disease management, and they are accessible to the general population. Private clinics and hospitals help meet the additional demand. Despite these resources, Riyadh still experiences gaps in primary care accessibility and continuity, particularly in suburban and underserved areas, where services may be limited or inconsistent. The demand for primary care services has increased manifold after the COVID-19 pandemic, with increased awareness of the community on the essence of health checkups and preventive care. This is also directed by the government's focus on growing the primary care sector in the Kingdom and re-introducing elective care procedures. Another contributing factor to the increase in visits is the activation of the primary care role in the private healthcare market, with the Council of Health Insurance (CHI) allowing payors to mandate up to 50% co-pay on specialist outpatient visits that are not referred by primary care physicians. These include general practitioners, family physicians, obstetricians and gynaecologists, paediatricians, and internists.[36]

36 Council of Health Insurance.

In response to the primary care deficit, major healthcare entities have strategically invested in bolstering their outpatient clinic infrastructure within hospitals or establishing satellite clinics to cater to the populace. SMC currently leads this initiative with 266 operating clinics, which are expected to reach 770 by 2030. Meanwhile, Dr. Sulaiman Al-Habib Group and Dallah Health are expanding into satellite medical facilities. These groups are currently leading the sector in the number of outpatient clinics in Riyadh. Nonetheless, the current capacity falls short of addressing the requirements of an expanding population. Therefore, considerable opportunities exist for private healthcare players in Riyadh to expand primary care services to address this demand. By opening more standalone primary care clinics or expanding existing facilities to include comprehensive family care, private providers can improve accessibility. Additionally, key players could invest in digital health solutions, such as telemedicine and mobile health clinics, to reach underserved populations more efficiently. Integrating primary care with specialist services, wellness programs and chronic disease management within a single provider network offers a value-based care approach that appeals to both Saudi nationals and expatriates. Expanding primary care services would also enable private players to expand their geographical footprint and capture a larger share of the market, particularly as the government incentivises private sector involvement in healthcare delivery.

The projected market expansion and transition towards primary care have prompted key stakeholders within acute care settings to pivot their focus away from long-term care, previously a central area of interest. Moreover, with the ongoing shift towards elective procedures and advancements in healthcare technology, the reliance on long-term care within acute care settings is becoming less cost-effective and unsustainable. Consequently, this market dynamic has shifted long-term care services to take place in dedicated facilities.

**The private sector is expected to play a major role in Riyadh's healthcare market growth, with public-private partnership initiatives and planned expansions.**

There are several PPP initiatives underway, including Al Yamamah Maternity and Children Hospital, which underscores the commitment to enhancing healthcare infrastructure in the city. The government's initiatives to create health clusters throughout the Kingdom, along with the establishment of the Health Holding Company which will act as the provider arm for the Ministry of Health, aim to activate more PPP opportunities, encouraging the private sector to play an active role in healthcare service provision in Riyadh.

The healthcare landscape in Riyadh is evolving, with private healthcare providers taking an active role in service provision. Collaborations between these providers and technology firms are emerging, with the aim of enhancing healthcare delivery through innovations such as telemedicine and electronic health records.

**Artificial intelligence (AI) and technology integration will also be key for the success of providers in the near future.**

For key healthcare groups, the adoption of advanced technologies and AI-based systems such as telemedicine and digital solutions is becoming essential. Additionally, the government has launched the NPHIES, a centralised healthcare and insurance platform designed to create a seamless connection between the insurance sector and the medical community. SMC has emerged as one of the leading hospitals accredited by this initiative, demonstrating its commitment to integrating advanced healthcare solutions with efficient insurance processes. This alignment not only strengthens the healthcare system but also enhances patient care by facilitating easier access to necessary medical services and information.

### 3.3.5 Competitive analysis/benchmarking

**The healthcare landscape in Riyadh is increasingly competitive, with several key players adopting innovative strategies to capture market share and enhance service delivery.**

Key private sector players are implementing multifaceted growth strategies characterised by diverse multibrand profiles and multisegment presence, thereby broadening their coverage and improving patient care.

**Table (32): Details of service availability in key hospital groups in the KSA**

| Healthcare Group | Establishment Year | Total Beds (Latest Available) | Presence Across Multiple Formats | Accreditations | USPs and Differentiators |
|---|---|---|---|---|---|
| Specialized Medical Company | 1999 | 578 | Hospitals and clinics, medical education, home healthcare | CBAHI,[37] CAP,[38] AABB,[39] HIMSS,[40] AHA[41] | Cutting-edge technology, patient pathway, location of the facilities near key landmarks, advanced app experience, partnership with Mayo Clinic, focus on primary care and inpatient services with a low ALOS |
| Fakeeh Care Group | 1978 | 985 | Hospitals, medical centres, home healthcare, medical education | JCI,[42] CBAHI, AHA, CAP, HIMSS Stage 7, AABB, UNICEF USA, ISO, HACCP[43] | Critical care focus, robotic surgery, medical education |
| Dr. Sulaiman Al-Habib Medical Services | 1995 | 2,965 | Hospitals, medical centres, specialised centres, medical education, home healthcare | JCI, CAP, CBAHI, ISO,[44] HIMSS Stage 7, AABB | Cutting-edge technology, star doctors, medical education, home care |
| Dallah Healthcare | 1987 | 1,150 | Hospitals, medical centres, specialised centres, home healthcare | CBAHI, JCI, ISO, CAP | Specialised surgical services, home care |
| Middle East Healthcare Company (MEAHCO) | 1988 | 1,563 | Hospitals, medical centres, medical education | ACHS, CBAHI, HIMSS, CAP, AABB, JCI | Partnerships with Mayo Clinic, genome program, medical education |
| Mouwasat Medical Services Company | 1987 | 952 | Hospitals, medical centres, LTC | AABB, CBAHI, JCI, CAP, HACCP, HIMSS, ACR,[45] CARF[46] | Robotic pharmacy, robotic surgery |

Sources: Company Annual Reports, S&P Capital IQ, Secondary Research, JLL Healthcare Analysis

37 Saudi Central Board for Accreditation of Healthcare Institutions.
38 College of American Pathologists.
39 American Association of Blood Bank.
40 Central Board for Accreditation of Healthcare Institutions.
41 American Heart Association.
42 Joint Commission International.
43 Hazard Analysis Critical Control Points.
44 International Organization for Standardization.
45 American College of Radiology.
46 Accreditation of Rehabilitation Facilities.

Accreditation has become a vital tool for reinforcing trust among both local and international patients, with the number of Joint Commission International (JCI) accredited facilities in the KSA rising from 42 in 2013 to 110 in 2023.[47] Major healthcare groups prioritise accreditation from respected international bodies like HIMSS, CAP, JCI and CARF to enhance service quality and demonstrate their commitment to global standards.[48] However, SMC has distinguished itself by focusing not only on quality services but also on patient safety. In addition to achieving Condition Diamond accreditation from Accreditation Canada and gaining accreditations such as HIMSS, AABB, CAP and CBAHI,[49] it has implemented national and international safety protocols, including the Baby-Friendly Initiative, to meet essential safety requirements and address the WHO's Nine Patient Safety Solutions.

Technology is emerging as a key differentiator in the healthcare sector, with many organisations integrating cutting-edge solutions such as AI and real-time monitoring for teleconsultation. Successful healthcare groups are evolving beyond traditional roles to become comprehensive healthcare systems. For instance, SMC has implemented a fully paperless system and integrated clinic practice guidelines in its iDoc platform, along with automating electronic admissions and blood bank operations. In addition to this, the SMC app has enabled patients to book appointments, confirm schedules, check in remotely, settle insurance co-payments and even collect medications without the need for in-person interactions. This streamlined approach enhances patient convenience and optimises healthcare delivery, allowing for more efficient utilisation of healthcare resources and improved patient satisfaction. With these measures, SMC has achieved a reduction in average waiting times from 58 minutes in 2021 to 21 minutes in 2024.[50] Other large hospital groups are also integrating technology in aspects such as patient queuing systems, telemedicine and ER triage dashboards, among others.

Strategic partnerships are playing a crucial role in the evolving healthcare market. SMC has become a key partner for the Mayo Clinic in the Kingdom, enhancing its service offerings. It has also formed partnerships with government and private hospitals to gain expertise and promote education, creating a seamless patient-centric care system while establishing SMC as a COE for LTC services for eligible patients through effective contract management. This will aid in positioning SMC favourably for future PPPs.

Additionally, SMC is focused on integrated care, and by partnering with insurance companies to set up on-site offices and adopting the NPHIES, it is expanding its insurance client base. Furthermore, there is a growing trend towards integrating medical education within key healthcare groups, either through ownership or partnerships with academic institutions for training physicians and nurses. For instance, SMC operates a medical residency programme at its King Fahd Road branch and partners with other institutions for nursing, laboratory and biomedical training.

Other prominent players have established partnerships with NEOM; these include Dr. Sulaiman Al-Habib and Fakeeh Care, which have focused on operational contracts and the management of a medical centre, respectively. Similarly, Saudi German Health has collaborated with the Mayo Clinic to provide second opinions. These alliances strengthen healthcare delivery and enhance the overall quality of services in the region.

Diversity can be seen in SMC's patient base, which includes individuals from over 180 countries. The staff, comprising both physicians and nurses, also reflects this diversity culturally and linguistically. Physicians hail from various countries, including the KSA, Lebanon, Syria, Jordan and the U.S., while nurses come from India, the Philippines, Nigeria, the KSA and Egypt, among other countries. With the KSA's vision to promote medical tourism, this rich diversity positions SMC as a preferred facility for medical tourists.

### The growth strategies employed by these healthcare groups are also evident in their financial performance.

An analysis of key metrics reveals that these leading organisations exhibit a strong profitability profile. Entities like Dr. Sulaiman Al-Habib, Mouwasat and Dallah are capitalising on capacity expansions to enhance their profitability and returns. Overall, the revenue growth for these prominent players continues on a strong upward trend, with many prepared to increase their capacity significantly.

47 Science Direct, JCI Website.

48 Abbreviations mentioned here have been expanded within Exhibit 2.8.

49 Abbreviations mentioned here have been expanded within Exhibit 2.8.

50 SMC Management Team.

**Table (33): Financial performance of key hospital groups in the KSA**

| Group Name | Revenue in SAR Billions (2023) | Revenue CAGR 2021-2023 | Gross Profit in SAR (2023) | Operating Profit in SAR (2023) | Operating Profit, % of Revenue (2023) | EBITDA in SAR Billions (2023) | EBITDA Margin (2023) |
|---|---|---|---|---|---|---|---|
| Specialized Medical Company | 1.4 | 14.0% | 0.4 | 0.2 | 15.7% | 0.3 | 22.7% |
| Dr. Sulaiman Al-Habib Medical Services Group Company | 9.5 | 14.5% | 3.3 | 2.1 | 22.1% | 2.4 | 24.8% |
| Dallah Healthcare Company | 2.9 | 18.2% | 1.0 | 0.5 | 17.2% | 0.6 | 20.7% |
| Mouwasat Medical Services Company | 2.7 | 12.3% | 1.3 | 0.8 | 29.6% | 0.9 | 36.0% |
| Middle East Healthcare Company (Saudi German Health) | 2.7 | 19.0% | 1.0 | 0.3 | 11.1% | 0.5 | 19.5% |
| Fakeeh Care Group | 2.3 | 8.8% | 0.6 | 0.3 | 13.0% | 0.4 | 18.6% |
| National Medical Care (NMC) | 1.1 | 13.1% | 0.4 | 0.2 | 18.2% | 0.3 | 26.9% |
| Al Hammadi Hospitals | 1.2 | 11.2% | 0.4 | 0.34 | 28.5% | 0.4 | 36.7% |

Sources: Company Annual Reports, Pitchbook, JLL Healthcare Analysis

Note: The revenue mentioned for Dr. Sulaiman Al-Habib Medical Services Group Company includes the revenue from Dubai Hospital.

In terms of group revenue, SMC has achieved an impressive growth rate of 14.0% from 2021 to 2023 and is maintaining a healthy EBITDA margin. With its medical and technical expertise, focus on quality care and planned expansions, the company is well-positioned for long-term, sustainable financial growth.

As these groups continue to innovate and expand, the Riyadh healthcare market is well-positioned for further growth, driven by the competitive dynamics among these leading players.

## 3.4 Snapshot of Key Specialities in Riyadh

### 3.4.1 Trends in service utilization for key specialties in Riyadh

**Key specialties like cardiac sciences, orthopaedics, OB-GYN, neurology and general surgery comprised ~47% share of the total surgical volumes in Riyadh's MOH hospitals in 2023.**

The growth in the total surgical market in Riyadh has been seen in the past few years, with Riyadh being the central healthcare hub in the Kingdom. The growth in the speciality market in Riyadh is concentrated in a few key areas, notably cardiac sciences, ophthalmology, plastic surgery and orthopaedics. A strong presence with a 34% share of total surgical procedures and a growth rate of 7.1% suggests that advancements in technology and increased awareness of cardiac health are driving more patients towards these services. Most surgeries were performed in ophthalmology, driven by an ageing population and a growing need for vision-related services. Plastic surgery has also experienced significant growth, indicating increased consumer interest in cosmetic and reconstructive procedures. Orthopaedic surgeries grew at a rate of 8.0%, while neurosurgery has faced a decline in market share, indicating potential challenges in access or shifts in treatment patterns. This concentration of growth in specific specialities highlights the need for healthcare providers to focus on enhancing services in these areas to meet the rising demand.

**Table (34): Key surgical specialties by volume (2023), growth rate (2018-2023) and % share of total (2023) in Riyadh**

| Speciality | 2023 | CAGR (2018-2023) | % Share of Riyadh out of Total | |
|---|---|---|---|---|
| | | | 2018 | 2023 |
| General surgery | 21,728 | 3.3% | 19% | 17% |
| Cardiac sciences | 5,884 | 7.1% | 4% | 5% |
| Orthopaedics | 13,460 | 8.0% | 9% | 11% |
| OB-GYN | 15,151 | 0.8% | 15% | 12% |
| Neurosurgery | 2,770 | 2.4% | 3% | 2% |
| Urology | 6,951 | 11.8% | 4% | 6% |
| Plastic | 3,842 | 11.2% | 2% | 3% |
| E.N.T. | 9,087 | 6.6% | 7% | 7% |
| Faciodental | 2,367 | 4.9% | 2% | 2% |
| Paediatric surgery | 3,984 | 4.4% | 3% | 3% |
| Ophthalmology | 34,870 | 11.5% | 21% | 28% |
| Others | 5,401 | -12.8% | 11% | 4% |

Sources: MOH KSA, JLL healthcare analysis

Note: This data only includes MOH Hospitals.

The incidence rate of diseases related to these growing specialities is also high in the region. For example, the incidence of cardiovascular disease in the KSA is double that of the U.S. and the U.K., reflecting a concerning trend, particularly due to the higher prevalence of cardiac conditions among younger age groups in the KSA. Other conditions, such as neurological, musculoskeletal and digestive diseases, are also comparable to their incidence in GCC countries. Meanwhile, the incidence of neoplasms is relatively lower, likely due to a smaller proportion of older age groups in the population compared to the U.S. and the U.K.

**Table (35): Key Incidence rate of key disease conditions per 100,000 population, age standardised, 2021**

| Per 100,000 Population, 2021 | KSA | UAE | Bahrain | Kuwait | Qatar | Oman | Egypt | U.S. | U.K. |
|---|---|---|---|---|---|---|---|---|---|
| Neoplasms | 384 | 446 | 462 | 421 | 491 | 335 | 422 | 3,305 | 682 |
| Musculoskeletal disorders | 4,794 | 4,472 | 4,705 | 4,883 | 4,706 | 4,673 | 4,952 | 5,886 | 5,409 |
| Cardiovascular diseases | 1,218 | 1,465 | 1,284 | 1,336 | 1,313 | 1,333 | 1,441 | 674 | 527 |
| Neurological disorders | 9,707 | 9,871 | 9,880 | 9,934 | 9,842 | 9,885 | 10,269 | 13,627 | 13,403 |
| Digestive diseases | 7,481 | 7,020 | 7,338 | 7,500 | 7,350 | 7,184 | 7,591 | 6,409 | 6,903 |

Sources: IHME, JLL Healthcare Analysis

The KSA maintains a higher crude birth rate and fertility rate compared to global benchmarks, though these rates are lower than those of some GCC and MENA countries, such as Oman and Egypt. This relatively high birth and fertility rate offers a demographic advantage but also highlights the need for enhanced maternal and child healthcare services to support sustainable population growth.

**Table (36): Crude birth rate per 1000 population and total fertility rate, 2022**

| Parameters | KSA | UAE | Bahrain | Kuwait | Qatar | Oman | Egypt | U.S. | U.K. |
|---|---|---|---|---|---|---|---|---|---|
| Crude birth rate (per 1,000 people) | 16.92 | 9.89 | 11.45 | 9.73 | 9.09 | 17.71 | 22.11 | 11.00 | 10.00 |
| Total fertility rate (births per woman) | 2.39 | 1.44 | 1.80 | 2.09 | 1.78 | 2.57 | 2.88 | 1.67 | 1.57 |

Sources: World Bank Data, JLL Healthcare Analysis

## 3.4.2 Outlook for key specialties

**Table (37): Bed demand by speciality and key highlights, Riyadh**

| Speciality | Bed Demand (2035E) | Key Highlights |
|---|---|---|
| Oncology | 2,760 | The incidence and prevalence of neoplasms in the region are comparably higher than those in the U.S. and the U.K. and have been increasing over recent years. This increase is attributed to multiple factors, such as environmental factors, high rates of smoking and obesity in the country, which are key risk factors for various cancers, in addition to other factors, such as the low rates of awareness campaigns and screening programmes for key cancers and poor primary care offerings, leading to late referrals and diagnosis. |
| Orthopaedics | 2,135 | Major factors contributing to the growth rate of this speciality include the rising prevalence of age-related degenerative diseases, trauma from various sources, such as road traffic accidents, sports injuries and falls, as well as lifestyle-related conditions affecting the spine. According to a Lancet study on the global burden of disease, road traffic injuries rank as one of the leading causes of death and disability in the Kingdom. |
| Cardiac Sciences | 4,783 | The incidence of CVDs in the region is comparable with regional benchmarks and is attributed to multiple factors that increase the burden, such as sedentary lifestyles and the high prevalence of NCDs like diabetes, hypertension and dyslipidaemia. Additionally, low patient awareness of the early symptoms of these illnesses, lack of regular check-ups and less developed primary healthcare offerings likely result in the region's reported rate being lower than that in the U.S. and the U.K. |
| Neurosciences | 1,414 | Factors such as an ageing population and a high prevalence of NCDs like diabetes and hypertension contribute to a rise in neurological conditions, particularly strokes and neurodegenerative disorders. Additionally, injuries related to motor vehicle accidents, which are common in the region, result in a high incidence of traumatic brain injuries. Together, these factors indicate an escalating need for specialised neurology and neurosurgery services to address both acute and chronic neurological health concerns. |
| General Surgery and Gastroenterology | 1,926 | The demand for general surgery (GS) and gastroenterology (GI) services in the region is driven by a range of prevalent health conditions, including gastrointestinal diseases and obesity-related complications, among others. The high prevalence of obesity has increased the need for bariatric and metabolic surgeries, as well as surgeries to manage complications like gallstones and hernias. Additionally, the rising incidence of diabetes, cardiovascular disease and cancers, particularly colorectal cancer, has contributed to a growing need for general surgical interventions. Trauma from motor vehicle accidents is another significant factor, leading to a steady demand for emergency and trauma-related surgeries. This diverse disease pattern necessitates a well-equipped and versatile general surgery landscape capable of handling both elective and emergency procedures. |
| Mother and Childcare | 2,213 | The growth in maternity care is primarily driven by fertility rates and marriage rates in the country. Additionally, increasing awareness and a growing preference for specialised fertility services are driving demand in this segment. While Saudi Arabia maintains a relatively high crude birth rate compared to global benchmarks, this rate has been decreasing over the years as more women have become involved in the workforce as well as various environmental factors having come into play, leading to a subsequent decline in fertility rates and a higher need for fertility services. |

Sources: OECD, JLL Healthcare Analysis

## 3.5 Key Growth Opportunities

The expanding healthcare sector in Riyadh is fuelled by several overarching drivers, including economic growth spurred by major urban development projects like the New Murabba and Qiddiya, regulatory initiatives aimed at broadening health insurance coverage, a favourable demographic landscape, government-led efforts toward privatisation, and an increasing demand for high-quality healthcare services. Large-scale projects and other developments continue to boost white-collar employment, contributing to an increase in premium insurance coverage within Networks 5, 6 and 7, which are expected to witness further growth as the middle- and high-income population groups continue to grow. Together, these factors are shaping a dynamic environment that supports the growth of the private healthcare market in Riyadh and is likely to result in more sophisticated models to guide future investments and new market entrants. In response, key healthcare providers are actively expanding their services, adjusting their geographic reach, service offerings and target demographics to align with evolving industry demands and a heightened level of private sector involvement. Key opportunities for growth in Riyadh's healthcare market are as follows:

- Riyadh's healthcare sector is expected to expand, particularly in specialised care, due to an ageing population, changing demographics and a rise in chronic and lifestyle-related diseases.
- Under Vision 2030, the Health Sector Transformation Program aims to enhance access to healthcare, particularly in suburban, underserved areas, which is expected to increase overall healthcare penetration. Established and new players are exploring these regions to expand their footprint and establish referral-based spoke facilities.
- The KSA government has rolled out initiatives that focus on fitness and preventive care, such as the 2020 Quality-of-Life Program. Additionally, the country is targeting a 3% reduction in obesity and a 10% decrease in diabetes prevalence by 2030. To meet rising demand, many providers are establishing general and specialised medical centres with a diversified service mix.
- The establishment of COEs by multiple players has reinforced Riyadh's position as a major healthcare hub, attracting an increasing number of medical tourists to the region.
- New healthcare formats are gaining traction as providers seek to diversify revenue streams and reduce capital investment. Healthcare is evolving from longer inpatient stays to more outpatient and short-stay options, such as day surgery centres and short-stay facilities. This shift is further supported by physicians advocating for fewer nights in hospitals.
- Services like long-term care, rehabilitation and home care are growing in both multispeciality hospitals and standalone facilities. Through public-private partnerships, the Ministry of Health is enhancing home care efficiency, aiming to double the number of visits per worker. Additionally, Vision 2030 emphasises the importance of physiotherapy and specialised rehabilitation, with the country's participation in major sporting events such as hosting the World Cup 2030 and signing with major names in the sports industry expected to boost demand for sports, physiotherapy and rehabilitation services.
- Rising healthcare consumerism, driven by higher incomes and demand from a younger, socially conscious population, has increased focus on wellness specialities such as dentistry, cosmetology and dermatology. Additionally, IVF services are becoming more accessible in Riyadh, reducing reliance on outbound medical tourism.

There is ample opportunity for large, organised healthcare groups in Riyadh to capitalise on growth across the value chain in preventive care, urgent care, ambulatory care, tertiary care and extended care services. Integration into support services and medical education is expected to further sustain private healthcare growth in the region.

smc

Specialized Medical Company الشركة الطبية التخصصية

# 4. Overview of the Company and the Nature of its Business

## 4.1 Overview

Specialized Medical Company is a Saudi closed joint-stock company established pursuant to Ministry of Commerce Resolution No. 30/S, dated 29/01/1437H (corresponding to 11/11/2015G), registered in Riyadh under Commercial Registration No. 1010123832, dated 13/11/1414H (corresponding to 24/04/1994G). Its registered address is at Al Olaya District, King Fahd Road, P.O. Box 66548, Riyadh 12311, Kingdom of Saudi Arabia.

The Company was initially incorporated as a limited liability company with the name "**Specialized Medical Company Limited**" under Commercial Registration No. 1010123832, dated 13/11/1414H (corresponding to 24/04/1994G), with a fully paid-up share capital of five million Saudi Riyals (SAR 5,000,000), divided into five thousand (5,000) shares with a fully paid-up nominal value of one thousand Saudi Riyals (SAR 1,000) per share. On 21/11/1417H (corresponding to 30/03/1997G), the partner Salah Saad AlRashid transferred two hundred and fifty (250) of his one thousand (1,000) shares in the Company to Mohammed Saleh Mohammed AlQanbaz in exchange for a cash payment made to Salah Saad AlRashid. On 15/05/1421H (corresponding to 05/08/2000G), (i) the partner Rashid Saad AlRashid transferred five hundred (500) of his one thousand one hundred (1,100) shares to Abdulrahman Saad AlRashid in exchange for a cash payment made to Rashid Saad AlRashid; and (ii) the partner Salah Saad AlRashid also transferred five hundred (500) of his seven hundred and fifty (750) shares to Omran Mohammed Al Omran in exchange for a cash payment made to Salah Saad AlRashid. On 11/09/1423H (corresponding to 16/11/2002G), (i) the partner Mohammed Saleh Mohammed AlQanbaz transferred one hundred (100) of his two hundred and fifty (250) shares to Al-Thomad Trading Company in exchange for a cash payment made to Mohammed Saleh AlQanbaz; and (ii) the partner Salah Saad AlRashid transferred all of his shares in the Company, amounting to two hundred fifty (250) shares, as follows: (a) one hundred twenty-five (125) shares to Abdullah Saad AlRashid, and (b) one hundred twenty-five (125) shares to Abdulrahman Saad AlRashid, in exchange for a cash payment made to Salah Saad AlRashid; (iii) the partner Abdullah Saad AlRashid transferred five hundred (500) of his one thousand two hundred and fifty (1,250) shares to a new partner, Saadi Taher Bin Abdullah, in exchange for a cash payment made to Abdullah Saad AlRashid; (iv) the partner Abdulrahman Saad AlRashid transferred all of his shares in the Company, amounting to one thousand eight hundred and twenty-five (1,825) shares, to Abdul Rahman Saad AlRashid and Sons Co. without consideration; and (v) the partner Omran Mohammed Al Omran transferred all of his shares in the Company, amounting to five hundred (500) shares, to Omran Mohammed Al Omran & Partners Co. Ltd without consideration. The shareholders also decided to increase the Company's share capital to sixty-five million Saudi Riyals (SAR 65,000,000), divided into sixty-five thousand (65,000) shares with a fully paid-up nominal value of one thousand Saudi Riyals (SAR 1,000) per share. The increase amount was financed by capitalizing the shareholders credit balances. On 14/05/1426H (corresponding to 21/06/2005G), (i) Omran Mohammed Al Omran & Partners Co. Ltd transferred all of its shares, amounting to six thousand five hundred (6,500) shares, as follows: (ai) one thousand two hundred and seventy-five (1,275) shares to Abdullah Saad AlRashid; (bii) two thousand two hundred and seventy-five (2,275) shares to Abdul Rahman Saad AlRashid and Sons Co.; (ciii) one thousand (1,000) shares to Rashid Saad AlRashid; and (div) one thousand nine hundred and fifty (1,950) shares to Al-Thomad Trading Company, in exchange for a cash payment made to each of the assignor Partners, and (ii). tThe partner Mohammed Saleh Mohammed AlQanbaz also transferred six hundred and fifty (650) of his one thousand nine hundred and fifty (1,950) shares to Abdullah Saad AlRashid, in exchange for a cash payment made to Mohammed Saleh AlQanbaz, with a total nominal value of six hundred and fifty thousand (650,000) shares. On 10/04/1427H (corresponding to 08/05/2006G), the partner Saadi Taher Abdullah transferred all of his shares, amounting to six thousand five hundred (6,500) shares, as follows: (i) two thousand six hundred (2,600) shares to Abdullah Saad AlRashid; (ii) one thousand three hundred (1,300) shares to Abdul Rahman Saad AlRashid and Sons Co.; and (iii) two thousand six hundred (2,600) shares to Al-Thomad Trading Company, in exchange for a cash payment made to Saadi Taher Abdullah. On 07/03/1429H (corresponding to 15/03/2008G), the shareholders decided to increase the Company's share capital and bring in new partners with the exit of one partner, whereby the partner Rashid Saad AlRashid transferred all of his shares, amounting to eight thousand eight hundred (8,800) shares, to Rashid Saad AlRashid and Sons Co. without consideration. The shareholders also decided to bring in Khaled Mokaimen Duwaihes Al-Anzi as a new partner and agreed to increase the Company's share capital from sixty-five million Saudi Riyals (SAR 65,000,000) to eighty-five million Saudi Riyals (SAR 85,000,000), divided into eight million five hundred thousand (8,500,000) shares with a nominal value of ten Saudi Riyals (SAR 10). The increase amount was funded by capitalizing the shareholders current account. The shares were thus distributed among the shareholders as follows: (i) one million seven hundred and fifty-four thousand, four hundred and eighty-one (1,754,481) shares were owned by Abdullah Saad AlRashid; (ii) three million four hundred and thirty-three thousand, five hundred (3,433,500) shares were owned by Abdul Rahman Saad AlRashid and Sons Co.; (iii) one million one hundred and six thousand and seven hundred and sixty-nine (1,106,769) shares were owned by Rashid Saad AlRashid and Sons Co.; (iv) one million seven hundred and sixteen thousand seven hundred and fifty (1,716,750) shares were owned by Al-Thomad Trading Company; (v) one hundred and sixty-three thousand five hundred (163,500) shares were owned by Mohammed Saleh Mohammed AlQanbaz; and (vi) three hundred and twenty-five thousand (325,000) shares were owned by Khaled Mokaimen Duwaihes Al-Anzi, with a fully paid-up nominal value of ten Saudi Riyals (SAR 10) per share. On 12/05/1434H (corresponding to 24/03/2013G), the Partner Abdullah Saad AlRashid transferred all of his shares, amounting to one million, seven hundred and fifty-four thousand, four hundred and eighty-one (1,754,481) shares, to Abdullah Saad AlRashid and Sons Co. without consideration. On 12/02/1437H (corresponding to 24/11/2015G), the shareholders agreed to (i) convert the Company from a limited liability company to a closed joint-stock company with a fully paid-up share capital of eighty-five million Saudi Riyals (SAR 85,000,000), divided into eight million, five hundred thousand (8,500,000) ordinary shares with a fully paid-up nominal value of ten Saudi Riyals (SAR 10) per share; and (ii) to amend the name of the Company to "**Specialized Medical Company CJSC**". The Ministry of Commerce approved this conversion pursuant to Resolution No. 30/S, dated 29/01/1437H (corresponding to 11/11/2015G). On 12/03/1446H (corresponding to 15/09/2024G), the Company's Extraordinary General Assembly agreed to increase the Company's share capital from eighty-five million Saudi Riyals (SAR 85,000,000) to two hundred and fifty million Saudi Riyals (SAR 250,000,000), divided into two hundred and fifty million (250,000,000) ordinary shares, with a nominal value of one Saudi Riyal (SAR 1) per share, by capitalizing part of the Company's retained earnings (for further information, please refer to Section 4.1.2 "**Corporate History and the Evolution of the Company's Share Capital and Ownership Structure**").

As at the date of this Prospectus, the Company's share capital is two hundred and fifty million Saudi Riyals (SAR 250,000,000), divided into two hundred and fifty million (250,000,000) shares with a fully paid-up nominal value of one Saudi Riyal (SAR 1).

The Company has extensive experience exceeding twenty-five years in the healthcare sector, during which it strived to reinforce its position among the top healthcare service providers in the Kingdom in general, and in the city of Riyadh in particular, across the various medical fields and specializations. The Company's actual business activity consists of the management and operation of hospitals and healthcare facilities owned by itself or by third parties. In accordance with its commercial registration, the Company's activities consist of the following: (1) warehousing of pharmaceutical products, (2) general warehousing of a variety of goods, (3) catering activities, (4) hospitals, (5) long-term medical care and rehabilitation hospitals, (6) medical operation of hospitals, (7) nutrition centers, and (8) pharmacy activities.

As of the date of this Prospectus, the Company has two non-material subsidiaries and five branches, the details of which (according to their commercial registrations) are as follows:

- **Non-Material Subsidiaries:**
  - **International Specialized Food Co. LLC,** a limited liability company wholly owned by the Company and registered under Commercial Registration No. 1010402336, dated 21/03/1435H (corresponding to 23/01/2014G) ("**International Specialized Food Co.**").
  - **Al-Mukhtas Al-Sehhi Medical Co. LLC,** a limited liability company in which the Company owns 51% of the capital, registered under Commercial Registration No. 1009176637, dated 15/07/1446H (corresponding to 15/01/2025G). Al-Mukhtas Al-Sehhi Medical Co. LLC is working on a PPP project to manage a mental health facility within the Kingdom. This project is being developed in partnership with Dr. Ebel Kliniken International GmbH Company and Health Gate (which hold 40% and 9% of the share capital of Al-Mukhtas Al-Sehhi Medical Co., respectively) and aims to address the significant shortage in mental health services across the Kingdom, thereby enhancing the health sector's ability to meet the growing mental healthcare needs.
- **Company Branches:**
  - **Specialized Medical Center Hospital (a branch of Specialized Medical Company),** a joint-stock company branch registered under Commercial Registration No. 1010150227, dated 30/02/1419H (corresponding to 25/06/1998G), which operates the hospital located on King Fahd Road ("**SMC Hospital (1) - King Fahd Road**").
  - **Specialized Medical Center Hospital (a branch of Specialized Medical Company),** a joint-stock company branch registered under Commercial Registration No. 1010413585, dated 09/07/1435H (corresponding to 08/05/2014G), which operates the hospital located on King Abdullah Road ("**SMC Hospital (2) - King Abdullah Road**").
  - **A branch of Specialized Medical Company,** a joint-stock company branch registered under Commercial Registration No. 1010431691, dated 03/06/1436H (corresponding to 23/03/2015G), which is concerned with the management of maintenance and operations in the Company's buildings and facilities (the "**O&M Branch**").
  - **A branch of Specialized Medical Company (CJSC),** a joint-stock company branch registered under Commercial Registration No. 1010851377, dated 04/06/1444H (corresponding to 28/12/2022G), through which the Company owns SMC Hospital (3) - Northern Ring Road.
  - **Diet World (a branch of Specialized Medical Company),** a joint-stock company branch registered under Commercial Registration No. 1010156585, dated 26/08/1420H (corresponding to 04/12/1999G), which is concerned with providing catering and ready-made food services (the "**Diet World Branch**").

The Directors declare that there has been no material change in the nature of the Company's business as of the date of this Prospectus.

### 4.1.1 Ownership Structure of the Company Pre- and Post-Offering

As of the date of this Prospectus, the Company has a fully paid-up share capital of two hundred and fifty million Saudi Riyals (SAR 250,000,000), divided into two hundred and fifty million (250,000,000) ordinary shares with an equal nominal value of one Saudi Riyal (SAR 1) per share.

The following table sets out the Company's ownership structure pre- and post-Offering:

**Table (38): Ownership Structure of the Company Pre- and Post-Offering**

| No. | Shareholder | Pre-Offering | | | Post-Offering | | |
|---|---|---|---|---|---|---|---|
| | | Number of Shares | Total Nominal Value (SAR) | Ownership Percentage (%) | Number of Shares | Total Nominal Value (SAR) | Ownership percentage (%) |
| 1 | Abdul Rahman Saad AlRashid and Sons Co. | 100,985,250 | 100,985,250 | 40.3941% | 70,689,675 | 70,689,675 | 28.27587% |
| 2 | Abdullah Saad AlRashid and Sons Co. | 51,602,500 | 51,602,500 | 20.6410% | 36,121,750 | 36,121,750 | 14.4487% |
| 3 | Al-Thomad Trading Company | 50,492,750 | 50,492,750 | 20.1971% | 35,344,925 | 35,344,925 | 14.13797% |
| 4 | Rashid Saad AlRashid and Sons Co. | 32,552,000 | 32,552,000 | 13.0208% | 22,786,400 | 22,786,400 | 9.11456% |
| 5 | Khaled Mokaimen Duwaihes Al-Anzi | 9,558,750 | 9,558,750 | 3.8235% | 6,691,125 | 6,691,125 | 2.67645% |
| 6 | Mohammed Saleh Mohammed AlQanbaz | 4,808,750 | 4,808,750 | 1.9235% | 3,366,125 | 3,366,125 | 1.34645% |
| | Public (through the Offer)[1] | - | - | - | 75,000,000 | 75,000,000 | 30.0% |
| | **Total** | **250,000,000** | **250,000,000** | **100%** | **250,000,000** | **250,000,000** | **100%** |

Source: The Company

(1) The public's ownership as at the Listing Date will be 30.0% of the Company's share capital as a result of the Offering. However, the aggregate public ownership will amount to 34.0229% of the Company's share capital, given that the Company's ownership structure includes public ownership on the basis that Mohammed Saleh AlQanbaz and Khaled Mokaimen Duwaihes Al-Anzi do not fall within the categories excluded from the definition of "public" as per the Glossary of Defined Terms Used in the Regulations and Rules of the CMA, which include: (1) Affiliates of the Issuer; (2) Substantial Shareholders of the Issuer; (3) Directors and Senior Executives of the Issuer; (4) Directors and Senior Executives of Affiliates of the Issuer; (5) Directors and Senior Executives of the Substantial Shareholders of the Issuer; (6) any Relatives of the persons referred to in (1), (2), (3), (4) or (5) above; (7) any company controlled by any of the persons referred to in (1), (2), (3), (4), (5) or (6) above; and (8) persons acting in concert with a collective shareholding of 5% or more of the class of shares to be listed.

### 4.1.2 Corporate History and the Evolution of the Company's Share Capital and Ownership Structure

#### A- Incorporation (1994G)

The Company was initially established as a limited liability company under the name "**Specialized Medical Company Limited**" with Commercial Registration No. 1010123832, dated 13/11/1414H (corresponding to 24/04/1994G), with a fully paid-up share capital of five million Saudi Riyals (SAR 5,000,000), divided into five thousand (5,000) ordinary shares with a fully paid-up nominal value of one thousand Saudi Riyals (SAR 1,000) per share, of which Abdulrahman Saad AlRashid owned 1,200 shares, Abdullah Saad AlRashid owned 1,100 shares, Rashid Saad AlRashid owned 1,100 shares, Salah Saad AlRashid owned 1,000 shares, and Al-Thomad Trading Company owned 600 shares.

The following table sets out the Company's ownership structure upon incorporation:

**Table (39): Ownership Structure of the Company Upon Incorporation**

| No. | Shareholder | Number of Shares | Nominal Value per Share (SAR) | Total Nominal Value (SAR) | Ownership Percentage (%) |
|---|---|---|---|---|---|
| 1. | Abdulrahman Saad AlRashid | 1,200 | 1,000 | 1,200,000 | 24% |
| 2. | Abdullah Saad AlRashid | 1,100 | 1,000 | 1,100,000 | 22% |
| 3. | Rashid Saad AlRashid | 1,100 | 1,000 | 1,100,000 | 22% |
| 4. | Salah Saad AlRashid | 1,000 | 1,000 | 1,000,000 | 20% |
| 5. | Al-Thomad Trading Company | 600 | 1,000 | 600,000 | 12% |
| | **Total** | **5,000** | **1,000** | **5,000,000** | **100%** |

Source: The Company

## B- Changes in the Company's Ownership Structure (1997G)

On 21/11/1417H (corresponding to 30/03/1997G), the Partner Salah Saad AlRashid transferred two hundred and fifty (250) of his one thousand (1,000) shares in the Company to Mohammed Saleh Mohammed AlQanbaz in exchange for a cash payment made to Salah Saad AlRashid with a total nominal value of two hundred and fifty thousand Saudi Riyals (SAR 250,000).

The following table sets out the Company's ownership structure following these changes:

**Table (40): Ownership Structure of the Company as of 21/11/1417H (corresponding to 30/03/1997G)**

| No. | Shareholder | Number of Shares | Nominal Value per Share (SAR) | Total Nominal Value (SAR) | Ownership Percentage (%) |
|---|---|---|---|---|---|
| 1. | Abdulrahman Saad AlRashid | 1,200 | 1,000 | 1,200,000 | 24% |
| 2. | Abdullah Saad AlRashid | 1,100 | 1,000 | 1,100,000 | 22% |
| 3. | Rashid Saad AlRashid | 1,100 | 1,000 | 1,100,000 | 22% |
| 4. | Salah Saad AlRashid | 750 | 1,000 | 750,000 | 15% |
| 5. | Al-Thomad Trading Company | 600 | 1,000 | 600,000 | 12% |
| 6. | Mohammed Saleh Mohammed AlQanbaz | 250 | 1,000 | 250,000 | 5% |
| | **Total** | **5,000** | **1,000** | **5,000,000** | **100%** |

Source: The Company

## C- Changes in the Company's Ownership Structure (2000G)

On 15/05/1421H (corresponding to 05/08/2000G), (i) the partner Rashid Saad AlRashid transferred five hundred (500) of his one thousand, one hundred (1,100) shares to Abdulrahman Saad AlRashid in exchange for a cash payment made to Rashid Saad AlRashid with a total nominal value of five hundred thousand Saudi Riyals (SAR 500,000); and (ii) the partner Salah Saad AlRashid transferred five hundred (500) of his seven hundred and fifty (750) shares to Omran Mohammed Al Omran in exchange for a cash payment made to Salah Saad AlRashid with a total nominal value of five hundred thousand Saudi Riyals (SAR 500,000).

The following table sets out the Company's ownership structure following these changes:

**Table (41): Ownership Structure of the Company as of 15/05/1421H (corresponding to 05/08/2000G)**

| No. | Shareholder | Number of Shares | Nominal Value per Share (SAR) | Total Nominal Value (SAR) | Ownership Percentage (%) |
|---|---|---|---|---|---|
| 1. | Abdulrahman Saad AlRashid | 1,700 | 1,000 | 1,700,000 | 34% |
| 2. | Abdullah Saad AlRashid | 1,100 | 1,000 | 1,100,000 | 22% |
| 3. | Rashid Saad AlRashid | 600 | 1,000 | 600,000 | 12% |
| 4. | Al-Thomad Trading Company | 600 | 1,000 | 600,000 | 12% |
| 5. | Omran Mohammed Al Omran | 500 | 1,000 | 500,000 | 10% |
| 6. | Salah Saad AlRashid | 250 | 1,000 | 250,000 | 5% |
| 7. | Mohammed Saleh Mohammed AlQanbaz | 250 | 1,000 | 250,000 | 5% |
| | **Total** | **5,000** | **1,000** | **5,000,000** | **100%** |

Source: The Company

### D- Changes in the Company's Ownership Structure and Share Capital Increase (2002G)

On 11/09/1423H (corresponding to 16/11/2002G), (i) the partner Mohammed Saleh Mohammed AlQanbaz transferred one hundred (100) of his two hundred and fifty (250) shares to Al-Thomad Trading Company in exchange for a cash payment made to Mohammed Saleh AlQanbaz with a total nominal value of one hundred thousand Saudi Riyals (SAR 100,000); and (ii) the partner Salah Saad AlRashid transferred all of his shares in the Company, amounting to two hundred and fifty (250) shares, as follows: (a) one hundred and twenty-five (125) shares to Abdullah Saad AlRashid, and (b) one hundred and twenty-five (125) shares to Abdulrahman Saad AlRashid, in exchange for a cash payment made to Salah Saad AlRashid with a total nominal value of two hundred and fifty thousand Saudi Riyals (SAR 250,000); (iii) the partner Abdullah Saad AlRashid transferred five hundred (500) of his one thousand, two hundred and fifty (1,250) shares to a new partner, Saadi Taher Abdullah, in exchange for a cash payment made to Abdullah Saad AlRashid with a total nominal value of five hundred thousand Saudi Riyals (SAR 500,000); (iv) the partner Abdulrahman Saad AlRashid transferred all of his shares in the Company, amounting to one thousand, eight hundred and twenty-five (1,825) shares, to Abdul Rahman Saad AlRashid and Sons Co. without consideration; and (v) the partner Omran Mohammed Al Omran transferred all of his shares in the Company, amounting to five hundred (500) shares, to Omran Mohammed Al Omran & Partners Co. Ltd without consideration. The partners also decided to increase the Company's share capital to sixty-five million Saudi Riyals (SAR 65,000,000), divided into sixty-five thousand (65,000) shares with a fully paid-up nominal value of one thousand Saudi Riyals (SAR 1,000) per share. The increase amount was financed by capitalizing the partners' credit balances.

The following table sets out the Company's ownership structure following these changes:

**Table (42): Ownership Structure of the Company as of 11/09/1423H (corresponding to 16/11/2002G)**

| No. | Shareholder | Number of Shares | Nominal Value per Share (SAR) | Total Nominal Value (SAR) | Ownership Percentage (%) |
|---|---|---|---|---|---|
| 1. | Abdul Rahman Saad AlRashid and Sons Co. | 23,725 | 1,000 | 23,725,000 | 36.5% |
| 2. | Abdullah Saad AlRashid | 9,425 | 1,000 | 9,425,000 | 14.5% |
| 3. | Al-Thomad Trading Company | 9,100 | 1,000 | 9,100,000 | 14% |
| 4. | Rashid Saad AlRashid | 7,800 | 1,000 | 7,800,000 | 12% |
| 5. | Omran Mohammed Al Omran & Partners Co. Ltd | 6,500 | 1,000 | 6,500,000 | 10% |
| 6. | Saadi Taher Abdullah | 6,500 | 1,000 | 6,500,000 | 10% |
| 7. | Mohammed Saleh Mohammed AlQanbaz | 1,950 | 1,000 | 1,950,000 | 3% |
| | **Total** | **65,000** | **1,000** | **65,000,000** | **100%** |

Source: The Company

### E- Changes in the Company's Ownership Structure (2005G)

On 14/05/1426H (corresponding to 21/06/2005G), Omran Mohammed Al Omran & Partners Co. Ltd transferred all of its shares, amounting to six thousand, five hundred (6,500) shares, as follows: (i) one thousand, two hundred and seventy-five (1,275) shares to Abdullah Saad AlRashid; (ii) two thousand, two hundred and seventy-five (2,275) shares to Abdul Rahman Saad AlRashid and Sons Co.; (iii) one thousand (1,000) shares to Rashid Saad AlRashid; and (iv) one thousand, nine hundred and fifty (1,950) shares to Al-Thomad Trading Company, in exchange for a cash payment made to each of the assignor Partners with a total nominal value of six million, five hundred thousand Saudi Riyals (SAR 6,500,000). The partner Mohammed Saleh AlQanbaz also transferred six hundred and fifty (650) of his one thousand, nine hundred and fifty (1,950) shares to Abdullah Saad AlRashid in exchange for a cash payment made to Mohammed Saleh AlQanbaz with a total nominal value of six hundred and fifty thousand (650,000) shares.

The following table sets out the Company's ownership structure following these changes:

**Table (43): Ownership Structure of the Company as of 14/05/1426H (corresponding to 21/06/2005G)**

| No. | Shareholder | Number of Shares | Nominal Value per Share (SAR) | Total Nominal Value (SAR) | Ownership Percentage (%) |
|---|---|---|---|---|---|
| 1. | Abdul Rahman Saad AlRashid and Sons Co. | 26,000 | 1000 | 26,000,000 | 40% |
| 2. | Abdullah Saad AlRashid | 11,350 | 1,000 | 11,350,000 | 17.46% |
| 3. | Al-Thomad Trading Company | 11,050 | 1,000 | 11,050,000 | 17% |
| 4. | Rashid Saad AlRashid | 8,800 | 1,000 | 8,800,000 | 13.54% |
| 5. | Saadi Taher Abdullah | 6,500 | 1,000 | 6,500,000 | 10% |
| 6. | Mohammed Saleh Mohammed AlQanbaz | 1,300 | 1,000 | 1,300,000 | 2% |
| | **Total** | **65,000** | **1,000** | **65,000,000** | **100%** |

Source: The Company

### F- Changes in the Company's Ownership Structure (2006G)

On 10/04/1427H (corresponding to 08/05/2006G), the partner Saadi Taher Abdullah transferred all of his shares, amounting to six thousand, five hundred (6,500) shares, as follows: (i) two thousand, six hundred (2,600) shares to Abdullah Saad AlRashid; (ii) one thousand, three hundred (1,300) shares to Abdul Rahman Saad AlRashid and Sons Co.; and (iii) two thousand, six hundred (2,600) shares to Al-Thomad Trading Company, in exchange for a cash payment made to Saadi Taher Abdullah with a total nominal value of six million, five hundred thousand Saudi Riyals (SAR 6,500,000).

The following table sets out the Company's ownership structure following these changes:

**Table (44): Ownership Structure of the Company as of 10/04/1427H (corresponding to 08/05/2006G)**

| No. | Shareholder | Number of Shares | Nominal Value per Share (SAR) | Total Nominal Value (SAR) | Ownership Percentage (%) |
|---|---|---|---|---|---|
| 1. | Abdul Rahman Saad AlRashid and Sons Co. | 27,300 | 1000 | 27,300,000 | 42% |
| 2. | Abdullah Saad AlRashid | 13,950 | 1000 | 13,950,000 | 21.46% |
| 3. | Al-Thomad Trading Company | 13,650 | 1000 | 13,650,000 | 21% |
| 4. | Rashid Saad AlRashid | 8,800 | 1000 | 8,800,000 | 13.54% |
| 5. | Mohammed Saleh Mohammed AlQanbaz | 1,300 | 1000 | 1,300,000 | 2% |
| | **Total** | **65,000** | **1000** | **65,000,000** | **100%** |

Source: The Company

## G- Changes in the Company's Ownership Structure and Share Capital (2008G)

On 07/03/1429H (corresponding to 15/03/2008G), the partners decided to increase the Company's share capital and bring in new partners with the exit of one partner, whereby the partner Rashid Saad AlRashid transferred all of his shares, amounting to eight thousand, eight hundred (8,800) shares, to Rashid Saad AlRashid and Sons Co. with a total value of eight million, eight hundred thousand Saudi Riyals (SAR 8,800,000). The partners also decided to bring in Khaled Mokaimen Duwaihes Al-Anzi as a new partner and agreed to increase the Company's share capital from sixty-five million Saudi Riyals (SAR 65,000,000) to eighty-five million Saudi Riyals (SAR 85,000,000), divided into eight million, five hundred thousand (8,500,000) shares, as well as to reduce the nominal value to ten Saudi riyals (SAR 10) per share. The increase amount was financed by capitalizing the partners' current account. The shares were thus distributed among the partners as follows: (i) one million, seven hundred and fifty-four thousand, four hundred and eighty-one (1,754,481) shares were owned by Abdullah Saad AlRashid; (ii) three million, four hundred and thirty-three thousand, five hundred (3,433,500) shares were owned by Abdul Rahman Saad AlRashid and Sons Co.; (iii) one million, one hundred and six thousand, seven hundred and sixty-nine (1,106,769) shares were owned by Rashid Saad AlRashid and Sons Co.; (iv) one million, seven hundred and sixteen thousand, seven hundred and fifty (1,716,750) shares were owned by Al-Thomad Trading Company; (v) one hundred and sixty-three thousand, five hundred (163,500) shares were owned by Mohammed Saleh Mohammed AlQanbaz; and (vi) three hundred and twenty-five thousand (325,000) shares were owned by Khaled Mokaimen Duwaihes Al-Anzi.

The following table sets out the Company's ownership structure following these changes:

**Table (45): Ownership Structure of the Company as of 07/03/1429H (corresponding to 15/03/2008G)**

| No. | Shareholder | Number of Shares | Nominal Value per Share (SAR) | Total Nominal Value (SAR) | Ownership Percentage (%) |
|---|---|---|---|---|---|
| 1. | Abdul Rahman Saad AlRashid and Sons Co. | 3,433,500 | 10 | 34,335,000 | 40.3941% |
| 2. | Abdullah Saad AlRashid | 1,754,481 | 10 | 17,544,810 | 20.6410% |
| 3. | Al-Thomad Trading Company | 1,716,750 | 10 | 17,167,500 | 20.1971% |
| 4. | Rashid Saad AlRashid and Sons Co. | 1,106,769 | 10 | 11,067,690 | 13.0208% |
| 5. | Khaled Mokaimen Duwaihes Al-Anzi | 325,000 | 10 | 3,250,000 | 3.8235% |
| 6. | Mohammed Saleh Mohammed AlQanbaz | 163,500 | 10 | 1,635,000 | 1.9235% |
| | **Total** | **8,500,000** | **10** | **85,000,000** | **100%** |

Source: The Company

## H- Changes in the Company's Ownership Structure (2013G)

On 12/05/1434H (corresponding to 24/03/2013G), the partner Abdullah Saad AlRashid transferred all of his shares, amounting to one million, seven hundred and fifty-four thousand, four hundred and eighty-one (1,754,481) shares, to Abdullah Saad AlRashid and Sons Co. without consideration, with a total nominal value of seventeen million, five hundred and forty-four thousand, eight hundred and ten Saudi Riyals (SAR 17,544,810).

The following table sets out the Company's ownership structure following these changes:

**Table (46): Ownership Structure of the Company as of 12/05/1434H (corresponding to 24/03/2013G)**

| No. | Shareholder | Number of Shares | Nominal Value per Share (SAR) | Total Nominal Value (SAR) | Ownership Percentage (%) |
|---|---|---|---|---|---|
| 1. | Abdul Rahman Saad AlRashid and Sons Co. | 3,433,500 | 10 | 34,335,000 | 40.3941% |
| 2. | Abdullah Saad AlRashid and Sons Co. | 1,754,481 | 10 | 17,544,810 | 20.6410% |
| 3. | Al-Thomad Trading Company | 1,716,750 | 10 | 17,167,500 | 20.1971% |
| 4. | Rashid Saad AlRashid and Sons Co. | 1,106,769 | 10 | 11,067,690 | 13.0208% |
| 5. | Khaled Mokaimen Duwaihes Al-Anzi | 325,000 | 10 | 3,250,000 | 3.8235% |
| 6. | Mohammed Saleh Mohammed AlQanbaz | 163,500 | 10 | 1,635,000 | 1.9235% |
| | **Total** | **8,500,000** | **10** | **85,000,000** | **100%** |

Source: The Company

## I- Conversion to a Joint-Stock Company (2015G)

On 12/02/1437H (corresponding to 24/11/2015G), the partners agreed (i) to convert the Company from a limited liability company to a closed joint-stock company, with a fully paid-up share capital of eighty-five million Saudi Riyals (SAR 85,000,000), divided into eight million, five hundred thousand (8,500,000) ordinary shares with a fully paid-up nominal value of ten Saudi Riyals (SAR 10) per share; and (ii) to amend the name of the Company to "**Specialized Medical Company CJSC**". The Ministry of Commerce approved this conversion pursuant to Resolution No. 30/S, dated 29/01/1437H (corresponding to 11/11/2015G).

The following table sets out the Company's ownership structure upon its conversion to a closed joint-stock company:

**Table (47): Ownership Structure of the Company Upon its Conversion to a Closed Joint-Stock Company as of 12/02/1437H (corresponding to 24/11/2015G)**

| No. | Shareholder | Number of Shares | Nominal Value per Share (SAR) | Total Nominal Value (SAR) | Ownership Percentage (%) |
|---|---|---|---|---|---|
| 1. | Abdul Rahman Saad AlRashid and Sons Co. | 3,433,500 | 10 | 34,335,000 | 40.3941% |
| 2. | Abdullah Saad AlRashid and Sons Co. | 1,754,481 | 10 | 17,544,810 | 20.6410% |
| 3. | Al-Thomad Trading Company | 1,716,750 | 10 | 17,167,500 | 20.1971% |
| 4. | Rashid Saad AlRashid and Sons Co. | 1,106,769 | 10 | 11,067,690 | 13.0208% |
| 5. | Khaled Mokaimen Duwaihes Al-Anzi | 325,000 | 10 | 3,250,000 | 3.8235% |
| 6. | Mohammed Saleh Mohammed AlQanbaz | 163,500 | 10 | 1,635,000 | 1.9235% |
| | **Total** | **8,500,000** | **10** | **85,000,000** | **100%** |

Source: The Company

## J- Share Capital Increase (2024G)

On 12/03/1446H (corresponding to 15/09/2024G), the Company's Extraordinary General Assembly agreed to increase the Company's share capital from eighty-five million Saudi Riyals (SAR 85,000,000) to two hundred and fifty million Saudi Riyals (SAR 250,000,000), divided into two hundred and fifty million (250,000,000) ordinary shares, with a nominal value of one Saudi Riyal (SAR 1) per share, by capitalizing part of the Company's retained earnings.

The following table sets out the Company's ownership structure following these changes:

**Table (48): Ownership Structure of the Company as of 17/05/1446H (corresponding to 19/11/2024G)**

| No. | Shareholder | Number of Shares | Nominal Value per Share (SAR) | Total Nominal Value (SAR) | Ownership Percentage (%) |
|---|---|---|---|---|---|
| 1. | Abdul Rahman Saad AlRashid and Sons Co. | 100,985,250 | 1 | 100,985,250 | 40.3941% |
| 2. | Abdullah Saad AlRashid and Sons Co. | 51,602,500 | 1 | 51,602,500 | 20.6410% |
| 3. | Al-Thomad Trading Company | 50,492,750 | 1 | 50,492,750 | 20.1971% |
| 4. | Rashid Saad AlRashid and Sons Co. | 32,552,000 | 1 | 32,552,000 | 13.0208% |
| 5. | Khaled Mokaimen Duwaihes Al-Anzi | 9,558,750 | 1 | 9,558,750 | 3.8235% |
| 6. | Mohammed Saleh Mohammed AlQanbaz | 4,808,750 | 1 | 4,808,750 | 1.9235% |
| | **Total** | **250,000,000** | **1** | **250,000,000** | **100%** |

Source: The Company

### 4.1.3 Overview of the Company's Direct Substantial Shareholders

As of the date of this Prospectus, there are four (4) Substantial Shareholders of the Company who directly own 5% or more of its share capital (the "**Substantial Shareholders**"), namely: (1) Abdullah Saad AlRashid and Sons Co., (2) Abdul Rahman Saad AlRashid and Sons Co., (3) Rashid Saad AlRashid and Sons Co., and (4) Al-Thomad Trading Company.

#### A- Abdullah Saad AlRashid and Sons Co.

Abdullah Saad AlRashid and Sons Co. is a closed joint-stock company registered under Commercial Registration No. 1010015296, dated 02/04/1398H (corresponding to 11/03/1978G). The current share capital of Abdullah Saad AlRashid and Sons Co. is five million Saudi Riyals (SAR 5,000,000), and its registered address is located in the city of Riyadh.

The principal activity of Abdullah Saad AlRashid and Sons Co. is general construction of residential buildings.

The following table sets out the ownership structure of Abdullah Saad AlRashid and Sons Co. as of the date of this Prospectus:

**Table (49): Ownership Structure of Abdullah Saad AlRashid and Sons Co. as of the Date of this Prospectus**

| No. | Shareholder | Number of Shares | Ownership Percentage (%) |
|---|---|---|---|
| 1. | Abdullah Saad AlRashid | 4,187,500 | 83.75% |
| 2. | Saad Abdullah AlRashid | 125,000 | 2.5% |
| 3. | Omran Abdullah AlRashid | 125,000 | 2.5% |
| 4. | Abdulaziz Abdullah AlRashid | 125,000 | 2.5% |
| 5. | Faisal Abdullah AlRashid | 125,000 | 2.5% |
| 6. | Dina Abdullah AlRashid | 62,500 | 1.25% |
| 7. | Sarah Abdullah AlRashid | 62,500 | 1.25% |
| 8. | Abeer Abdullah AlRashid | 62,500 | 1.25% |
| 9. | Haya Ali AlRashid | 62,500 | 1.25% |
| 10. | Layla Abdullah AlRashid | 62,500 | 1.25% |
| | **Total** | **5,000,000** | **100%** |

Source: The Company

#### B- Abdul Rahman Saad AlRashid and Sons Co.

Abdul Rahman Saad AlRashid and Sons Co. is a closed joint-stock company registered under Commercial Registration No. 1010168729, dated 08/06/1422H (corresponding to 27/08/2001G). The current share capital of Abdul Rahman Saad AlRashid and Sons Co. is fifty million Saudi Riyals (SAR 50,000,000), and its registered address is located in the city of Riyadh.

The principal activities of Abdul Rahman Saad AlRashid and Sons Co. are general building contracting, purchasing, and investing in land, water and sewage work contracting, electrical and mechanical work contracting, road works, precious and base metals exploration, dam contracting, marketing and real estate development.

The following table sets out the ownership structure of Abdul Rahman Saad AlRashid and Sons Co. as of the date of this Prospectus:

**Table (50): Ownership Structure of Abdul Rahman Saad AlRashid and Sons Co. as of the Date of this Prospectus**

| No. | Shareholder | Number of Shares | Ownership Percentage (%) |
|---|---|---|---|
| 1. | Abdulrahman Saad AlRashid | 27,165,000 | 54.33% |
| 2. | Jawharah Abdul Rahman AlMoosa | 5,335,000 | 10.67% |
| 3. | Omran Abdul Rahman Saad AlRashid | 5,000,000 | 10% |
| 4. | Sulaiman Abdul Rahman Saad AlRashid | 5,000,000 | 10% |
| 5. | Salwa Abdul Rahman Saad AlRashid | 2,500,000 | 5% |
| 6. | Ghada Abdul Rahman Saad AlRashid | 2,500,000 | 5% |
| 7. | Sarah Abdul Rahman Saad AlRashid | 2,500,000 | 5% |
| | **Total** | **50,000,000** | **100%** |

Source: The Company

### C- Rashid Saad AlRashid and Sons Co.

Rashid Saad AlRashid and Sons Co. is a closed joint-stock company registered under Commercial Registration No. 1010215519, dated 22/12/1426H (corresponding to 22/01/2006G). The current share capital of Rashid Saad AlRashid and Sons Co. is five million Saudi Riyals (SAR 5,000,000), and its registered address is located in the city of Riyadh.

The principal activities of Rashid Saad AlRashid and Sons Co. are the management of subsidiaries, investment management and real estate ownership and investment.

The following table sets out the ownership structure of Rashid Saad AlRashid and Sons Co. as of the date of this Prospectus:

**Table (51): Ownership Structure of Rashid Saad AlRashid and Sons Co. as of the Date of this Prospectus**

| No. | Shareholder | Number of Shares | Ownership Percentage (%) |
|---|---|---|---|
| 1. | Rashid Saad AlRashid | 2,750,000 | 55% |
| 2. | Fawzia Rashid Abdul Rahman AlRashid | 500,000 | 10% |
| 3. | Yousef Rashid Saad AlRashid | 350,000 | 7% |
| 4. | Salma Rashid Saad AlRashid | 350,000 | 7% |
| 5. | Ahmed Rashid Saad AlRashid | 350,000 | 7% |
| 6. | Wadha Rashid Saad AlRashid | 350,000 | 7% |
| 7. | Badr Rashid Saad AlRashid | 350,000 | 7% |
| | **Total** | **5,000,000** | **100%** |

Source: The Company

### D- Al-Thomad Trading Company

Al-Thomad Trading Company is a limited liability company registered under Commercial Registration No. 1010070569, dated 10/05/1409H (corresponding to 20/12/1988G). The current share capital of Al-Thomad Trading Company is one million, sixty-six thousand, five hundred and sixty Saudi Riyals (SAR 1,066,560), and its registered address is located in the city of Riyadh.

The principal activities of Al-Thomad Trading Company are wholesale trade and investment activities.

The following table sets out the ownership structure of Al-Thomad Trading Company as of the date of this Prospectus:

**Table (52): Ownership Structure of Al-Thomad Trading Company as of the Date of this Prospectus**

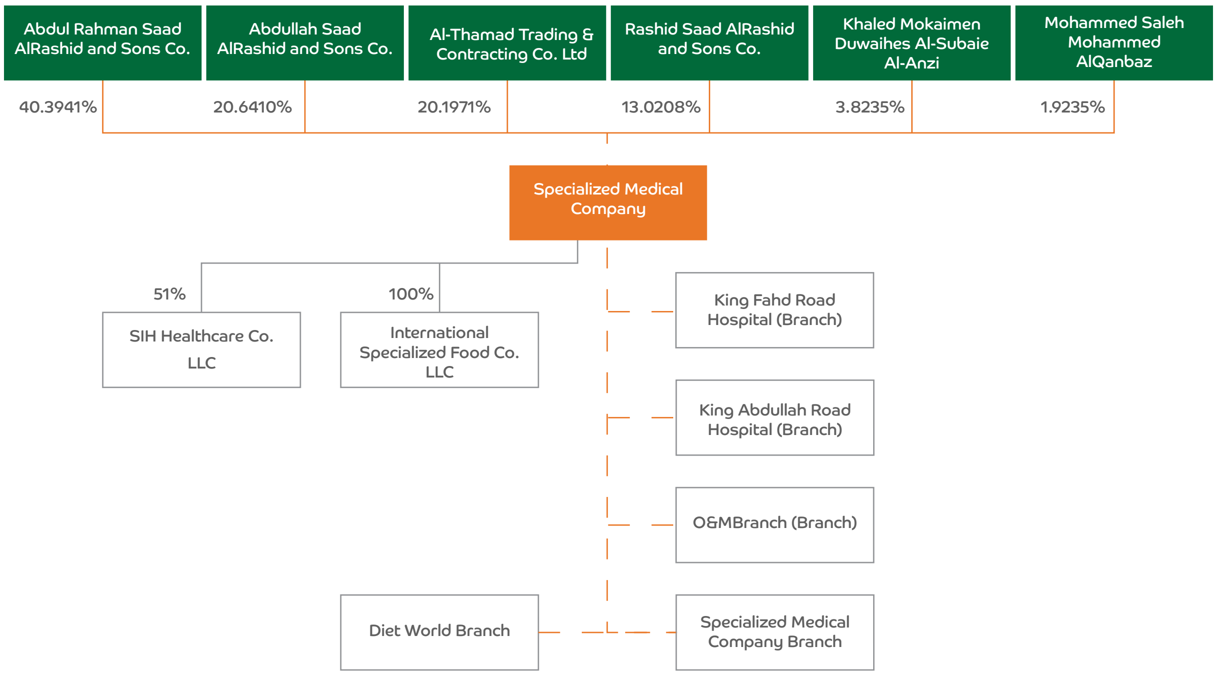
| No. | Shareholder | Number of Shares | Ownership Percentage (%) |
|---|---|---|---|
| 1. | Abdullah Abdulaziz al-Tuwaijri | 26,664 | 40% |
| 2. | Hamad Abdulaziz al-Tuwaijri | 6,666 | 10% |
| 3. | Mohammed Abdulaziz al-Tuwaijri | 6,666 | 10% |
| 4. | Salah Abdullah al-Tuwaijri | 6,666 | 10% |
| 5. | Nawal Abdulaziz al-Tuwaijri | 3,333 | 5% |
| 6. | Ahmed Abdullah al-Tuwaijri | 3,333 | 5% |
| 7. | Abdulmohsen Saud al-Tuwaijri | 1,111 | 1.66% |
| 8. | Abdullah Saud al-Tuwaijri | 1,111 | 1.66% |
| 9. | Ahmed Saud al-Tuwaijri | 1,111 | 1.66% |
| 10. | Badr Saud al-Tuwaijri | 1,111 | 1.66% |
| 11. | Fahda Saud al-Tuwaijri | 1,111 | 1.66% |
| 12. | Nayef Saud al-Tuwaijri | 1,111 | 1.66% |
| 13. | Abdullah Abdulmohsen al-Tuwaijri | 1,041 | 1.56% |
| 14. | Abdulaziz Abdulmohsen al-Tuwaijri | 1,041 | 1.56% |
| 15. | Yazid Abdulmohsen al-Tuwaijri | 1,041 | 1.56% |
| 16. | Dima Saud al-Tuwaijri | 902 | 1.35% |
| 17. | Hanan Abdulmohsen al-Tuwaijri | 902 | 1.35% |
| 18. | Hanouf Saud al-Tuwaijri | 902 | 1.35% |
| 19. | Sultana Abdulaziz al-Tuwaijri | 837 | 1.26% |
| | **Total** | **66,660** | **100%** |

Source: The Company

## 4.2 Company Structure

The following diagram sets out the Company's structure as of the date of this Prospectus.

**Figure (17): Company Structure as of the Date of this Prospectus**




Source: The Company

The Company has two non-material subsidiaries as of the date of this Prospectus, namely:

- **International Specialized Food Co. LLC,** a limited liability company wholly owned by the Company and registered under Commercial Registration No. 1010402336, dated 21/03/1435H (corresponding to 23/01/2014G). International Specialized Food Co. specializes in providing ready-made meals and diet food to patients and managing restaurants and cafeterias in the Company's hospitals and other facilities owned by third parties. International Specialized Food Co. also provides ready-made food preparation, delivery and catering services for companies and events.
- **Al-Mukhtas Al-Sehhi Medical Co. LLC,** a limited liability company in which the Company owns 51% of the capital, registered under Commercial Registration No. 1009176637, dated 15/07/1446H (corresponding to 15/01/2025G). Al-Mukhtas Al-Sehhi Medical Co. LLC is working on a PPP project to manage a mental health facility within the Kingdom. This project is being developed in partnership with Dr. Ebel Kliniken International GmbH Company and Health Gate (which hold 40% and 9% of the share capital of Al-Mukhtas Al-Sehhi Medical Co., respectively) and aims to address the significant shortage in mental health services across the Kingdom, thereby enhancing the health sector's ability to meet the growing mental healthcare needs.

As of the date of this Prospectus, the Company does not own any material subsidiaries.

## 4.3 Company's Vision, Mission, Strategy and Competitive Advantages

### 4.3.1 Company Vision

The Company seeks to rank among the top healthcare providers within the Kingdom and to establish a prominent and leading position in the fields of medical innovation and patient safety across the Middle East.

### 4.3.2 Company Mission

To improve community health throughout the Kingdom by providing distinguished healthcare services at reasonable prices.

### 4.3.3 Overview of the Company's Business

Since its inception over twenty-five years ago, the Company has endeavored to be among the leading companies in the field of healthcare services within the private sector in the Kingdom. The Company currently owns two hospitals in Riyadh that comprise more than 250 outpatient clinics covering all general and specialized disciplines, with an experienced team of healthcare practitioners and employees consisting of more than 3,000 full-time and part-time employees. The healthcare services provided by the Company include ambulance services, cardiology, internal medicine, family medicine and pediatrics. The Company also offers surgical services, including general surgery, orthopedics, otorhinolaryngology, gynecological procedures, spinal surgery, obesity surgeries and all general and specialized surgeries, supported by an integrated network of ancillary departments such as laboratories, diagnostic radiology, nuclear medicine services, anesthesia departments, internal pharmacies, physical therapy services and nutritional consultations.

The Company's business strategy is based on four main pillars through which the Company seeks to build the foundations necessary for the provision of high-quality healthcare services in a safe, integrated, and sustainable manner for its patients, namely:

- **Patient Safety:** The Company places patient safety among its top priorities. To achieve this, all of the Company's medical facilities and all clinical and non-clinical healthcare services provided in such facilities are subject to international and local regulatory standards, including the "Nine Patient Safety Solutions" issued by the World Health Organization.
- **Operational Enhancements:** The Company strives to enhance its position as a center of excellence and provide healthcare services that exceed its customers' expectations by increasing the efficiency of its operations and continuously improving the level of its services. The Company has adopted a system to measure the improvement of the quality and efficiency of the healthcare services it provides, which aims to increase patient satisfaction and access to healthcare services through the use of modern technological means, training, and education of the Company's cadres, and improving performance efficiency by complying with global accreditation requirements.
- **Developing Medical Personnel:** The quality and efficiency of the healthcare services provided by the Company are linked to the quality and efficiency of its employees. Accordingly, the Company holds training and educational programs and courses for its employees and provides rewards and incentives for distinguished employees, with the aim of motivating them, developing their skills and retaining them. This reflects positively on the quality of healthcare services received by patients within the Company's medical facilities.
- **Partnerships:** As part of its efforts to consolidate its position as a leading healthcare service provider, the Company seeks to establish strategic partnerships with companies from the public and private sectors. These partnerships aim to increase the Company's market share by referring the patients of those companies to it, develop and improve the quality of long-term healthcare services, expand the Company's activities in the field of corporate social responsibility through cooperation with non-profit organizations and the establishment of community awareness campaigns, and strengthen cooperation with insurance companies to increase the Company's share of insured patients.

### 4.3.4 Summary of the Company's Key Developments

The following table summarizes the Company's key developments.

**Table (53): Summary of the Company's Key Developments**

| Date | Event |
|---|---|
| **1994G** | • Incorporation of the Company as a limited liability company. |
| **1999G** | • Opening of the Company's first hospital under the name "Specialized Medical Center" on King Fahd Road in Riyadh, which was established to perform same-day surgery for VIPs. |
| **2002G** | • Transformation of the Specialized Medical Center into SMC Hospital (1) – King Fahd Road, the expansion of its buildings and development of the scope of its operations to include VIP services and other insured and cash patients. |
| **2004G** | • Expansion of SMC Hospital (1) – King Fahd Road by establishing more than 80 new outpatient clinics and enhancing its capabilities with medical staff specializing in general medicine and surgery, dentistry, dermatology and plastic surgery. |
| **2005G** | • Conclusion of a PPP agreement with the National Guard to service LTC patients and transfer them from the National Guard Hospital to SMC Hospital (1) – King Fahd Road. |
| **2006G** | • Expansion of SMC Hospital (1) – King Fahd Road and construction of a second tower affiliated with the center to meet the growing needs of critical care and LTC patients. |
| **2012G** | • Expansion of SMC Hospital (1) – King Fahd Road and construction of a third building to increase the number of inpatient beds, outpatient clinics and support services for patients. |
| **2014G** | • Construction of an extension building for the outpatient clinics of SMC Hospital (1) – King Fahd Road and the provision of new specialized medical services represented by ENT and orthopedic clinics. |
| **2020G** | • Opening of SMC Hospital (2) – King Abdullah Road in Riyadh under the name Specialized Medical Center with a capacity of 180 beds. |

Source: The Company

### 4.3.5 Overview of Healthcare Services

The Company currently owns and operates two multi-specialty tertiary hospitals through which it provides primary healthcare and ancillary medical services, namely SMC Hospital (1) – King Fahd Road and SMC Hospital (2) – King Abdullah Road (for further information regarding these hospitals, please refer to Section 4.3.6 "**Company Hospitals**" of this Prospectus).

- **Key Healthcare Services**

The Company offers a range of healthcare services with the aim of providing outstanding healthcare at reasonable prices to its patients. The Company provides specialized and advanced healthcare services to its patients in the areas of intensive care for newborns, diagnosis and treatment of prostate diseases and kidney dialysis using modern methods, in addition to ova freezing services using advanced methods. Set out below is an overview of the various primary healthcare services provided by the Company through its two hospitals in Riyadh.

**Table (54): Key Healthcare Services Provided by the Company as of the Date of this Prospectus**

| Specialty | Sub-specialties | |
|---|---|---|
| **General Medicine** | • Rheumatology<br>• Neurology<br>• Microbiology<br>• Infectious diseases<br>• Cardiology<br>• Gastroenterology<br>• Acupuncture<br>• Palliative care | • Pulmonology<br>• Nutritional therapy<br>• Hematology<br>• Oncology and blood cancer, including chemotherapy<br>• Family medicine<br>• Nephrology<br>• Psychiatry<br>• Endocrinology |
| **Surgery** | • General surgery<br>• Vascular surgery<br>• Orthopedic surgery<br>• Thoracic surgery<br>• Ophthalmology<br>• Neurosurgery<br>• ENT surgery<br>• Cardiac surgery | • Pediatric surgery<br>• Pulmonary surgery<br>• Plastic surgery<br>• Dental surgery<br>• Gynecological surgery<br>• Urological surgery<br>• Andrology surgery |
| **Dentistry** | • General dentistry<br>• Oral and maxillofacial diseases<br>• Orthodontics | • Endodontology<br>• Pediatric dentistry<br>• Prosthodontics |
| **Other Healthcare Services** | • Emergency services<br>• Treatment of fertility issues<br>• Physiotherapy<br>• Geriatrics | • Rehabilitation and treatment of aging symptoms<br>• Pediatrics<br>• Kidney dialysis<br>• Nutritional consultations |

- **Ancillary Medical Services**

The Company provides a range of ancillary medical services designed to support primary healthcare services. The following is an overview of the various ancillary medical services provided by the Company through its two hospitals in the city of Riyadh:

**Table (55): Ancillary Medical Services Provided by the Company as at the Date of This Prospectus**

| Ancillary Medical Services | Details of Ancillary Medical Services |
|---|---|
| **Premature births and intensive care units for newborns** | Provision of advanced and comprehensive care for premature infants and newborns with critical conditions, including respiratory support, specialized nutrition, and ongoing medical follow-up to ensure optimal health outcomes. |
| **Intensive care units** | Provision of specialized intensive care for critically ill patients through use of the latest medical technologies and a multidisciplinary medical team who work on stabilizing the health conditions and improving the chances of recovery of such patients. |
| **Pharmacies** | Provision of medication dispensary services in accordance with the highest safety and quality standards, provision of pharmaceutical consultations to patients, and the monitoring of drug interactions to ensure optimal use of treatment within the inpatient department. |
| **Maternity services** | Provision of comprehensive care for mothers and newborns, including prenatal care, natural and cesarean delivery services, induction, and postpartum care to ensure a safe and distinguished experience for mothers and babies. |
| **Anesthesia services** | Provision of safe anesthesia services for all interventional surgical procedures, including general, regional, and local anesthesia, along with pre-operative patient assessments to ensure patient safety during surgery. In addition, the Company provides chronic and post-surgical pain management services. |
| **Cardiac catheterization services** | Conducting diagnostic tests and therapeutic interventions for cardiovascular diseases using advanced cardiac catheterization techniques, thus contributing to improving the quality of life of patients and reducing the need for surgical interventions. |
| **Nuclear medicine** | Provision of diagnostic services using radioisotopes, including nuclear imaging to detect and diagnose various diseases. |
| **Imaging and radiography units** | Provision of medical and diagnostic imaging services using the latest technologies, including X-rays, MRI, ultrasound, and CT scans, in order to support accurate diagnosis and treatment. |

## 4.3.6 Company Hospitals

In addition to the two multi-specialty hospitals referred to in Section 4.3.6 "**Company Hospitals**" of this Prospectus, the Company intends to establish three additional hospitals, all located in Riyadh, with a new multi-specialty hospital currently being built on the Northern Ring Road in Riyadh, in addition to two other hospitals in the northern area of Riyadh (for further information, please refer to Section 4.10 "**Current and Future Projects**" of this Prospectus).

Set out below is an overview of SMC Hospital (1) – King Fahd Road and SMC Hospital (2) – King Abdullah Road:

- **SMC Hospital (1) – King Fahd Road**

SMC Hospital (1) – King Fahd Road was established in 1999G as a medical center designed to serve VIPs and was equipped to perform same-day surgeries with a capacity of 30 beds, four operating rooms, 28 clinics, a laboratory, and a diagnostic and radiological imaging unit. Since then, SMC Hospital (1) – King Fahd Road has witnessed several expansions in terms of the number of buildings, floor area, equipment, and the scope of healthcare services it provides, and is today one of the most prominent healthcare facilities in Riyadh. The hospital complex consists of three buildings with a total built-up area of 72,172 square meters, built on plots owned and rented by the Company with a total area of 11,087 square meters. The capacity of SMC Hospital (1) – King Fahd Road comprises 387 beds, 170 clinics, eight main operating rooms and seven delivery rooms.

SMC Hospital (1) – King Fahd Road currently provides a wide range of clinical and non-clinical tertiary healthcare services. The hospital is distinguished by its large inpatient capacity of 387 beds in comparison to its 170 clinics. The increase in the number of inpatient beds reflects the Company's policy of reducing reliance on LTC patients referred by Government entities and focusing on private sector patients referred by the hospital's various departments such as the emergency department, clinics, and other departments. SMC Hospital (1) - King Fahd Road also features a diagnostic and interventional radiology department to diagnose and treat complex medical cases including cardiovascular conditions, strokes, and brain hemorrhages.

SMC Hospital (1) – King Fahd Road features the following departments:

- **Cardiology and Cardiac Surgery Department:** The Cardiology and Cardiac Surgery Department receives all chronic and emergency medical cases and conducts all diagnostic and therapeutic tests, from cardiac catheterization and stenting to open heart surgeries and aortic valve repairs and replacements.
- **Nephrology Department:** The hospital provides diagnostic and treatment services for cases of renal impairment and failure and contains a modern dialysis unit equipped with the latest medical equipment. The services of SMC Hospital also extend to kidney transplantation along with the provision of all pre- and post-transplantation services.
- **Ophthalmology Department:** The Ophthalmology Department is one of the distinguished medical departments at SMC Hospital (1) – King Fahd Road, equipped with state-of-the-art diagnostic devices and staffed by specialists in all areas of eye disease, including rare subspecialties. The Ophthalmology Department is also licensed to perform corneal transplant operations.
- **Oncology and Hematology Department:** The Oncology and Hematology Department is one of the integrated medical departments at SMC Hospital (1) – King Fahd Road. It oversees the admission and diagnosis of all types of blood cancer cases and performs all types of tests and biopsies. The Oncology and Hematology Department is supported by an integrated laboratory, radiology, surgery, and chemotherapy department.
- **Orthopedics and Spine Surgery Departments:** SMC Hospital (1) – King Fahd Road features orthopedics, spine surgery and arthroplasty departments, which are characterized by integrated services and subspecialties.
- **Embryology Department:** The Embryology Department is a new and distinguished department that holds the highest private sector licensing to perform ova freezing procedures and treat infertility cases. It is characterized by high efficiency and the utmost privacy for patients.

SMC Hospital (1) – King Fahd Road (as of 31 December 2023G) has approximately 2,395 full-time and part-time employees, including 1,318 healthcare practitioners, comprising 286 doctors, 672 nurses and nursing assistants, 27 pharmacists and 334 technicians. During 2023G, SMC Hospital (1) – King Fahd Road clinics received 912,787 patients. The hospital's emergency department handled 111,539 emergency cases and 26,736 in-patients were admitted to SMC Hospital (1) – King Fahd Road, with a total of 67,868 overnight stays. During 2023G, 15,458 surgeries, 2,547 deliveries, 939,710 laboratory tests and 175,691 radiological and imaging procedures were performed at King Fahd Hospital.

- **SMC Hospital (2) - King Abdullah Road**

SMC Hospital (2) – King Abdullah Road, which commenced operations in 2020G, represents a pioneering model in the provision of advanced healthcare services in Riyadh and forms part of the Company's strategy to expand its geographical scope and meet the growing demand for distinguished medical services. The hospital was built on a plot owned by the Company with an area of 9,579 square meters, with a total built-up area of 72,788 square meters, including 187 beds and 116 specialized clinics, making it an integrated facility that combines medical excellence and modern engineering design.

SMC Hospital (2) – King Abdullah Road is the only hospital in the Kingdom that commenced operations during the outbreak of the coronavirus pandemic (COVID-19) and was designed and equipped to work in integration with SMC Hospital (1) – King Fahd Road, which enabled it to provide effective services during the global health crisis. This integration contributed to the treatment of large numbers of patients and the achievement of outstanding financial and operational performance, with the hospital achieving operating profits within merely the first two years of its operation.

SMC Hospital (2) – King Abdullah Road is equipped with the latest technologies, including seven main operating rooms and seven delivery rooms offering the highest levels of comfort and privacy, in addition to rooms dedicated to caesarean sections and an independent emergency department. The hospital enhances the experience of patients and visitors by offering more than four floors of dedicated car parking, ensuring easy access and patient mobility.

The services of SMC Hospital (2) – King Abdullah Road are distinguished by a wide range of subspecialties including women's health, cosmetic specialties and same-day surgeries, in addition to intensive care units, advanced radiology and emergency units available around the clock. The hospital is also equipped with advanced laboratories for molecular and viral testing, ensuring accurate and rapid diagnosis, in addition to the latest medical devices that support various specialties.

SMC Hospital (2) – King Abdullah Road is also equipped with an integrated unit for treating respiratory diseases (prior to such units becoming a regulatory requirement), which contributed significantly and effectively to attracting and treating patients with COVID-19. SMC Hospital (2) – King Abdullah Road also contains molecular labs and departments, viral testing, and nuclear medicine.

In response to market demands and the Company's orientations towards diversifying patient sources and reducing reliance on patients referred from Government entities and hospitals, the Company has reduced the number of beds in SMC Hospital (2) – King Abdullah Road from 248 beds as of 2023G to 191 beds as of 30 September 2024G. The Company will also increase the number of clinics from 96 clinics as of 30 September 2024G to 116 clinics during 2025G.

SMC Hospital (2) – King Abdullah Road has achieved a distinguished position among healthcare providers within the Kingdom in general and in Riyadh in particular, having received several awards, including the Patient Safety Award in recognition of its commitment to safety and quality standards and the Institutional Coding Award for the private sector within the Riyadh region.

SMC Hospital (2) – King Abdullah Road (as of 31 December 2023G) has approximately 965 full- and part-time employees, including 641 healthcare practitioners, including 157 doctors, 311 nurses and nursing assistants, 9 pharmacists and 165 technicians. During 2023G, SMC Hospital (2) – King Abdullah Road clinics received 477,411 patients. The hospital's emergency department handled 87,759 emergency cases and 11,598 in-patients were admitted to SMC Hospital (2) – King Abdullah Road, with a total overnight stay of 27,099 and a total of 26,231 overnight stays for LTC patients. During 2023G, 7,271 surgeries, 1,758 births, 491,184 laboratory tests and 91,873 radiological and imaging procedures were performed at SMC Hospital (2) – King Abdullah Road.

## 4.3.7 Quality Accreditation Certificates

The Company has obtained numerous accreditations from leading local and international accreditation institutions as a result of its commitment to providing the highest levels of healthcare services.

The following is a description of the key accreditations obtained by the Company:

**Table (56): List of Accreditations Obtained by the Company as of the Date of this Prospectus**

| No. | Accrediting Body | Description | Accredited Entity | Accreditation Expiration Date |
|---|---|---|---|---|
| 1. | Saudi Central Board for Accreditation of Healthcare Institutions (CBAHI) | Certificate of Accreditation for Passing National Standards | SMC Hospital (1) – King Fahd Road | January 2027G |
| 2. | | Certificate of Accreditation for Passing National Standards | SMC Hospital (2) – King Abdullah Road | May 2027G |
| 3. | American Association of Blood Banks (AABB) | Accreditation agency promoting the highest standards of quality and safety for blood and biotherapy facilities | SMC Hospital (1) – King Fahd Road | June 2026G |
| 4. | | | SMC Hospital (2) – King Abdullah Road | June 2026G |
| 5. | American Heart Association | Accreditation of the skills development center of health facilities | SMC Hospital (1) – King Fahd Road | March 2027G |
| 6. | International Council for Commonality in Blood Banking Automation (ICCBBA) | Accreditation of the facility's commitment to codes, labels, and stickers | SMC Hospital (1) – King Fahd Road | January 2025G |

| No. | Accrediting Body | Description | Accredited Entity | Accreditation Expiration Date |
|---|---|---|---|---|
| 7. | Saudi Heart Association | Accreditation certificate for advanced cardiac life support courses | SMC Hospital (1) – King Fahd Road | April 2025G |
| 8. | | Accreditation certificate for basic life support courses | SMC Hospital (1) – King Fahd Road | April 2025G |
| 9. | College of American Pathologists (CAP) | Accreditation for clinical laboratories and blood banks | SMC Hospital (1) – King Fahd Road | March 2025G |
| 10. | | Accreditation of hospital laboratory standards | SMC Hospital (2) – King Abdullah Road | February 2026G |
| 11. | Healthcare Information and Management Systems Society (HIMSS) | Accreditation in recognition of advanced information technology and e-management systems. The Group obtained accreditation for application of Stage 7 standards, which represents the pinnacle of data-driven system utilization. | The Company | December 2027G |
| 12. | Saudi Center for Organ Transplantation | Temporary license for the corneal transplant program | SMC Hospital (1) – King Fahd Road | October 2025G |
| 13. | Saudi Health Council | Australian Classification of Health Interventions (ACHI) | SMC Hospital (1) – King Fahd Road<br>SMC Hospital (2) – King Abdullah Road | March 2025G |
| 14. | Ministry of Health | Certificate of qualification for operators of private health institutions | The Company | October 2027G |
| 15. | Saudi Commission for Health Specialties | Accreditation of a continuing professional development provider | SMC Hospital (1) – King Fahd Road | January 2025G |
| 16. | | Certificate of recognition of a training center | SMC Hospital (1) – King Fahd Road | - |
| 17. | | Certificate of accreditation of a training center for Saudi Board programs accredited by the Saudi Commission for Health Specialties | SMC Hospital (1) – King Fahd Road | August 2028G |
| 18. | | Certificate of national excellence in health training | SMC Hospital (1) – King Fahd Road | August 2028G |
| 19. | Saudi Food and Drug Authority (SFDA) | Certificate of Good Practice for Blood Facilities | SMC Hospital (1) – King Fahd Road | February 2027G |
| 20. | ABC Certification | ISO 22000:2018 Certificate | International Specialized Food Co. | October 2025G |

Source: The Company

### 4.3.8 Key Strengths and Advantages of the Company

- **A Key Sector Poised for Growth with Government Support**

The Company's hospitals are located in Riyadh, the capital and largest city of the Kingdom. Riyadh is at the heart of the Kingdom's economic and social transformation program and is witnessing rapid population growth within the Kingdom. As part of Saudi Vision 2030, the Kingdom's Government is leading a series of wide-ranging economic and social reforms that include making substantial investments in infrastructure within the healthcare sector. Government spending on the healthcare sector represents a significant share of the Kingdom's GDP, with healthcare spending accounting for 6.0%, 5.5% and 5.5% of GDP in 2021G, 2022G and 2023G, respectively. The healthcare market in the Kingdom is expected to grow at a CAGR of 4.6% from 2023G to 2030G, driven by a growing population, rising life expectancy, rising rates of non-communicable diseases, and the influx of expatriates visiting and residing in the Kingdom, all of which will result in an increase in demand for specialized and high-quality healthcare services.

The private sector plays a pivotal role in bridging the gap between supply and demand for healthcare services, supported by Government initiatives such as the Health Sector Transformation Program and Public-Private Partnership (PPP) opportunities, in addition to the expansion of health insurance coverage, which is expected to encompass 54% of the Kingdom's population by 2030G.

The Company believes that it is well-poised to benefit from the growth in the healthcare sector due to its distinguished reputation and network of relationships with major insurance companies, especially given the limited capacity of public sector hospitals to accommodate the increasing demand for healthcare services. In line with Saudi Vision 2030, which includes reducing dependency on oil, supporting the private sector and diversifying the economy, the Company seeks to reduce its revenues from Government sources, mainly represented by its contracts with the Ministry of Health and the Ministry of National Guard to provide long-term healthcare services to patients referred by such entities, as well as to focus on private sector patients. In implementation of the same, the Company has reduced the number of beds in SMC Hospital (2) – King Abdullah Road from 248 beds in 2023G to 191 beds as of 30 September 2024G. The Company will also increase the number of clinics from 96 clinics to 116 clinics during 2025G.

- **Longstanding Pillar of Riyadh's Healthcare System**

The Company has extensive experience exceeding twenty-five years in the field of establishing, developing and operating hospitals, during which the Company has been able to achieve a prestigious position and a strong brand as a key provider of healthcare services in Riyadh. The numerous medical certifications and accreditations obtained by the Company, which are renewed on an ongoing basis, prove the Company's commitment to the highest international standards and practices in the field of healthcare. The partnership with Mayo Clinic contributed to the creation of the first laboratory in SMC Hospital (1) - King Fahd Road 25 years ago, where the world-leading American laboratory has been approved as a reference laboratory for the Company's hospitals for the past 25 years without interruption. The Company's strategic relationship with Mayo Clinic was further strengthened by the signing of a strategic partnership agreement in 2021G, under which the Company became Mayo Clinic Laboratories' exclusive commercial and legal representative in the Kingdom until the end of June 2026G.

Home to 20% of the Kingdom's population, Riyadh is a major center of the Kingdom's projected growth. Moreover, the population of Riyadh is expected to 9.5 million by 2035G, a growth rate twice the national average. With the construction of mega projects in the city of Riyadh, including King Salman Park and the New Murabba, the city is expected to witness a significant increase in demand for healthcare services. While Riyadh has approximately 21,000 beds as of 2023G, there is a growing gap between the expected supply and demand for healthcare services, as the gap in the number of beds required to keep pace with population growth and growing healthcare needs in Riyadh is expected to reach 1,500 beds by 2035G.

Due to the strategic location of the Company's hospitals on major roads within Riyadh, which ensures easy access for patients and high brand visibility, the Company is well-positioned to capitalize on key growth drivers. Based on its strong reputation, well-established partnerships with healthcare players and its ability to attract leading medical talent, the Company delivers advanced healthcare services that meet the needs of Riyadh's growing and diverse population, positioning it to capitalize on emerging opportunities in the healthcare market.

The average room occupancy rate within the Company's establishments was approximately 81.1% in 2023G, indicating patients' confidence in the Company's reputation and the quality of the healthcare services it provides. SMC Hospital (2) – King Abdullah Road is the only hospital in the Kingdom that was opened during the outbreak of the COVID-19 pandemic. Despite this, the hospital was able to cover operating costs and achieve profitability within two years of commencing commercial operation, further indicating the confidence of patients seeking distinguished healthcare services.

- **Center of Excellence Providing Comprehensive and Integrated Healthcare**

The Company's hospitals provide a comprehensive range of healthcare services that include more than 26 medical specialties, providing integrated care for patients at all stages of their treatment, from initial diagnosis to post-treatment services, with all medical procedures provided under one roof. The ability of the Company's hospitals to provide comprehensive and integrated healthcare services of distinguished and unique quality to its patients is one of the key advantages of the Company. The Company strives to provide all healthcare services that patients may need, regardless of their varying and diverse medical conditions. The Company is also deemed a center of excellence and occupies a leading position in certain medical specialties, which include the following:

- **Ophthalmology:** 5,000+ eye surgeries performed annually, including 50 corneal transplants.
- **Kidney Dialysis:** 11,000+ dialysis procedures performed annually (being the first hospital in the Kingdom that provides dialysis services for patients who are younger than 18 months old).
- **Heart Diseases:** 2,000+ cardiac interventions performed annually.
- **Fertility and IVF:** 4,500+ patient visits and 2,000+ procedures performed annually.
- **Oncology:** 15,000+ outpatient clinics visits annually, including 4,000+ oncology patients.
- **General and Specialized Surgeries:** 24,000+ general surgeries performed annually, including 400+ spine surgeries performed annually.
- **Laboratory:** 1,600,000+ laboratory tests conducted annually, supported by the Company's advanced technological infrastructure.

As part of its efforts to improve patient experience and increase hospital occupancy rates, the Company is working on equipping each of its hospitals with the ability to handle all health conditions and disease cases independently of other hospitals, as well as providing them with specialties that are appropriate for the needs of their patients.

- **Seasoned Medical Professionals Providing Quality Care**

Since its inception, the Company strived to hire and retain qualified and competent healthcare practitioners with extensive experience at top global healthcare facilities. As of 30 September 2024G, the Company employs approximately 443 qualified and highly experienced doctors across its hospitals, in addition to 960 highly qualified nurses, so as to ensure the delivery of high-quality healthcare services. As part of the Company's belief that the quality of healthcare services it provides is linked to the competencies and qualifications of its healthcare practitioners, the Company trains, educates and develops the skills of its healthcare practitioners on an ongoing basis through resident training programs, internal training and education programs and other professional development programs held in partnership with the public and private sectors. The Company strives to employ a group of specialists in each medical field to ensure that the absence of healthcare practitioners would not interrupt the delivery of healthcare services at its facilities. As an incentive, the Company provides its employees with competitive salary packages and an outstanding working environment, which contribute to enhancing the satisfaction of the employees and ensuring the retention of competent medical staff in the long term. Moreover, the Company adopts a fixed salary model for doctors, which enhances operational efficiency and increases profit margins as the volume of work increases. It also reduces reliance on part-time employees, thus limiting the risks related to part-time work.

- **Streamlined Patient Journey Supported by Advanced Tech Capabilities**

The Company strives to improve patients' access to healthcare services and facilitate processing of their procedures within its hospitals, starting from reception procedures and appointment booking and ending with discharge procedures, dispensing medications and accounting. To achieve the same, the Company has introduced a set of smart technological systems that include an electronic application through which patients can complete most of their procedures via their mobile phones. With the support of the technological developments provided by the Company, patient experience has improved, and the average waiting time across its existing hospitals has been reduced from an average of 42 minutes in 2021G to approximately 21 minutes during the nine-month period ended 30 September 2024G. During the nine-month period ended 30 September 2024G, approximately 62% of patient appointments at the Company's hospitals were booked through the mobile application, which is ranked the best mobile application of a healthcare service provider in the Kingdom. In addition, 38,000 new medical files were opened, 141,000 reception procedures were performed using the application, 83,000 new user and 57,000 online payment during the same period. The Company updates the mobile application periodically with the aim of improving and facilitating the patient user experience. The Company has also launched a number of telemedicine services with the aim of serving groups of patients within their homes and providing them with medical consultations remotely, thus enhancing the Company's ability to increase its market share. The Company also relies on advanced technology to enhance operational efficiency, improve the management of resources and medical personnel, and ensure the provision of effective healthcare to patients. This is evident in the average length of stay, which amounted to approximately 2.4 days across its existing hospitals during the nine-month period ended 30 September 2024G.

- **Strong Financial Performance and Profit Margin**

The Group achieved revenue growth at a CAGR of 14.8%, from SAR 1,053.1 million in 2021G to SAR 1,367.9 million in 2023G, with continued growth of 11.9% year-on-year in comparison to the nine-month period ended 30 September 2023G, reaching SAR 1,111.3 million in the nine-month period ended 30 September 2024G. This was driven by the expansion of operations of SMC Hospital (2) – King Abdullah Road which was launched in 2020G, along with the improvement of medical specialties, since growth is mainly derived from outpatient clinics services. The strategic shift adopted by the Company towards outpatient clinics contributed to improving revenues.

The Company's gross profit margin increased from 22.5% in 2021G to 26.1% in 2023G and further to 30.8% in the nine-month period ended 30 September 2024G, driven by a shift towards higher margin outpatient services, mainly concentrated in SMC Hospital (2) – King Abdullah Road, in addition to operational efficiencies achieved within the same hospital.

Although affected by depreciation and financing costs, net income showed a similar trend to the gross profit margin, whereby it grew from 5.3% in 2021G to 12.3% in 2023G and 14.3% in the nine-month period ended 30 September 2024G.

- **Clear and Actionable Growth and Expansion Plan**

The Company has adopted a realistic expansion plan that includes the establishment and development of three new hospitals in Riyadh to meet the growing demand for distinguished healthcare services. The new hospitals consist of a new hospital located on the Northern Ring Road with a capacity of 296 beds and 200 clinics, which is expected to enter into commercial operation in Q4 of 2027G. The Northern Ring Road is a strategic location that connects the urban and suburban areas of Riyadh, increasing accessibility to the hospital and enhancing visibility to patients. This location is also a major center for population and commercial expansion, supported by mega projects such as King Salman Park and the Sports Boulevard, which will enhance economic and social growth within the region.

The Company also plans to establish and develop two additional hospitals in the north of Riyadh with a capacity of 201 beds and 120 clinics each. These are expected to enter into commercial operation in Q4 of 2028G and 2029G (respectively) (for further information, please refer to Section 4.10 "**Current and Future Projects**" of this Prospectus). These hospitals are distinguished by their strategic locations which are close to major residential communities, ensuring easy and quick access for patients and enhancing their ability to meet the growing demand for healthcare services. These hospitals are expected to contribute to enhancing the Company's market share while simultaneously supporting the Kingdom's healthcare objectives.

In addition to its plans to increase the number of hospitals, the Company seeks to secure a PPP project to manage a mental health facility in the Kingdom. This project is being developed in partnership with Dr. Ebel Kliniken International GmbH Company and Health Gate and intends to address the significant shortage of mental health services across the Kingdom, enhancing the health sector's ability to meet the growing needs for mental healthcare.

- **Senior Management Expertise**

The Company is managed by a Board of Directors and a distinguished Executive Management team with extensive experience in managing healthcare facilities, who have contributed to the Company's growth and development. The Company is primarily concerned with retaining its senior staff and prioritizing its competent and loyal employees in appointments to senior management positions, thereby motivating their performance and strengthening their sense of belonging and loyalty to the Company. The long tenure of certain members of the Senior Management team at the Company is evidence of the quality of the work environment and the Company's ability to retain its employees, with some Senior Executives having been with the Company for more than 15 years. The Board includes independent Directors, which contributes to the management of the Company's business in a way that achieves its interests and those of its Shareholders alike (for further information, please refer to Section 5 "**Organizational Structure and Corporate Governance**" of this Prospectus).

### 4.3.9 Company Strategy

On the short and medium terms, the Company's strategy entails increasing the profitability of its operations by focusing more on out-patients, providing elective surgical services, and continuing to convert inpatient rooms that were intended for long-term care patients into outpatient clinics, while reducing dependence on long-term care patients. The strategy also aims to ramp up the operational and occupancy rates at SMC Hospital (2) - King Abdullah Road, which has a higher outpatient to inpatient bed ratio compared to the SMC Hospital (1) - King Fahd Road.

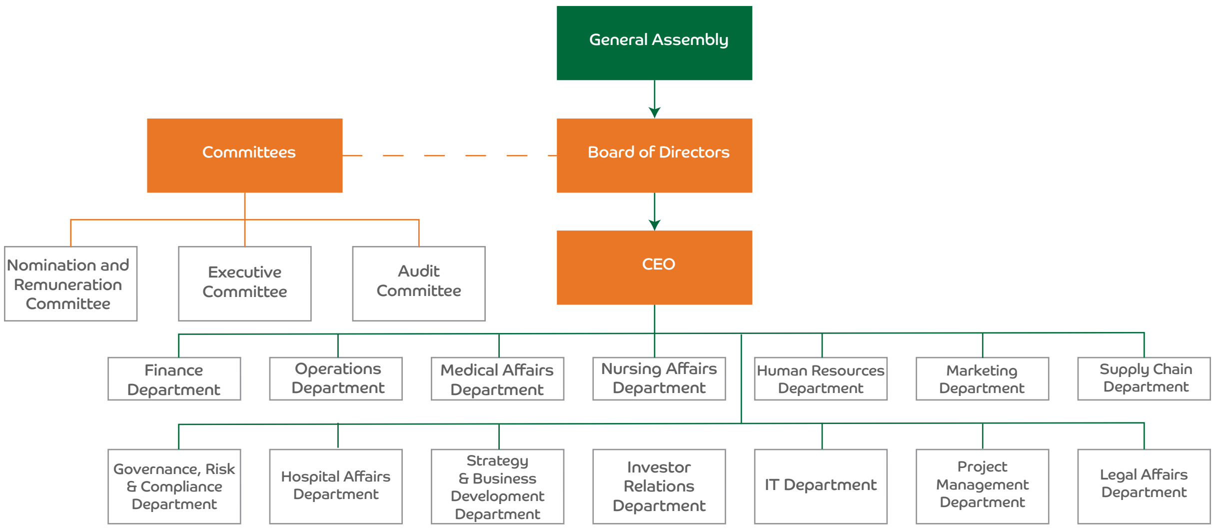
On the long term, the Company will seek to increase its geographical coverage and spread in strategic areas with high population density by establishing SMC Hospital (3) - Northern Ring Road, SMC Hospital (4) - Khuzam Suburb - Prince Faisal bin Bandar Road and SMC Hospital (5) - Al Malqa District. Moreover, the Company will seek to benefit from its operational expertise and experience and adopt administrative centralization to repeat its success in these hospitals. The Company will further seek to achieve profitability in such hospitals faster than in its current hospitals, especially in light of the strategic locations of these hospitals, which are located in the vicinity of mega projects sponsored by the Government, such as the Sports Boulevard, King Abdullah Financial District, North Pole and Riyadh Expo. This will enable the Company to provide healthcare services to a new and diverse patient base, including expatriate residents, wealthy local citizens and medical tourists traveling to the Kingdom for treatment.

## 4.4 Company Operations and Support Activities

The administrative work within the Company is distributed among several departments that are concerned with supporting the Executive Management in managing the Company's affairs and business.

The following is a description of the main operational departments and divisions of the Group. The following figure sets out the organizational structure of the Company:

**Figure (18): Organizational Structure of the Company**



### 4.4.1 Finance Department

The Company's Finance Department is responsible for general financial planning, preparing budgets and managing revenues and expenses. The Finance Department also oversees accounting operations, prepares various periodic financial reports, analyzes the Company's financial performance, and submits proposals and data to the Executive Management and the Board of Directors to enable them to make material decisions. Furthermore, the Finance Department monitors compliance with accounting regulations and international financial disclosure standards and improves the Company's financial efficiency in general by controlling costs and expenses and managing financial risks. In particular, the tasks of the Finance Department include the following:

- preparing periodic financial statements and financial reports by the required deadlines and ensuring the Company's compliance with international financial disclosure standards;
- financial planning and preparing the Company's general budget;
- managing cash flows and ensuring financial liquidity;
- internal control over the Company's financial affairs and financial review; and
- continuously analyzing the Company's financial performance and providing recommendations, proposals and data to the Executive Management and the Board of Directors to enable them to make informed decisions.

### 4.4.2 Operations Department

The Operations Department supervises everyday activities to ensure that the Company's operations run smoothly and efficiently. The Operations Department also works to optimize operations, increase efficiency and productivity within the Company, and manage the Company's resources with the aim of enabling it to achieve its strategic operational objectives. Furthermore, the Operations Department identifies opportunities to continuously improve administrative performance, as well as acquire and use modern technologies to accelerate operational performance. In particular, the tasks of the Operations Department include the following:

- monitoring the progress of daily operations, identifying and addressing operational issues, supervising the implementation of operational plans, and coordinating the distribution of the Company's various resources;
- improving operational efficiency by simplifying processes and procedures and introducing modern technologies to develop smooth administrative performance; and
- following up on the operational performance of all Company departments and coordinating cooperation between them in order to enable them to achieve set goals.

### 4.4.3 Medical Affairs Department

The Company's Medical Affairs Department is responsible for managing and coordinating the provision of healthcare services within the Company's medical facilities. The Medical Affairs Department is responsible for ensuring that the Company and its medical facilities comply with national and international medical standards and promotes procedures to ensure patient safety and the quality of healthcare services provided to patients. The tasks of the Medical Affairs Department include coordinating between doctors, nursing departments and medical facilities to ensure effective patient care. In particular, the tasks of the Medical Affairs Department include the following:

- supervising the quality of medical services provided in the Company's medical facilities and their compliance with medical policies and protocols;
- coordinating between medical, nursing, and other departments to ensure optimal patient care, evaluating the performance of doctors, and improving the efficiency of healthcare services provided to patients; and
- supporting ongoing medical training programs for doctors, nurses, and technicians with the aim of increasing their expertise and improving the quality of healthcare services provided.

### 4.4.4 Nursing Affairs Department

The Nursing Affairs Department is responsible for providing effective nursing care and ensuring compliance with healthcare standards. The duties of the Nursing Affairs Department include supervising nursing practices, coordinating nurses' schedules and training nursing staff, with an emphasis on enhancing patient safety and comfort. In particular, the tasks of the Nursing Affairs Department include the following:

- managing nursing schedules to ensure continuous and uninterrupted care;
- general supervision of the quality of nursing services provided in the Company's medical facilities;
- organizing training and education programs for nurses, monitoring nursing performance and ensuring compliance with health standards; and
- promoting a healthy and safe work environment for the nursing team and submitting proposals for the development thereof.

### 4.4.5 Human Resources Department

The Human Resources Department manages employee affairs and attracts medical competencies and administrative staff. The Human Resources Department also works to develop the skills of employees and ensure an optimal work environment while complying with applicable labor regulations. Furthermore, the Human Resources Department contributes to improving the level of employee satisfaction by making proposals related to employee salaries, incentive programs and training for competent employees. In particular, the tasks of the Human Resources Department include the following:

- attracting and retaining competent employees and developing their skills through the provision of incentives, rewards, and periodic training programs; and
- managing employee relations, resolving employment disputes and worker grievances, and ensuring compliance with the laws and regulations issued by MHRSD.

### 4.4.6 Marketing Department

The Marketing Department is responsible for designing and implementing marketing strategies that aim to enhance the Company's reputation, recognition, and brand awareness. The Marketing Department also sets and implements strategies aimed at increasing the Company's market share and sales. Furthermore, the Marketing Department develops innovative marketing plans in line with market trend analyses and communicates with clients through digital and traditional channels to enhance communication channels between patients and the Company. In particular, the tasks of the Marketing Department include the following:

- determining marketing strategies, developing effective marketing plans, and implementing advertising and promotional campaigns;
- enhancing the Company's reputation, increasing its brand recognition, and analyzing customer perception and attitudes towards the Company's brands; and
- preparing and managing the Company's marketing content through digital channels and various media.

### 4.4.7 Supply Chain Department

The Supply Chain Department oversees all activities related to the supply of materials, services and supplies necessary for the operation and smooth business of the Company. The Supply Chain Department selects these materials, services and supplies based on their quality, price, and availability according to the needs of the Company and its medical facilities from time to time, in order to optimize operational costs and reduce risks associated with supply chain disruptions. In particular, the tasks of the Supply Chain Department include the following:

- managing procurement, negotiation, tendering and award processes with suppliers, strengthening relations with strategic suppliers and evaluating their performance;
- monitoring the Company's inventory and medical facilities and ensuring the availability of essential materials and supplies necessary for the Company's operations; and
- developing strategies to improve supply chain efficiency and monitoring the quality of materials and services supplied.

### 4.4.8 Governance, Risk and Regulatory Compliance Department

The Governance, Risk and Regulatory Compliance Department is tasked with ensuring that the Company and all of its departments comply with legal and regulatory requirements, minimizing the risk of the Company being exposed to penalties resulting from non-compliance with regulations, and promoting transparency and accountability with the aim of supporting operational efficiency and safeguarding the Company's corporate reputation. In particular, the tasks of the Governance, Risk and Regulatory Compliance Department include the following:

- developing the Company's governance policies, promoting transparent procedures, and supporting the relevant regulatory committees;
- identifying the regulatory risks surrounding the Company's business, developing and implementing plans to mitigate risks and working with the Company's various departments in order to manage crises to which the Company is exposed; and
- ensuring the compliance of the Company and its various departments to laws and regulations, monitoring violations, investigating breaches, and developing policies to avoid their recurrence.

### 4.4.9 Hospital Affairs Department

The Hospital Affairs Department is concerned with managing day-to-day operations in the Company's hospitals, with a focus on improving the quality of healthcare provided to patients, developing the performance of medical staff and ensuring compliance with local and international health standards. In particular, the tasks of the Hospital Affairs Department include the following:

- medical and administrative supervision and management of daily medical and administrative operations;
- managing patient affairs, improving patient experience and access, and reducing patient waiting times;
- improving medical performance by setting standards for evaluating medical performance and developing training plans;
- ensuring compliance with local and international health standards and ensuring a healthy and safe environment for employees and patients alike; and
- contributing to efficient financial management, controlling operating costs and increasing revenue.

### 4.4.10 Strategy and Business Development Department

The Strategy and Business Development Department is concerned with developing and implementing the Company's strategic plans, analyzing the market, market trends and patient behavior and orientations, and exploring and capitalizing on investment opportunities to enhance the Company's sustainable growth. In particular, the tasks of the Strategy and Business Development Department include the following:

- developing the general frameworks for the Company's business development strategy in the short, medium, and long term by conducting a study of market trends and analyzing the performance of competitors;
- exploring expansion opportunities and submitting proposals to Management regarding investment opportunities and new medical facilities;
- proposing to Management areas and opportunities to improve operational performance and optimize the efficiency of the Company's business development; and
- following up on the implementation of strategic plans and measuring performance using key performance indicators based on Management directives.

### 4.4.11 Investor Relations Department

The Investor Relations Department works to enhance communication with investors and Shareholders, ensure transparency in financial disclosures, and monitor the performance and evaluation of the Company's shares, which in turn fosters investor confidence in the Company. In particular, the tasks of the Investor Relations Department include the following:

- communicating with investors, receiving their feedback, and providing them with financial performance reports in line with regulatory requirements;
- coordinating with other relevant departments to prepare periodic financial reports and ensuring compliance with regulatory standards; and
- monitoring the Company's performance, evaluating its shares in comparison to its competitors from listed and non-listed companies, and providing recommendations to the Executive Management and the Board of Directors regarding improving the Company's financial performance.

### 4.4.12 Information Technology Department

The Information Technology Department manages the Company's technical and technological infrastructure, provides technical and technological support to the Company and its medical facilities, and enhances the security and integrity of information and data related to patients, employees and other Company information. The Information Technology Department is also concerned with implementing digital projects and updating the Company's technological infrastructure with the aim of enhancing the efficiency of its operations. In particular, the tasks of the Information Technology Department include the following:

- managing the digital infrastructure, including the operation and maintenance of networks and servers related to the Company's business;
- protecting the security of information and data related to patients, employees, and other Company information;
- supporting electronic health systems, operating and supporting hospital information management systems, and designing and developing software to support the operational efficiency of the Company and its medical facilities; and
- providing technical support to the Company's employees and hospitals and supervising the implementation of digital transformation projects.

### 4.4.13 Project Management Department

The Project Management Department is responsible for planning and implementing new projects while ensuring adherence to set timetables and budgets. In particular, the tasks of the Project Management Department include the following:

- planning and managing hospital and medical facility construction and development projects, as well as supervising their implementation;
- controlling project costs and ensuring adherence to project implementation deadlines;
- identifying potential risks associated with projects established by the Company and developing effective response plans;
- monitoring contractors and supervising contractors' adherence to agreed specifications and schedules; and
- preparing periodic reports on the progress of projects and identifying obstacles that affect the implementation of projects.

### 4.4.14 Legal Affairs Department

The Legal Affairs Department ensures the Company's compliance with the laws and regulations applicable to it, negotiates and prepares legal contracts and takes the necessary actions to protect the Company's intellectual property rights, as well as providing legal advice to other administrative departments. In particular, the tasks of the Legal Affairs Department include the following:

- preparing and reviewing contracts with suppliers, partners, employees, and other parties;
- representing the Company in legal and judicial disputes and providing recommendations thereon to the Executive Management; and
- protecting the Company's trademarks and providing legal advice to various administrative departments.

## 4.5 Environmental, Social and Governance (ESG) Practices

The Company formed a Sustainability Committee in October 2024G comprising the Company's CFO, COO, Head of Human Resources and Director of Governance, Compliance and Risk. The Sustainability Committee prepares periodic reports on the sustainability of the Company's activities and the extent to which the Company has achieved the sustainability goals set by the Board of Directors from time to time. The Sustainability Committee is concerned with monitoring the extent to which the Company's business and strategy are aligned with the environmental, social and governance principles followed by the Company and their contribution to the sustainability initiatives of the Company and society in the long term, as well as monitoring the implementation of the social responsibility initiatives launched by the Company. The responsibilities of the Sustainability Committee also include the following:

- **Environmental Practices:** Establishing procedures for sorting and recycling non-hazardous waste, collecting, processing, and disposing of hazardous waste, establishing procedures for monitoring and rationalizing the consumption of cooling and air conditioning, as well as using modern technological means to improve the efficiency of energy, water and electricity consumption in the Company's facilities.
- **Social Practices:** Launching a future service to report, monitor and improve safety-related violations, coordinating initiatives and training courses aimed at improving employee lifestyles and income, as well as training and developing their skills.
- **Governance Practices:** Developing the governance system, administrative conflict of interest policy and code of conduct, establishing a subcommittee concerned with conduct violations and an ethics and patient rights committee, as well as developing a policy to rationalize expenses and ensure the Company's and its suppliers' commitment to this policy.

## 4.6 Health, Safety and Environment

The Company's Health, Safety and Environment (HSE) department is dedicated to increasing employee awareness of health, safety and environmental matters and ensuring compliance with safety requirements in the Company's operations by launching awareness and training campaigns for Company employees, including:

- health and safety training, firefighting drills and evacuation simulations to enable employees to work in a safe environment;
- developing a reporting system for employees to report safety incidents, track safety issues and unhygienic practices and identify areas for improvement; and
- implementing a risk management program and reporting safety incidents.

## 4.7 Corporate Social Responsibility (CSR)

The Company has adopted a corporate social responsibility policy based on a recommendation from the Board of Directors, which aims to balance and align the Company's objectives and medical facilities with general societal trends and conditions from a social and economic perspective. The Company's corporate social responsibility policy includes developing social programs and initiatives and setting general objectives therefor, as well as forming a committee to monitor the implementation of these initiatives and prepare reports thereon. The Company has entered into a partnership with the Saudi Commission for Health Specialties to train and employ Saudis as health practitioners and assistants in the field of dentistry. The Company also cooperates with the Saudi Telecom Company (STC) in organizing a marathon aimed at increasing awareness of community health and healthy lifestyles, while providing free medical check-ups and healthy food for participants. Moreover, the Company conducts campaigns in several public locations to raise awareness regarding breast cancer, its symptoms, methods of treatment and the importance of early detection.

## 4.8 Business Continuity

The Directors declare that there has been no interruption or suspension in the Company's business during the previous 12 months that has had or could have a material impact on its financial position. The Directors also declare that there is no intention to make any material change to the nature of the Company's activity.

## 4.9 Company Assets Outside the Kingdom

The Directors declare that, as of the date of this Prospectus, the Company does not have any ongoing commercial activity outside the Kingdom, nor does it have any assets located outside the Kingdom.

## 4.10 Current and Future Projects

The Company intends to establish three new tertiary healthcare hospitals in Riyadh. The following table sets out the key details related to these hospitals:

**Table (57): Current and Future Projects**

| No. | Hospital | Location | Capacity | Expected Cost (SAR Million) | Expected Commercial Operation Start Date |
|---|---|---|---|---|---|
| 1. | SMC Hospital (3) | Northern Ring Road, North Riyadh | 296 beds<br>200 clinics | 1,300 | Q4 2027G |
| 2. | SMC Hospital (4) | Khuzam Suburb, Prince Faisal bin Bandar Road, North Riyadh | 201 beds<br>120 clinics | 925 | Q4 2028G |
| 3. | SMC Hospital (5) | Al Malqa, Northwest Riyadh | 201 beds<br>120 clinics | 950 | Q4 2029G |

Source: The Company

The following is an overview of each of the Company's current and future projects:

- **SMC Hospital (3) - Northern Ring Road**

SMC Hospital (3) - Northern Ring Road is a tertiary healthcare hospital located on the Northern Ring Road in Riyadh, on a plot of land owned by the Company with an area of 17,725 square meters and a total built-up area of 153,458 square meters, with a capacity of 296 beds and 200 clinics. The hospital is expected to employ approximately 1,873 full- and part-time employees, including 282 health practitioners.

SMC Hospital (3) - Northern Ring Road is the only advanced healthcare hospital on the Dammam International Road and is equipped with a helipad, making it a referral hospital for emergencies and rescues. Additionally, the hospital is adjacent to a luxury international hotel, which makes the hospital well-positioned to meet the Kingdom's growing medical tourism.

Construction work on the project commenced in June 2024G, with a construction completion rate as of the date of this Prospectus of approximately 20.0%. Construction work is expected to be completed, and the hospital is set to commence commercial operation in Q4 of 2027G.

The main medical specialties in this hospital are expected to include internal medicine, hematology, oncology, orthopedics, ENT, plastic surgery, pediatrics, immunology, nuclear medicine, general surgery, gynecology and obstetrics, artificial insemination and kidney dialysis.

The total expected project cost is estimated at approximately SAR 1,300 million, including the value of the land on which the project is located. The Company intends to finance this amount through its cash flows and loans.

- **SMC Hospital (4) - Khuzam Suburb - Prince Faisal bin Bandar Road**

SMC Hospital (4) - Khuzam Suburb - Prince Faisal bin Bandar Road is a tertiary healthcare hospital located in the Khuzam Suburb, Prince Faisal bin Bandar Road in northern Riyadh. SMC Hospital (4) is located on a plot of land with an area of 15,200 square meters, which the Company has contracted to purchase. Ownership of the plot will be transferred to the Company upon the Company's payment of the remaining price when the hospital commences commercial operation. The total built-up area is expected to be approximately 100,320 square meters, with a capacity of 201 beds and 120 clinics. The hospital is expected to employ approximately 986 full- and part-time employees, including 205 health practitioners.

Construction work is expected to commence on the project in Q1 of 2025G, and the soil testing procedures have been completed. Th Company intends to commence the excavation works upon receiving the required approvals. The hospital is expected to be completed and commercially operational in Q4 of 2028G.

The main medical specialties in this hospital are expected to include internal medicine, hematology, oncology, orthopedics, ENT, plastic surgery, pediatrics, immunology, nuclear medicine, general surgery, gynecology, obstetrics and artificial insemination.

The total expected project cost is estimated at approximately SAR 925 million, including the value of the land on which the project is located. The Company intends to finance this amount through its cash flows and loans.

- **SMC Hospital (5) - Al Malqa District**

SMC Hospital (5) - Al Malqa District is a tertiary healthcare hospital located in the northwest of Riyadh on a plot of land that the Company intends to purchase. The total built-up area of the hospital is expected to be approximately 100,320 square meters, with a capacity of 201 beds and 120 clinics. The hospital is expected to employ approximately 961 full- and part-time employees, including 201 health practitioners.

Construction work on the project is expected to commence in Q3 of 2026G, and the hospital is expected to be completed and commercially operational in Q4 of 2029G.

The main medical specialties in this hospital are expected to include internal medicine, hematology, oncology, orthopedics, ENT, plastic surgery, pediatrics, immunology, nuclear medicine, general surgery, gynecology, obstetrics and artificial insemination.

The total expected project cost is estimated at approximately SAR 950 million, including the value of the land on which the project is located. The Company intends to finance this amount through its cash flows and loans.

## 4.11 Overview of the Company's Clients

The Company divides its patient clients into four categories according to their length of stay and method of payment for treatment expenses as follows:

1- insured patients;
2- patients referred from Government entities;
3- cash patients; and
4- other patients.

The following table sets out the revenue generated from the Company's clients according to the above-mentioned categories:

**Table (58): Revenue Generated from the Company's Clients**

| No. | Client Category | Revenue Generated (SAR '000) | | | | As a Percentage of Company Revenue | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | 31 December 2021G | 31 December 2022G | 31 December 2023G | 30 September 2024G | 31 December 2021G | 31 December 2022G | 31 December 2023G | 30 September 2024G |
| 1. | Insured patients | 584,234 | 787,569 | 988,006 | 839,123 | 55.5% | 65.2% | 72.2% | 75.5% |
| 2. | Patients referred from Government entities | 217,976 | 192,604 | 161,085 | 94,379 | 20.7% | 15.9% | 11.8% | 8.5% |
| 3. | Cash patients | 178,571 | 156,476 | 179,014 | 147,189 | 17.0% | 12.9% | 13.1% | 13.2% |
| 4. | Other patients(1) | 72,342 | 72,006 | 39,824 | 30,596 | 6.9% | 6.0% | 2.9% | 2.8% |
| | **Total** | **1,053,123** | **1,208,655** | **1,367,929** | **1,111,287** | **100.0%** | **100.0%** | **100.0%** | **100.0%** |

Source: The Company

(1) This category includes patients referred from various entities such as embassies and the National Guard, in addition to patients who are employees of the Subsidiaries.

The Company's revenue from insured patients increased from SAR 704.3 million in the nine-month period ended 30 September 2023G to SAR 839.1 million in the nine-month period ended 30 September 2024G, due to an increase in the number of patients, particularly at SMC Hospital (2) - King Abdullah Road. Meanwhile, revenue from Government entities decreased from SAR 121.1 million in the nine-month period ended 30 September 2023G to SAR 94.4 million in the nine-month period ended 30 September 2024G, mainly due to a decrease in revenue from Prince Sultan Military Medical City as a result of the hospital transferring majority of its patients to public hospitals. This shift is evident in the decline in patient numbers from 237 patients in the nine-month period ended 30 September 2023G to 212 patients in the nine-month period ended 30 September 2024G.

Revenue from cash patients increased by 14.4% from SAR 156.5 million in financial year 2022G to SAR 179.0 million in the financial year 2023G, driven by an increase in the number of cash patients. Revenue further increased by 8.8% from SAR 135.3 million in the nine-month period ended 30 September 2023G to SAR 147.2 million in the nine-month period ended 30 September 2024G, driven by an increase in the number of cash patients, reflecting the recovery of demand for cash-paid medical services.

Revenue from other patients remained stable at an average of SAR 72.2 million during the period from the financial year 2021G to the financial year 2022G, before decreasing by 44.7% from SAR 72.0 million in the financial year 2022G to SAR 39.8 million in the financial year 2023G, driven by a decrease in revenue from Subsidiaries (of SAR 17.4 million) due to their reclassification within other companies, in addition to a decrease in clinic revenues (of SAR 5.8 million), among other factors. Revenue decreased by 4.7% from SAR 32.1 million in the nine-month period ended 30 September 2023G to SAR 30.6 million in the nine-month period ended 30 September 2024G, due to a decrease in clinic revenues (of SAR 1.3 million).

## 4.12 Overview of the Company's Suppliers

The Company obtains medical and pharmaceutical equipment and supplies from suppliers and agents within the Kingdom and abroad. The following table sets out a summary of the total value of transactions concluded by the Company with its top three suppliers during the financial years ended 31 December 2021G, 2022G and 2023G and the nine-month period ended 30 September 2024G:

**Table (59): Top Suppliers of the Company and Transaction Volumes for the Financial Years Ended 31 December 2021G, 2022G and 2023G and the Nine-Month Period Ended 30 September 2024G**

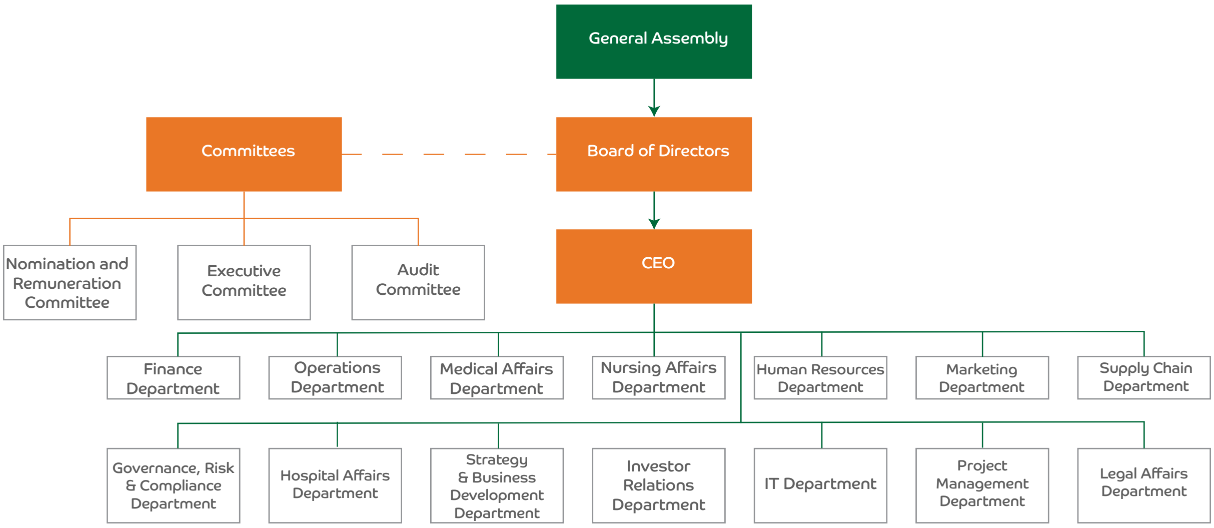
| No. | Supplier | Amount of Purchases (SAR Million) | | | | Product Type | Supplier Independence |
|---|---|---|---|---|---|---|---|
| | | 31 December 2021G | 31 December 2022G | 31 December 2023G | 30 September 2024G | | |
| 1. | Supplier 1 | 33,701,475 | 50,561,331 | 50,584,752 | 46,748,682 | Medicine | Independent |
| | As a percentage of total purchases | 37.24% | 46.09% | 44.09% | 47.72% | | |
| 2. | Supplier 2 | 2,985,233 | 3,148,093 | 5,602,161 | 4,172,344 | Medical supplies | Independent |
| | As a percentage of total purchases | 3.30% | 2.87% | 4.88% | 4.26% | | |
| 3. | Supplier 3 | 3,581,138 | 2,923,052 | 1,880,450 | 1,043,041 | Medical supplies | Independent |
| | As a percentage of total purchases | 3.96% | 2.66% | 1.64% | 1.06% | | |
| | **Total purchases** | **90,506,417** | **109,695,464** | **114,721,422** | **97,957,502** | | |

Source: The Company

Specialized Medical Company الشركة الطبية التخصصية

# 5. Organizational Structure and Corporate Governance

**Figure (19): Organizational Structure of the Company**




## 5.1 Directors and Board Secretary

### 5.1.1 Composition of the Board of Directors

The following table sets out the details of the Directors as of the date of this Prospectus:

**Table (60): Board of Directors**

| No. | Name | Position | Nationality | Status | Direct Ownership (%) | | Indirect Ownership (%) | | Date of Appointment* |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | Pre-Offering | Post-Offering | Pre-Offering | Post-Offering | |
| 1. | Sulaiman Abdul Rahman Saad AlRashid | Chairman | Saudi | Non-executive | - | - | 4.04%[1] | 2.83% | 14/12/2023G |
| 2. | Omran Abdul Rahman Saad AlRashid | Vice Chairman | Saudi | Non-executive | - | - | 4.04%[2] | 2.83% | 14/12/2023G |
| 3. | Faisal Abdullah Saad AlRashid | Director | Saudi | Non-executive | - | - | 0.52%[3] | 0.36% | 14/12/2023G |
| 4. | Abdullah Abdulaziz Abd Al-Muhsin al-Tuwaijri | Director | Saudi | Non-executive | - | - | 8.08%[4] | 5.66% | 14/12/2023G |

| No. | Name | Position | Nationality | Status | Direct Ownership (%) | | Indirect Ownership (%) | | Date of Appointment* |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | Pre-Offering | Post-Offering | Pre-Offering | Post-Offering | |
| 5. | Yousef Rashid Saad AlRashid | Director | Saudi | Non-executive | - | - | 0.91%(5) | 0.64% | 14/12/2023G |
| 6. | Maryam Mohammed Ahmed Al-Qusair | Director | Bahraini | Independent | - | - | - | - | 15/12/2024G |
| 7. | Christian Fritz Schumacher | Director | Swiss | Independent | - | - | - | - | 15/12/2024G |
| 8. | Khalid Abdulkarim Mohammed AlOraij | Director | Saudi | Independent | - | - | - | - | 15/12/2024G |

Source: The Company

The Ordinary General Assembly held on 01/06/1445H (corresponding to 14/12/2023G) approved the election of the Directors for a term of four (4) years, commencing on 29/01/1445H (corresponding to 16/08/2023G) and ending on 13/03/1449H (corresponding to 15/08/2027G). It should be noted that there have been changes to the composition of the Board since its election, as the Extraordinary General Assembly held on 14/06/1446H (corresponding to 15/12/2024G) approved the election of Maryam Mohammed Ahmed Al-Qusair, Christian Fritz Schumacher, and Khalid Abdulkarim Mohammed AlOraij.

* The dates listed in this table are the dates of appointment of the Directors for the current session of the Board. The respective biographies of the Directors set out in Section 5.1.3 "**Biographies of the Directors and Board Secretary**" provide the dates of their appointment to the Board or to any other position.

(1) The indirect ownership is as a result of his ownership of 10% of the shares of Abdul Rahman Saad AlRashid and Sons Co., a Substantial Shareholder in the Company, which owns 40.3941% of the Company's share capital pre-Offering.

(2) The indirect ownership is as a result of his ownership of 10% of the shares of Abdul Rahman Saad AlRashid and Sons Co., a Substantial Shareholder in the Company, which owns 40.3941% of the Company's share capital pre-Offering.

(3) The indirect ownership is as a result of his ownership of 2.5% of the shares of Abdullah Saad AlRashid and Sons Co., a Substantial Shareholder in the Company, which owns 20.6410% of the Company's share capital pre-Offering.

(4) The indirect ownership is as a result of his ownership of 40% of the shares of Al-Thomad Trading Company, a Substantial Shareholder in the Company, which owns 20.1971% of the Company's share capital pre-Offering.

(5) The indirect ownership is as a result of his ownership of 7% of the shares of Rashid Saad AlRashid and Sons Co., a Substantial Shareholder in the Company, which owns 13.0208% of the Company's share capital pre-Offering.

## 5.1.2 Responsibilities of the Board of Directors

### 5.1.2.1 Board of Directors

The Company's Board of Directors is responsible for supervising the Company's management and representing all Shareholders. To this end, it must exercise its duties of care and loyalty in managing the Company, preserving its interests and developing it in a manner that benefits all Shareholders. The Board of Directors also assumes responsibility for the Company's strategic direction and the establishment of the Company's general policy framework. The Company's Board of Directors is ultimately responsible for its business, even if it delegates committees, entities or individuals to exercise some of its powers. In all cases, the Board of Directors may not issue a general or indefinite authorization within the scope of its powers. In all cases, Directors must maintain honesty, integrity and diligence in accordance with the regulations to which the Company is subject and they must always act in accordance with the policies of the Company.

Notwithstanding the powers prescribed for the Ordinary and Extraordinary General Assemblies within the Companies Law, its Implementing Regulations and the Company's Bylaws, the Board of Directors shall be vested with all powers to manage the Company and direct its business in order to achieve its objectives in accordance with the Company's Internal Governance Manual. The duties and responsibilities of the Board of Directors include the following:

- representing the Company in its relations with third parties, including Government agencies, all companies, institutions, commercial banks, treasuries, funds and financing institutions of various descriptions and specializations;
- developing the Company's key plans, policies, strategies and objectives, supervising their implementation, reviewing them periodically and ensuring the availability of the necessary human and financial resources for their achievement;
- determining the Company's optimal capital structure, its strategies and financial objectives, approving all types of estimated budgets, and supervising the Company's major capital expenditures, as well as its ownership and disposal of assets;
- setting performance targets, monitoring implementation and overall performance within the Company and periodically reviewing and approving the Company's organizational and functional structures;
- ensuring the availability of the necessary human and financial resources to achieve the Company's objectives and key plans;
- establishing internal control systems and controls, general oversight thereof, and developing a written policy to address actual and potential conflicts of interest for Directors, Senior Management and Shareholders;
- ensuring the integrity of financial and accounting systems, including systems related to the preparation of financial reports;
- ensuring that appropriate control systems are in place to measure and manage risks, by developing a general perception of the risks that the Company may face and fostering an environment familiar with the culture of risk management at the Company level;
- developing clearly defined policies, standards and procedures for membership of the Board of Directors and implementation thereof after their approval by the General Assembly;
- developing policies and procedures that ensure the Company's compliance with regulations and its commitment to disclosure of material information to stakeholders and Shareholders, and verifying that Senior Management adheres to such policies and procedures;
- supervising the Company's financial administration, its cash flows and its financial and credit relationships with third parties;
- submitting proposals to the Ordinary and Extraordinary General Assemblies regarding:
  - use of the Company's discretionary reserve, if established by the Extraordinary General Assembly and not allocated for a specific purpose, the formation of additional financial reserves or provisions for the Company, and the method of distributing the Company's net dividends;
  - increasing or decreasing the Company's share capital, dissolution of the Company before the term specified in its Bylaws, or deciding its continuation;
- preparing the Board of Directors' report and the Company's interim and annual financial statements prior to publication thereof;
- ensuring the accuracy and integrity of data and information required to be disclosed in accordance with the applicable disclosure and transparency policies and systems;
- forming specialized committees that emanate from it by way of resolutions specifying the term, powers and responsibilities of such committees and how the Board will supervise such committees provided that the formation resolution specifies the names of the members and defines their rights responsibilities and duties, as well as evaluating the performance and work of these committees and their members;
- determining the types of rewards to be granted to the Company's employees, such as fixed bonuses, performance-based bonuses and stock-based rewards, in a manner that does not conflict with the Implementing Regulations of the Companies Law pertaining to listed joint-stock companies; and
- establishing the values and standards that govern business conduct within the Company.

The Board of Directors must obtain the approval of the General Assembly when selling assets exceeding fifty percent (50%) of the total value of its assets, whether the sale is through a single transaction or multiple transactions. In the latter case, the transaction that results in exceeding the fifty percent (50%) threshold of the asset value is the transaction requiring the approval of the General Assembly. Such percentage is calculated from the date of the first transaction that occurred within the previous twelve (12) months.

### 5.1.2.2 Chairman

The Company's Board of Directors appointed the Board Chairman pursuant to Article 12 of the Company's Bylaws. The Chairman shall have all of the powers stipulated in Article 12 of the Company's Bylaws, which include representing the Company in its relations with third parties, before the judiciary, notaries public, all Government departments, dispute resolution committees of all types and levels and all other entities. Under the Corporate Governance Regulations, the core responsibilities of the Board Chairman include the following:

- ensuring that Directors receive complete, clear, correct and non-misleading information in a timely manner;
- ensuring that the Board of Directors discusses all material matters in an effective and timely manner;
- representing the Company before third parties as stipulated by the Companies Law, its Implementing Regulations and the Company's Bylaws;
- encouraging Directors to perform their duties effectively and in the best interests of the Company;
- ensuring the existence of effective communication channels with Shareholders and conveying their opinions to the Board of Directors;
- promoting constructive relationships and effective participation between the Board of Directors and the Executive Management and between executive, non-executive and independent Directors, as well as creating a culture that encourages constructive criticism;
- preparing the agenda for Board meetings, taking into account any matter raised by a Director or the Auditor, as well as consulting with Directors and the CEO when preparing the Board agenda; and
- holding periodic meetings with non-executive Directors without the presence of any of the Company's Executives.

The Chairman's other responsibilities include being the official spokesperson for the Board. The position of Board Chairman may not be combined with any other executive position in the Company.

### 5.1.2.3 Vice Chairman

The Vice Chairman is responsible for assisting the Chairman in matters and issues related to the Company's Board of Directors and shall act in place of the Chairman in his absence. The Vice Chairman shall have the powers delegated to him in writing by the Chairman.

### 5.1.2.4 Board Secretary

The Board Secretary is responsible for organizing Board meetings. Under the general framework of the Company's corporate governance regulations, the main responsibilities of the Secretary include providing assistance and advice to Directors, in addition to the following:

- documenting Board meetings and preparing minutes therefor;
- maintaining the reports submitted to the Board of Directors and the reports prepared by the Board;
- providing Directors with the Board's agenda, working papers, documents and related information, as well as any additional documents or information requested by any Directors related to the topics included in the meeting agenda;
- verifying the compliance of Directors with the procedures approved by the Board;
- providing the Directors with sufficient notice of the dates of Board meetings;
- presenting draft minutes to Directors for their comments thereon before signature thereof;
- ensuring that Directors have full and prompt access to a copy of the minutes of Board meetings and information and documents related to the Company;
- coordinating between members of the Board of Directors; and
- organizing a register of disclosures for Directors and members of Senior Management.

### 5.1.3 Biographies of the Directors and Board Secretary

An overview of the experience, qualifications and current and previous positions of the Directors and Board Secretary is provided below.

#### 5.1.3.1 Sulaiman Abdul Rahman Saad AlRashid

| | |
|---|---|
| **Age:** | 42 years |
| **Nationality:** | Saudi |
| **Current Position at the Company:** | Chairman |
| **Status:** | Non-executive |
| **Independence:** | Non-independent |
| **Date of Appointment:** | 14/12/2023G |
| **Academic Qualifications:** | Bachelor's degree in Financial Management, Prince Sultan University. |
| **Current Executive Positions:** | CEO of Abdul Rahman Saad AlRashid and Sons Co. |
| **Other Current Memberships:** | • Vice Chairman, Abdul Rahman Saad AlRashid and Sons Co., a closed joint-stock company operating in the field of real estate investment and development, from 2012G to date.<br>• Director, Saudi Premium Food Company, a closed joint-stock company operating in the field of trade and distribution of food, from 2012G to date.<br>• Vice Chairman, Madar Saudi Arabia, a closed joint-stock company operating in the field of investment in securities, from 2017G to date.<br>• Vice Chairman, Al-Rashid Technology & Power, a closed joint-stock company operating in the field of construction for power plants and telecommunications towers, from 2014G to date.<br>• Chairman, Gold and Minerals Ltd, a limited liability company operating in the field of mining, from 2008G to date.<br>• Vice Chairman, Advanced Food Co., a closed joint-stock company operating in the field of hospitality and restaurants, from 2017G to date.<br>• Chairman, Maskan Aljawhara Real Estate, a closed joint-stock company operating in the field of real estate development, from 2017G to date.<br>• Chairman, Red Cactus Trading, a limited liability company operating in the field of manufacturing personal care products, from 2021G to date.<br>• Chairman, Saudi Bonyan Co., a closed joint-stock company operating in the field of real estate development, from 2016G to date.<br>• Chairman, Bright Minds for Education, a closed joint-stock company operating in the field of education, from 2017G to date.<br>• Chairman, United Vision, a closed joint-stock company operating in the field of investment in securities, from 2017G to date.<br>• Chairman, Vision Bank, a closed joint-stock company operating in the field of banking services, from 2022G to date.<br>• Director, Saudi Services for Electro Mechanic Works (SSEM), a closed joint-stock company operating in the field of contracting, from 2018G to date.<br>• Director, Bonyan REIT Fund, a listed real estate fund, from 2017G to date.<br>• Director, Tawazon Investment, a limited liability company operating in the field of investment in securities, from 2023G to date. |
| **Previous Executive Positions:** | • Deputy General Manager, Abdul Rahman Saad AlRashid and Sons Co., a closed joint-stock company operating in the field of real estate investment and development, from 2006G to 2012G.<br>• Public Relations Officer, Banque Saudi Fransi, a public joint-stock company operating in the field of banking services, from 2005G to 2006G. |

#### 5.1.3.2 Omran Abdul Rahman Saad AlRashid

| | |
|---|---|
| **Age:** | 49 years |
| **Nationality:** | Saudi |
| **Current Position at the Company:** | Vice Chairman |
| **Status:** | Non-executive |
| **Independence:** | Non-independent |
| **Date of Appointment:** | 14/12/2023G |
| **Academic Qualifications:** | Bachelor's degree in Business Administration, King Saud University. |
| **Current Executive Positions:** | N/A |
| **Other Current Memberships:** | • Director, Abdul Rahman Saad AlRashid and Sons Co., a closed joint-stock company operating in the field of real estate investment and development, from 2000G to date.<br>• Chairman, Saudi Premium Food Company, a closed joint-stock company operating in the field of trade and distribution of food, from 2012G to date.<br>• Chairman, Madar Saudi Arabia, a closed joint-stock company operating in the field of investment in securities, from 2017G to date.<br>• Chairman, Al-Rashid Technology & Power, a closed joint-stock company operating in the field of construction for power plants and telecommunications towers, from 2014G to date.<br>• Director, Gold and Minerals Ltd, a limited liability company operating in the field of mining, from 2008G to date.<br>• Chairman, Advanced Food Co., a closed joint-stock company operating in the field of hospitality and restaurants, from 2017G to date.<br>• Vice Chairman, Maskan Aljawhara Real Estate, a closed joint-stock company operating in the field of real estate development, from 2017G to date.<br>• Director, Red Cactus Trading, a limited liability company operating in the field of manufacturing personal care products, from 2021G to date.<br>• Vice Chairman, Saudi Bonyan Co., a closed joint-stock company operating in the field of real estate development, from 2016G to date.<br>• Director, Bright Minds for Education, a closed joint-stock company operating in the field of education, from 2017G to date.<br>• Vice Chairman, United Vision, a closed joint-stock company operating in the field of investment in securities, from 2017G to date.<br>• Director, Vision Bank, a closed joint-stock company operating in the field of banking services, from 2022G to date.<br>• Director, AlRashid Abetong, a closed joint-stock company operating in the field of contracting, from 2018G to date.<br>• Director, Golden Chicken Co. for Animal & Agri Production, a limited liability company operating in the field of agricultural and animal production, from 2018G to date.<br>• Director, Tawazon Investment, a limited liability company operating in the field of investment in securities, from 2022G to date. |
| **Previous Executive Positions:** | N/A |

### 5.1.3.3 Faisal Abdullah AlRashid

| | |
|---|---|
| **Age:** | 37 years |
| **Nationality:** | Saudi |
| **Current Position at the Company:** | Director |
| **Status:** | Non-executive |
| **Independence:** | Non-independent |
| **Date of Appointment:** | 14/12/2023G |
| **Academic Qualifications:** | Bachelor's degree in Industrial Engineering, Northeastern University, Boston, USA. |
| **Current Executive Positions:** | • Founder and CEO, Middle East Food Company, a limited liability company operating in the field of restaurant activities and catering services, from 2016G to date.<br>• General Manager, Abdullah Saad AlRashid and Sons Co., a closed joint-stock company operating in the field of contracting, from 2014G to date. |
| **Other Current Memberships:** | • Director, Alrafaya Company for Agricultural Development, a limited liability company operating in the field of date palm cultivation and date production, from 2021G to date.<br>• Director, Saudi Services for Electro Mechanic Works (SSEM), a closed joint-stock company operating in the field of contracting, from 2019G to date.<br>• Director, Golden Chicken Co. for Animal & Agri Production, a closed joint-stock company operating in the field of agricultural and animal production, from 2019G to date.<br>• Director, Dereyah East Ventures LLC, a limited liability company operating in the field of real estate management, from 2012G to date.<br>• Vice Chairman, Al-Hayat Real Estate Company, a limited liability company operating in the field of real estate development, from 2015G to date.<br>• Director, Abdullah Saad AlRashid and Sons Co., a closed joint-stock company operating in the field of contracting, from 2014G to date. |
| **Previous Executive Positions:** | N/A |

### 5.1.3.4 Abdullah Abdulaziz al-Tuwaijri

| | |
|---|---|
| **Age:** | 73 years |
| **Nationality:** | Saudi |
| **Current Position at the Company:** | Director |
| **Status:** | Non-executive |
| **Independence:** | Non-independent |
| **Date of Appointment:** | 14/12/2023G |
| **Academic Qualifications:** | Bachelor's degree in Social Sciences, University of Portland, USA. |
| **Current Executive Positions:** | • General Manager, Hassana Trading Company, a limited liability company operating in the field of military clothing tenders, from 2007G to date.<br>• General Manager, Al-Thomad Trading Company, a limited liability company operating in the field of general trade, tourism, travel and medical care, from 1996G to date. |
| **Other Current Memberships:** | • Director, Al-Thomad Trading Company, a limited liability company operating in the field of general trade, tourism, travel and medical care, from 1996G to date.<br>• Director, United Global Insurance Brokers Limited, a limited liability company operating in the field of insurance brokerage, from 1991G to date. |
| **Previous Executive Positions:** | N/A |

### 5.1.3.5 Yousef Rashid Saad AlRashid

| | |
|---|---|
| **Age:** | 50 years |
| **Nationality:** | Saudi |
| **Current Position at the Company:** | Director |
| **Status:** | Non-executive |
| **Independence:** | Non-independent |
| **Date of Appointment:** | 14/12/2023G |
| **Academic Qualifications:** | • Bachelor's degree in International Trade, Strayer University, Washington, USA.<br>• Diploma in Banking Operations, Saudi Management Institute. |
| **Current Executive Positions:** | • CEO, Razin, a limited liability company operating in the field of furniture manufacturing, from 2018G to date. |
| **Other Current Memberships:** | • Director, Packaging Products Company, a closed joint-stock company operating in the field of manufacturing packaging products, from 2022G to date.<br>• Director, AlRashid Abetong, a closed joint-stock company operating in the field of contracting, from 2022G to date.<br>• Chairman, Golden Chicken Co. for Animal and Agri Production, a limited liability company operating in the field of agricultural and animal production, from 2018G to date.<br>• Director, Tabuk Fisheries Co., a closed joint-stock company operating in the field of fish production, from 2014G to date.<br>• Vice Chairman and Head of the Executive Committee, Saudi Services for Electro Mechanic Works (SSEM), a closed joint-stock company operating in the field of contracting, from 2022G to date.<br>• Director and Managing Director, Saudi Rubber Products Company, a closed joint-stock company operating in the field of rubber manufacturing, from 2015G to date.<br>• Director, Thabat Energy Company, a limited liability company providing specialized services in the field of energy, from 2018G to date.<br>• Chairman, Food Aroma Company, a limited liability company operating in the field of hospitality, restaurants and food, from 2019G to date.<br>• Chairman, Impulse Hospitality Co., a one-person limited liability company operating in the field of hospitality, restaurants and food, from 2020G to date.<br>• Director, Vision Bank, a closed joint-stock company operating in the field of banking services, from 2022G to date.<br>• Director, Saudi Float Glass Company, a closed joint-stock company operating in the field of glass manufacturing, from 2014G to date.<br>• Member of the Audit Committee, AlRashid Contracting Company, a closed joint-stock company operating in the field of contracting, from 2018G to date. |
| **Previous Executive Positions:** | N/A |

### 5.1.3.6 Maryam Mohammed Ahmed Al-Qusair

| | |
|---|---|
| **Age:** | 45 years |
| **Nationality:** | Bahraini |
| **Current Position at the Company:** | Director |
| **Status:** | Non-executive |
| **Independence:** | Independent |
| **Date of Appointment:** | 15/12/2024G |
| **Academic Qualifications:** | • Bachelor's degree in General Medicine, Royal College of Surgeons, Ireland.<br>• Master's degree in Medical Administration, Royal College of Surgeons in Ireland (RCSI). |
| **Current Executive Positions:** | • Deputy CEO for Quality and Performance, Eastern Health Cluster, a Government entity affiliated with the Ministry of Health operating in the field of healthcare, from 2024G to date.<br>• Senior Consultant Cardiologist, Eastern Health Cluster, a Government entity affiliated with the Ministry of Health operating in the field of healthcare, from 2013G to date. |
| **Other Current Memberships:** | N/A |
| **Previous Executive Positions:** | • Deputy CEO of the Business Unit, Health Holding Company, a Government company affiliated with the Ministry of Health operating in the field of healthcare, from 2020G to 2023G.<br>• Healthcare Model Pathway Leader, Health Holding Company, a Government company affiliated with the Ministry of Health operating in the field of healthcare, from 2018G to 2020G. |

### 5.1.3.7 Christian Fritz Schumacher

| | |
|---|---|
| **Age:** | 51 years |
| **Nationality:** | Swiss |
| **Current Position at the Company:** | Director |
| **Status:** | Non-executive |
| **Independence:** | Independent |
| **Date of Appointment:** | 15/12/2024G |
| **Academic Qualifications:** | • Master's degree in Law, University of Basel.<br>• Master's degree in Business Administration, University of Toronto.<br>• Master's degree in International Business Administration, University of St. Gallen. |
| **Current Executive Positions:** | General Manager, Swissglobal Advisory, a limited liability company operating in the field of healthcare consulting, from 2023G to date. |
| **Other Current Memberships:** | • Chairman, Emirates Hospitals Group, a limited liability company operating in the field of healthcare, from 2024G to date.<br>• Managing Director, Al Shifa Hospital - Djibouti, a limited liability company operating in the field of healthcare, from 2023G to date.<br>• Managing Director, Al-Awali Hospital - Bahrain, a Bahraini limited liability company operating in the field of healthcare, from 2023G to date. |
| **Previous Executive Positions:** | • CEO, King's College Hospital - UAE, a limited liability company operating in the field of healthcare, from 2018G to 2022G.<br>• General Manager, VAMED Management and Services, a German limited liability company operating in the field of healthcare, from 2022G to 2024G. |

#### 5.1.3.8 Khalid Abdulkarim Mohammed AlOraij

| | |
|---|---|
| **Age:** | 33 years |
| **Nationality:** | Saudi |
| **Current Position at the Company:** | Director |
| **Status:** | Non-executive |
| **Independence:** | Independent |
| **Date of Appointment:** | 15/12/2024G |
| **Academic Qualifications:** | • Bachelor's degree in Human Resources Management, King Saud University.<br>• Master's degree in Business Administration, Prince Mohammed bin Salman College. |
| **Current Executive Positions:** | CEO, Kabi Technologies for Information Technology, a closed joint-stock company operating in the field of artificial intelligence, from 2018G to date. |
| **Other Current Memberships:** | Vice Chairman and Head of the Nomination Committee, Kabi Technologies for Information Technology, a closed joint-stock company operating in the field of human resources and artificial intelligence, from 2022G to date. |
| **Previous Executive Positions:** | • Executive Director, Saudi Commission for Health Specialties, an independent scientific professional body operating in the field of classification and registration of health professions and qualification of human health personnel through scientific and professional training programs, from 2019G to 2022G.<br>• Director of Human Resources, KPMG, a public limited company operating in the field of professional consulting, from 2013G to 2019G. |

## 5.2 Board Committees

The Board of Directors has formed a number of committees according to the Company's needs, circumstances and requirements with the aim of raising the efficiency and effectiveness of its management. These committees are the Audit Committee, the Nomination and Remuneration Committee and the Executive Committee. Each committee has its own charter that defines clear rules with respect to its roles, powers and responsibilities to enable it to perform its tasks in accordance with the relevant regulatory requirements. The committees also hold periodic meetings for the purpose of carrying out their duties. Minutes are prepared for all meetings of each committee, which the Board of Directors reviews and approves.

The following is a summary of the structure, responsibilities and current members of each committee:

### 5.2.1 Audit Committee

The Audit Committee consists of four members who were appointed pursuant to the resolution of the Company's Board of Directors dated 07/06/1446H (corresponding to 08/12/2024G) and the Board of Directors' resolution dated 12/09/1446H (corresponding to 12/03/2025G). The Audit Committee charter was approved pursuant to the Extraordinary General Assembly resolution dated 14/06/1446H (corresponding to 15/12/2024G), with its work to commence from the date of issuance of the Board resolution until the end of the current Board session on 13/03/1449H (corresponding to 15/08/2027G). The Audit Committee must include at least one (1) independent member and must not include any of the executive Directors or any of the Company's Senior Executives. Moreover, one of the Audit Committee members must be specialized in financial and accounting affairs. The Board of Directors shall take the necessary measures to enable the Audit Committee to carry out the tasks assigned to it, including informing the Audit Committee, without any restrictions, of all data, information, reports, records, correspondence or other matters that the Audit Committee deems important to review.

The Audit Committee is responsible for monitoring the Company's business and ensuring the integrity and soundness of its reports, financial statements and internal control systems. In particular, the responsibilities of the Audit Committee include the following:

## A- Financial Reporting:

1- Examining the interim and annual financial statements of the Company before presenting them to the Board and providing its opinion and recommendations thereon in order to ensure their integrity, fairness and transparency;

2- providing a technical opinion, upon the request of the Board, regarding whether the Board's report and the Company's financial statements are fair, balanced, understandable, and contain information that allows Shareholders and investors to assess the Company's financial position, performance, business model and strategy;

3- examining any significant or non-familiar issues contained in the financial reports;

4- thoroughly investigating any issues raised by the Company's CFO or any person assuming their duties or the Company's compliance officer or Auditor;

5- verifying accounting estimates in respect of material matters contained in the financial reports; and

6- studying the accounting policies adopted by the Company and expressing an opinion and providing recommendations to the Board thereon.

## B- Internal Audit:

1- Examining and reviewing the Company's internal control, financial and risk management system;

2- analyzing the internal audit reports and following up the implementation of the corrective measures with respect to the remarks made in such reports;

3- monitoring and supervising the performance and activities of the Company's internal auditor and Internal Audit Department to ensure the availability of the necessary resources and their effectiveness in performing the duties and tasks assigned thereto; and

4- recommending to the Board the appointment of the director of the internal audit unit or department or the internal auditor and proposing their remuneration.

## C- Auditor:

1- Recommending to the Board the nomination and dismissal of auditors, defining their remuneration and assessing their performance after verifying their independence and reviewing the scope of their work and the terms of their contracts;

2- verifying the Auditor's independence, objectivity and fairness, as well as the effectiveness of its work, taking into account the relevant rules and standards;

3- reviewing the Auditor's plan and activities, ensuring that no technical, administrative or advisory work was submitted outside the scope of the audit works, and providing its opinions in this regard;

4- answering inquiries of the Company's Auditor; and

5- examining the Auditor's report and notes on the financial statements and following up on the steps taken in that regard.

## D- Compliance:

1- Reviewing the results of the reports of regulatory authorities and ensuring that the Company has taken the necessary measures regarding them;

2- ensuring the Company's compliance with the relevant laws, regulations, policies and directives;

3- reviewing proposed contracts and transactions to be concluded by the Company with Related Parties, and providing its recommendations to the Board in connection therewith; and

4- reporting to the Board any issues it deems necessary to take action on and providing recommendations as to the steps that should be taken.

The following table sets out the names of the Audit Committee members:

**Table (61): Members of the Audit Committee**

| No. | Name | Position |
|---|---|---|
| 1. | Mazen Nasser AlSharfan | Chairman of the Audit Committee |
| 2. | Ghaith Raji Fayez | Non-Board Member |
| 3. | Mohamed AlSayed | Non-Board Member |
| 4. | Christian Fritz Schumacher | Independent Director |

The following are summary biographies of the members of the Audit Committee:

### 5.2.1.1 Mohamed AlSayed

| | |
|---|---|
| **Age:** | 43 years |
| **Nationality:** | Egyptian |
| **Current Position at the Company:** | Member of the Audit Committee |
| **Independence:** | Independent |
| **Date of Appointment:** | 08/12/2024G |
| **Academic Qualifications:** | • Bachelor's degree in Accounting, Faculty of Commerce, Alexandria University. |
| **Current Executive Positions:** | • CFO, Abdul Rahman Saad AlRashid and Sons Holding Co., a closed joint-stock company operating in the field of real estate investment and development, from 2013G to date. |
| **Other Current Memberships:** | • Director, GII Islamic REIT Fund, UAE, from 2024G to date.<br>• Member of the Audit Committee, AlRashid Trading and Contracting Company, a closed joint-stock company operating in the field of general construction, from 2023G to date.<br>• Member of the Audit Committee, Arabian United Float Glass Company, a closed joint-stock company operating in the field of glass manufacturing, from 2021G to date.<br>• Member of the Audit Committee, Wamda Cinemas Company, a closed joint-stock company operating in the field of entertainment, from 2021G to date.<br>• Member of the Audit Committee, Tech Invest Com, a closed joint-stock company operating in the field of integrated office services, from 2020G to date.<br>• Director, Bonyan REIT Fund, a listed real estate fund, from 2018G to date.<br>• Member of the Audit Committee, AlRashid Abetong, a closed joint-stock company operating in the field of contracting, from 2017G to date.<br>• Member of the Audit Committee, Golden Chicken Farms Co., a closed joint-stock company operating in the field of agricultural and animal production, from 2017G to date. |
| **Previous Executive Positions:** | • Assistant CFO, Abdul Rahman Saad AlRashid and Sons Holding Co., a Saudi closed joint-stock company operating in the field of real estate investment and development, from 2006G to 2013G.<br>• Head of Accounts, Alex Cotton Company, an Egyptian company operating in the field of clothing manufacturing, from 2004G to 2006G. |

### 5.2.1.2 Mazen Nasser AlSharfan

| | |
|---|---|
| **Age:** | 46 years |
| **Nationality:** | Saudi |
| **Current Position at the Company:** | Chairman of the Audit Committee |
| **Independence:** | Independent |
| **Date of Appointment:** | 08/12/2024G |
| **Academic Qualifications:** | • Bachelor's degree in Accounting, King Abdulaziz University.<br>• Executive Master's degree in Accounting, King Abdulaziz University.<br>• Master's degree in Business Administration, Strayer University. |
| **Current Executive Positions:** | • Chief Internal Auditor, Red Sea Cruise Company, a subsidiary of the Public Investment Fund operating in the field of cruise ships, from 2022G to date. |
| **Other Current Memberships:** | • Chairman of the Audit Committee, King Abdullah Port, a commercial port within King Abdullah Economic City operating in the field of port management, from 2022G to date.<br>• Chairman of the Audit Committee, AJIL Financial Services Company, a joint-stock company operating in the field of financing, from 2024G to date.<br>• Member of the Audit Committee, Virgin Megastore, a limited liability company operating in the field of retail sales, from 2022G to date.<br>• Member of the Audit Committee, Anfas Al Raha Medical Company, a joint-stock company operating in the field of long-term medical care, from 2022G to date.<br>• Member of the Audit Committee, Madinah Chamber, a Government entity operating in the field of providing services to the business sector, from 2024G to date. |
| **Previous Executive Positions:** | • General Manager of Internal Audit, Nahdi Medical Company, a listed joint-stock company operating in the field of pharmacy management, from 2018G to 2022G.<br>• General Manager of Internal Audit, Economic Cities Authority, a Government entity operating in the field of providing Government services to investors, during 2017G.<br>• General Manager of Internal Audit, Saudi Enaya Cooperative Insurance Company, a listed joint-stock company operating in the field of providing medical insurance, from 2014G to 2016G.<br>• Director of Internal Audit, SEDCO Holding Company, a joint-stock company operating in the field of investment management, from 2009G to 2013G. |

### 5.2.1.3 Ghaith Raji Fayez

| | |
|---|---|
| **Age:** | 47 |
| **Nationality:** | Saudi |
| **Current Position at the Company:** | Member of the Audit Committee |
| **Independence:** | Independent |
| **Date of Appointment:** | 08/12/2024G |
| **Academic Qualifications:** | • Bachelor's degree in Business Administration, King Abdulaziz University.<br>• Master's degree in Business Administration, University of Manchester. |
| **Current Executive Positions:** | • Chief Internal Auditor, Al Balad Development Company, a closed joint-stock company operating in the field of real estate development, from 2023G to date. |
| **Other Current Memberships:** | • Member of the Audit Committee, Saudi Council of Engineers, a professional body, from 2023G to date.<br>• Member of the Audit and Risk Committee, Council of Health Insurance, a health council, from 2023G to date. |
| **Previous Executive Positions:** | • General Manager of Internal Audit, Saudi Entertainment Projects Company, a closed joint-stock company operating in the entertainment sector, from 2021G to 2023G.<br>• General Manager of Internal Audit, Saudi Ground Services Company, a public joint-stock company operating in the transportation sector, from 2019G to 2021G. |

#### 5.2.1.4 Christian Fritz Schumacher

Please refer to section 5.1.3.7 "**Christian Fritz Schumacher**" for the biography of Christian Fritz Schumacher.

### 5.2.2 Nomination and Remuneration Committee

The Nomination and Remuneration Committee consists of four members who were appointed pursuant to the resolution of the Company's Board of Directors dated 07/06/1446H (corresponding to 08/12/2024G) and the resolution of the Board of Directors dated 12/07/1446H (corresponding to 12/01/2025G). The Nomination and Remuneration Committee charter was approved pursuant to the Extraordinary General Assembly resolution dated 14/06/1446H (corresponding to 15/12/2024G), with its work to commence from the date of issuance of the Board resolution until the end of the current Board session on 13/03/1449H (corresponding to 15/08/2027G). The Board of Directors shall take the necessary measures to enable the Nomination and Remuneration Committee to carry out the tasks assigned to it, including informing the Nomination and Remuneration Committee, without any restrictions, of all data, information, reports, records, correspondence or other matters that the Nomination and Remuneration Committee deems important to review.

The primary function of the Nomination and Remuneration Committee is to determine the policies and procedures related to the nomination of the Directors, Board committees and members of the Executive team, in addition to determining policies and procedures related to compensation. The tasks of the Nomination and Remuneration Committee include:

1- preparing a clear policy for the remuneration of the Directors, Board committee members and the Senior Management, and submitting the same to the Board of Directors for consideration in preparation for approval by the General Assembly, taking into account the adoption of standards related to performance and disclosure, as well as ensuring implementation thereof, in addition to reviewing remunerations and making appropriate recommendations thereon to the Board on an annual basis or upon the request of the Board;
2- clarifying the relationship between the remunerations granted and the applicable remuneration policy, and indicating any material deviation from this policy;
3- periodically reviewing the remuneration policy and assessing its effectiveness in achieving its intended objectives;
4- recommending to the Board of Directors the remuneration of the Company's Directors, Board committee members and Senior Executives in accordance with the approved policy;
5- proposing clear policies and criteria for membership of the Board and Senior Management;
6- submitting recommendations to the Board regarding the election or reelection of Directors in accordance with the approved policies and standards, while ensuring not to nominate any person previously convicted of a crime involving moral turpitude;
7- preparing a description of the capabilities and qualifications required for Board membership and Senior Management positions;
8- defining the time that Directors must allocate to Board activities;
9- conducting an annual review of the necessary skills and experience required for Board membership and Senior Management positions;
10- reviewing the structure of the Board and Senior Management and presenting recommendations thereon regarding changes that can be made;
11- annually verifying the independence of the independent Directors and the absence of any conflicts of interest if a Director also serves as a director of another company;
12- setting job descriptions for executive Directors, non-executive Directors, independent Directors and Senior Executives;
13- establishing special procedures in the event of a vacancy in the position of a Director or Senior Executive; and
14- identifying the strengths and weaknesses of the Board of Directors and proposing solutions to address such weaknesses in accordance with the interests of the Company.

The following table sets out the names of the Nomination and Remuneration Committee members:

**Table (62): Members of the Nomination and Remuneration Committee**

| No. | Name | Position |
|---|---|---|
| 1. | Khalid AlOraij | Chairman of the Nomination and Remuneration Committee (Independent Director) |
| 2. | Omran Abdul Rahman Saad AlRashid | Non-Executive Director |
| 3. | Riyadh Ali Abdullah AlGhamdi | Non-Board Member |
| 4. | Ahmed AlShahrani | Non-Board Member |

The following are summary biographies of the members of the Nomination and Remuneration Committee:

### 5.2.2.1 Khalid AlOraij

Please refer to Section 5.1.3.8 "**Khalid Abdulkarim Mohammed AlOraij**" for the biography of Khalid AlOraij.

### 5.2.2.2 Omran Abdul Rahman Saad AlRashid

Please refer to Section 5.1.3.2 "**Omran Abdul Rahman Saad AlRashid**" for the biography of Omran Abdul Rahman Saad AlRashid.

### 5.2.2.3 Riyadh Ali AlGhamdi

| | |
|---|---|
| **Age:** | 45 years |
| **Nationality:** | Saudi |
| **Current Position at the Company:** | Member of Nomination and Remuneration Committee |
| **Independence:** | Independent |
| **Date of Appointment:** | 09/12/2024G |
| **Academic Qualifications:** | • Master's degree in Business Administration, King Abdulaziz University.<br>• Bachelor's degree in Language, Imam Muhammad bin Saud Islamic University. |
| **Current Executive Positions:** | • Chief Human Capital and Corporate Services Officer, National Unified Procurement Company (NUPCO), from 2022G to date. |
| **Other Current Memberships:** | • Director and Chairman of the Financial Sustainability Committee, Saudi Red Crescent Authority, a Government entity operating in the field of health, from 2023G to date.<br>• Director, Advanced Electronics Support Services Company, a limited liability company operating in the field of services, from 2017G to date.<br>• Chairman, Global Technology Company for Pharmaceutical Products, a limited liability company operating in the field of health, from 2016G to date. |
| **Previous Executive Positions:** | • Director, Saudi Academy of Civil Aviation, a Government entity operating in the field of aviation, from 2021G to 2022G.<br>• Head of Human Resources, Riyadh Airports, a Government entity operating in the field of aviation, from 2021G to 2022G.<br>• Member of the Nomination Committee, Saudi Real Estate Institute, a Government entity operating in the field of real estate training, from 2019G to 2022G.<br>• Head of Human Resources and Corporate Services, Center for National Health Insurance, a Government entity operating in the field of insurance, from 2018G to 2021G.<br>• Vice Chairman and Member of the Executive Committee, Al Mawarid Manpower Company, a listed joint-stock company operating in the field of human resources, from 2016G to 2018G. |

### 5.2.2.4 Ahmed AlShahrani

| | |
|---|---|
| **Age:** | 41 years |
| **Nationality:** | Saudi |
| **Current Position at the Company:** | Member of Nomination and Remuneration Committee |
| **Independence:** | Independent |
| **Date of Appointment:** | 09/12/2024G |
| **Academic Qualifications:** | • Bachelor's degree in Emergency Medicine, Eastern Kentucky University.<br>• Master's degree in Business Administration, Arab East Colleges.<br>• Master's degree in Emergency and Disaster Management, Eastern Kentucky University.<br>• Master's degree in International Affairs and Diplomacy, United Nations Institute.<br>• PhD in Leadership and Policy Studies, Eastern Kentucky University. |
| **Current Executive Positions:** | • Executive Director of Shared Services, Saudi National Institute of Health, an initiative of the Saudi Ministry of Health operating in the field of health research, from 2024G to date. |
| **Other Current Memberships:** | • Faculty Member, College of Medical Sciences, University of Dammam, a Saudi Government university, from 2013G to date.<br>• Member of the Development and Construction Committee, Prince Mohammed bin Abdulaziz Hospital, from 2013G to date. |
| **Previous Executive Positions:** | • Executive Director of Shared Services, National Center for Public Agencies Performance Measurement, a Government center operating in the field of measuring institutional performance, from 2021G to 2024G.<br>• Director General of Clinical and Support Services, Royal Clinics of the Custodian of the Two Holy Mosques, a Government medical institution, from 2013G to 2018G.<br>• Head of Emergency Medical Services, King Fahd Medical City, a medical hospital complex operating in the field of healthcare, from 2006G to 2013G. |

## 5.2.3 Executive Committee

The Executive Committee consists of four members who were appointed pursuant to the resolution of the Company's Board of Directors dated 07/06/1446H (corresponding to 08/12/2024G) and the resolution of the Board of Directors dated 12/07/1446H (corresponding to 12/01/2025G). The Executive Committee charter was approved by virtue of the Extraordinary General Assembly resolution dated 14/06/1446H (corresponding to 15/12/2024G), with its work to commence from the date of issuance of the Board resolution until the end of the current Board session on 13/03/1449H (corresponding to 15/08/2027G). The Board of Directors shall take the necessary measures to enable the Executive Committee to carry out the tasks assigned to it, including informing the Executive Committee of all data, information, reports, records, correspondence or other matters that the Executive Committee deems important to review.

The following table sets out the names of the Executive Committee members:

**Table (63): Members of the Executive Committee**

| No. | Name | Position[51] |
|---|---|---|
| 1. | Sulaiman Abdul Rahman Saad AlRashid | Director |
| 2. | Maryam Mohammed Ahmed Al-Qusair | Director |
| 3. | Christian Fritz Schumacher | Director |
| 4. | Khalid AlOraij | Director |

51 As at the date of this prospectus, the chairman of the Executive Committee has not been appointed yet.

The following are summary biographies of the members of the Executive Committee:

#### 5.2.3.1 Sulaiman Abdul Rahman Rashid AlRashid

Please refer to Section 5.1.3.1 "**Sulaiman Abdul Rahman Saad AlRashid**" for the biography of Sulaiman Abdul Rahman Rashid AlRashid.

#### 5.2.3.2 Maryam Mohammed Ahmed Al-Qusair

Please refer to Section 5.1.3.6 "**Maryam Mohammed Ahmed Al-Qusair**" for the biography of Maryam Mohammed Ahmed Al-Qusair.

#### 5.2.3.3 Christian Fritz Schumacher

Please refer to Section 5.1.3.7 "**Christian Fritz Schumacher**" for the biography of Christian Fritz Schumacher.

#### 5.2.3.4 Khalid AlOraij

Please refer to Section 5.1.3.8 "**Khalid Abdulkarim Mohammed AlOraij**" for the biography of Khaled AlOraij.

## 5.3 Senior Management

### 5.3.1 Overview of Senior Management

The Company's Senior Management consists of a team with the necessary expertise and skills to manage the Company's business on a daily basis and the conduct of its activities under the supervision of the Board of Directors. Senior Management is responsible for implementing the Company's plans, policies, strategies and main objectives in a way that achieves its objects and falls within the responsibilities of management.

The Company's Senior Management team currently consists of eleven members as shown in the following table:

**Table (64): Details of Senior Management**

| | Name | Position | Date of Appointment to Current Position | Nationality | Age | Number of Shares Owned Pre-Offering | Number of Shares Owned Post-Offering | Indirect Ownership (%) | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | Pre-Offering | Post-Offering |
| 1. | Bassam Tayseer Chahine | CEO | 01/10/2024G | Saint Kitts and Nevis | 54 years | - | - | - | - |
| 2. | Hani Charani | CFO | 28/10/2004G | American | 56 years | - | - | - | - |
| 3. | Ahmed Matroud Al-Anzi | Executive Director of SMC Hospital (1) - King Fahd Road | 01/10/2024G | Saudi | 50 years | - | - | - | - |
| 4. | Sami Jaber AlSulami | Executive Director of SMC Hospital (2) - King Abdullah Road | 01/10/2024G | Saudi | 44 years | - | - | - | - |
| 5. | Hassan Zuhair AlHashem | Head of Marketing Department | 03/09/2023G | Jordanian | 41 years | - | - | - | - |
| 6. | Qassem Ahmed AlBaalbaki | Executive Director of Information Technology | 14/08/2006G | Lebanese | 46 years | - | - | - | - |
| 7. | Khaled Hadi AlQahtani | COO | 09/10/2024G | Saudi | 42 years | - | - | - | - |

| | Name | Position | Date of Appointment to Current Position | Nationality | Age | Number of Shares Owned Pre-Offering | Number of Shares Owned Post-Offering | Indirect Ownership (%) | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | Pre-Offering | Post-Offering |
| 8. | Mohammed Salem AlSaleh | General Counsel | 17/04/2022G | Lebanese | 55 years | - | - | - | - |
| 9. | Nasser Saleh AlLuhaidan | Chief Governance, Compliance and Risk Officer | 1/10/2024G | Saudi | 48 years | - | - | - | - |
| 10. | Saeed Youssef Ahmed | Chief Nursing Officer | 01/06/2012G | Jordanian | 50 years | - | - | - | - |
| 11. | Elissar al-Tawil Hamadeh | Chief Supply Chain and Project Officer | 09/10/2024G | Lebanese | 44 years | - | - | - | - |
| 12. | Sadiq Ali Al-Ali | Board Secretary and Director of Investor Relations | 19/12/2024G | Saudi | 43 years | - | - | - | - |
| 13. | Ahmed Nour-Eldin | Director of Internal Audit | 21/10/2023G | Egyptian | 37 years | - | - | - | - |

Source: The Company

## 5.3.2 Biographies of the Senior Executives

The following is an overview of the experience, qualifications and current and previous positions of each member of the Senior Management:

### 5.3.2.1 Bassam Tayseer Chahine

| | |
|---|---|
| **Age:** | 54 years |
| **Nationality:** | Saint Kitts and Nevis |
| **Current Position at the Company:** | CEO |
| **Date of Appointment:** | 01/10/2024G |
| **Academic Qualifications:** | Master's degree in Public Health, American University of Beirut. |
| **Current Executive Positions:** | CEO, Specialized Medical Company, a closed joint-stock company operating in the field of healthcare, from 2024G to date. |
| **Other Current Memberships:** | N/A |
| **Previous Executive Positions:** | • Vice President of Operations and Medical Affairs, Specialized Medical Company, a closed joint-stock company operating in the field of healthcare, from 2018G to 2024G.<br>• COO, Specialized Medical Company, a closed joint-stock company operating in the field of healthcare, from 2000G to 2018G. |

### 5.3.2.2 Hani Charani

| | |
|---|---|
| **Age:** | 56 years |
| **Nationality:** | American |
| **Current Position at the Company:** | CFO |
| **Date of Appointment:** | 28/10/2004G |
| **Academic Qualifications:** | Bachelor's degree, Embry-Riddle Aeronautical University. |
| **Current Executive Positions:** | Vice President of Finance, Specialized Medical Company, a closed joint-stock company operating in the field of healthcare, from 2004G to date. |
| **Other Current Memberships:** | N/A |
| **Previous Executive Positions:** | • Regional Manager, Sodexo, a simplified joint-stock company operating in the field of food services and facilities management, from 1999G to 2004G.<br>• CEO, Abela & Co., a limited liability company operating in the field of food services, from 1998G to 1999G.<br>• Regional Manager, Abela & Co., a limited liability company operating in the field of food services, from 1996G to 1998G.<br>• Director of Quality and Customer Relations, Abela & Co., a limited liability company operating in the field of food services, from 1993G to 1996G. |

### 5.3.2.3 Ahmed Matroud Al-Anzi

| | |
|---|---|
| **Age:** | 50 years |
| **Nationality:** | Saudi |
| **Current Position at the Company:** | Executive Director of SMC Hospital (1) - King Fahd Road |
| **Date of Appointment:** | 09/10/2024G |
| **Academic Qualifications:** | • Bachelor's degree in Medicine and Surgery, King Saud University.<br>• Fellowship in Respiratory and Critical Care, Queens University.<br>• Executive Master's degree in Health Administration, University of Minnesota. |
| **Current Executive Positions:** | Executive Director, SMC Hospital (1), a branch of Specialized Medical Company, a closed joint-stock company operating in the field of healthcare, from 2024G to date. |
| **Other Current Memberships:** | N/A |
| **Previous Executive Positions:** | • Executive Director of Medical Services, SMC Hospital (1), a branch of Specialized Medical Company, a closed joint-stock company operating in the field of healthcare, from 2024G to date.<br>• Medical Director of Medical Services, SMC Hospital (1), a branch of Specialized Medical Company, a closed joint-stock company operating in the field of healthcare, from 2021G to 2022G.<br>• Executive Director of Medical Services, King Abdullah bin Abdulaziz University Hospital, a teaching hospital affiliated with Princess Nourah University, a Government university operating in the field of healthcare, from 2020G to 2021G.<br>• Co-Executive Director, King Abdullah bin Abdulaziz University Hospital, a teaching hospital affiliated with Princess Nourah University, a Government university operating in the field of healthcare, from 2018G to 2020G.<br>• Head of Internal Medicine, Pulmonary and Critical Care, King Abdullah bin Abdulaziz University Hospital, a teaching hospital affiliated with Princess Nourah University, a Government university operating in the field of healthcare, from 2014G to 2018G.<br>• Head of Pulmonary and Critical Care, King Fahd Medical City, a health city affiliated with the Ministry of Health operating in the field of medical activities, from 2011G to 2014G.<br>• Consultant of Pulmonary and Critical Care, King Fahd Medical City, a health city affiliated with the Ministry of Health operating in the field of medical activities, from 2011G to 2014G. |

### 5.3.2.4 Sami Jaber AlSulami

| | |
|---|---|
| **Age:** | 44 years |
| **Nationality:** | Saudi |
| **Current Position at the Company:** | Executive Director of SMC Hospital (2) - King Abdullah Road. |
| **Date of Appointment:** | 09/10/2024G |
| **Academic Qualifications:** | • Bachelor's degree in Medicine and Surgery, King Khalid University.<br>• Fellowship in Critical Care Medicine, University of Alberta.<br>• Master's degree in Public Health, King Saud bin Abdulaziz University for Health Sciences (KSAU-HS).<br>• Executive Master's degree in Business Administration, Prince Mohammed bin Salman College.<br>• Executive Master's degree in Change, INSEAD (European Institute of Business Administration). |
| **Current Executive Positions:** | • Executive Director, SMC Hospital (2), a branch of Specialized Medical Company, a closed joint-stock company operating in the field of healthcare, from 2024G to date.<br>• Director of Medical Affairs, SMC Hospital (2), a branch of Specialized Medical Company, a closed joint-stock company operating in the field of healthcare, from 2023G to date. |
| **Other Current Memberships:** | N/A |
| **Previous Executive Positions:** | • Assistant Deputy Minister for Human Resource Development, Ministry of Health, a Government agency operating in the field of healthcare, from 2020G to 2022G.<br>• CEO of the Health Academy, Saudi Commission for Health Specialists, a body operating in the field of healthcare, from 2018G to 2022G.<br>• Director of Postgraduate Medical Education, King Abdulaziz Medical City, a Government medical city operating in the field of education and healthcare, from 2017G to 2018G.<br>• Head of the Trauma, Critical Care and Emergency Medicine Unit, King Abdulaziz Medical City, a Government medical city operating in the field of education and healthcare, from 2014G to 2019G. |

### 5.3.2.5 Hassan Zuhair AlHashem

| | |
|---|---|
| **Age:** | 41 years |
| **Nationality:** | Jordanian |
| **Current Position at the Company:** | Head of Marketing Department |
| **Date of Appointment:** | 03/09/2023G |
| **Academic Qualifications:** | Bachelor's degree in Creative Design, Al-Ahliyya Amman University. |
| **Current Executive Positions:** | Head of Marketing, Specialized Medical Company, a closed joint-stock company operating in the field of healthcare, from 2023G to date. |
| **Other Current Memberships:** | • Member of the Chartered Institute of Marketing, from 2021G to date.<br>• Member of the Chartered Institute of Public Relations, from 2022G to date.<br>• Member of the American Hospital Association, from 2024G to date.<br>• Member of the Saudi Customer Experience Award Jury, from 2023G to 2024G.<br>• Member of the American Marketing Association, from 2014G to date.<br>• Member of the International Trademark Association, 2014G to 2015G. |
| **Previous Executive Positions:** | • Director of Marketing, Mediclinic Hospital, a hospital affiliated with Mediclinic International, a joint stock company operating in the field of medicine, during 2023G.<br>• Director of Marketing, Care Hospitals, a public joint-stock company operating in the field of medicine, from 2022G to 2023G.<br>• Director of Marketing and Business Development, Al Safwa Hospital, a hospital affiliated with Medical Healthy Life Company, a limited liability company operating in the field of medicine, during 2021G.<br>• Director of Marketing and Public Relations, Saudi German Hospital Group, a joint-stock company operating in the field of medicine, 2019G to 2020G. |

### 5.3.2.6 Qassem Ahmed AlBaalbaki

| | |
|---|---|
| **Age:** | 46 years |
| **Nationality:** | Lebanese |
| **Current Position at the Company:** | Executive Director of Information Technology |
| **Date of Appointment:** | 14/08/2006G |
| **Academic Qualifications:** | • Bachelor's degree in Administrative Informatics, Lebanese Directorate General of Technical Education.<br>• Master's degree in Information Systems Management, Walden University. |
| **Current Executive Positions:** | Head of the Information Technology Department, Specialized Medical Company, a closed joint-stock company operating in the field of healthcare, from 2019G to date. |
| **Other Current Memberships:** | N/A |
| **Previous Executive Positions:** | • Director of the Computer Department, Specialized Medical Company, a closed joint-stock company operating in the field of healthcare, from 2015G to 2019G.<br>• Director of Software Development, Specialized Medical Company, a closed joint-stock company operating in the field of healthcare, from 2013G to 2015G.<br>• Director of Technical Support, Specialized Medical Company, a closed joint-stock company operating in the field of healthcare, from 2010G to 2013G. |

### 5.3.2.7 Khaled Hadi AlQahtani

| | |
|---|---|
| **Age:** | 42 years |
| **Nationality:** | Saudi |
| **Current Position at the Company:** | COO |
| **Date of Appointment:** | 09/10/2024G |
| **Academic Qualifications:** | • Bachelor's degree in Languages and Translation, King Saud University.<br>• Bachelor's degree in Hospital Administration, King Abdulaziz University.<br>• Diploma in Total Quality Management, American University in Cairo. |
| **Current Executive Positions:** | Assistant Director of Operations, Specialized Medical Company, a closed joint-stock company operating in the field of healthcare, from 2019G to date. |
| **Other Current Memberships:** | • Member of the Quality and Improvement Department, Specialized Medical Company, from 2021G to date.<br>• Member of the Leadership Committee, Specialized Medical Company, from 2024G to date.<br>• Member of the Outpatient Clinic Services Committee, Specialized Medical Company, from 2015G to 2021G.<br>• Member of the Human Resources Committee, Specialized Medical Company, from 2014G to 2018G.<br>• Member of the Medical Records Committee, Specialized Medical Company, from 2018G to date.<br>• Member of the Infection Control Committee, Specialized Medical Company, from 2017G to date.<br>• Chairman of the Safety Committee, Specialized Medical Company, from 2017G to date.<br>• Member of the Health Volunteers Committee in the Kingdom, 2023G.<br>• Member of the Executive Management Committee, Specialized Medical Company, from 2024G to date. |
| **Previous Executive Positions:** | • Director of Government and Legal Affairs, Specialized Medical Company, a closed joint-stock company operating in the field of healthcare, from 2015G to 2019G.<br>• CEO and Director of Medical Case Management/Director of Medical Records, Specialized Medical Company, a closed joint-stock company operating in the field of healthcare, from 2011G to 2015G. |

### 5.3.2.8 Mohammed Salem AlSaleh

| | |
|---|---|
| **Age:** | 55 years |
| **Nationality:** | Lebanese |
| **Current Position at the Company:** | General Counsel |
| **Date of Appointment:** | 17/04/2022G |
| **Academic Qualifications:** | Master's degree in Law, Lebanese University. |
| **Current Executive Positions:** | Acting General Counsel and Acting Board Secretary, Specialized Medical Company, a closed joint-stock company operating in the field of healthcare, from 2022G to date. |
| **Other Current Memberships:** | N/A |
| **Previous Executive Positions:** | • Branch Manager and Customer Relations Manager, Bank MED (Banque de la Méditerranée), a Lebanese joint-stock company operating in the field of banking services, from 2008G to 2022G.<br>• Head of Legal Affairs and Legal Counsel, Saudi Oger Ltd, a limited liability company operating in the field of contracting, maintenance and operations, from 1999G to 2008G.<br>• Head of Department, Fransabank, a Lebanese joint-stock company operating in the field of banking services, from 1991G to 1994G. |

### 5.3.2.9 Nasser Saleh AlLuhaidan

| | |
|---|---|
| **Age:** | 48 years |
| **Nationality:** | Saudi |
| **Current Position at the Company:** | Chief Governance, Compliance and Risk Officer |
| **Date of Appointment:** | 1/10/2024G |
| **Academic Qualifications:** | • Diploma in Management, American University in Cairo.<br>• Bachelor's degree in English Language, Imam Mohammad Ibn Saud Islamic University.<br>• Master's degree in Project Management, Midocean University. |
| **Current Executive Positions:** | Head of Governance, Risk and Compliance, Specialized Medical Company, a closed joint-stock company operating in the field of healthcare, from 2024G to date. |
| **Other Current Memberships:** | N/A |
| **Previous Executive Positions:** | • Head of Operations, Specialized Medical Company, a closed joint-stock company operating in the field of healthcare, from 2022G to 2024G.<br>• Head of Operations, Care Medical, a public joint-stock company operating in the field of healthcare, from 2021G to 2022G.<br>• Head of Operations, Specialized Medical Company, a closed joint-stock company operating in the field of healthcare, from 2008G to 2021G. |

### 5.3.2.10 Saeed Youssef Ahmed

| | |
|---|---|
| **Age:** | 50 years |
| **Nationality:** | Jordanian |
| **Current Position at the Company:** | Chief Nursing Officer |
| **Date of Appointment:** | 01/06/2012G |
| **Academic Qualifications:** | • Bachelor's degree in Nursing, University of Jordan.<br>• Master's degree in Hearing and Speech Pathology, University of Jordan. |
| **Current Executive Positions:** | Head of Nursing, Specialized Medical Company, a closed joint-stock company operating in the field of healthcare, from 2012G to date. |
| **Other Current Memberships:** | N/A |
| **Previous Executive Positions:** | • Head of Nursing, Ibn Al-Haytham Hospital, a limited liability company operating in the field of healthcare, from 2008G to 2012G. |

### 5.3.2.11 Elissar al-Tawil Hamadeh

| | |
|---|---|
| **Age:** | 44 years |
| **Nationality:** | Lebanese |
| **Current Position at the Company:** | Chief Supply Chain and Project Officer |
| **Date of Appointment:** | 09/10/2024G |
| **Academic Qualifications:** | • Bachelor's degree in Clinical Laboratory Sciences, University of Balamand.<br>• Master's degree in Business Administration and Health Sector Management, Modern University for Business & Science.<br>• Master's degree in Business Administration and Health Sector Management, Cardiff Metropolitan University.<br>• Diploma in Project Management, American University of Beirut. |
| **Current Executive Positions:** | • Head of Project Management, Specialized Medical Company, a closed joint-stock company operating in the field of healthcare, from 2022G to date.<br>• Head of Supply Chain, Specialized Medical Company, a closed joint-stock company operating in the field of healthcare, from 2019G to date. |
| **Other Current Memberships:** | N/A |
| **Previous Executive Positions:** | Director of Procurement, Specialized Medical Company, a closed joint-stock company operating in the field of healthcare, from 2010G to 2019G. |

### 5.3.2.12 Sadiq Ali Al-Ali

| | |
|---|---|
| **Age:** | 43 years |
| **Nationality:** | Saudi |
| **Current Position at the Company:** | Board Secretary and Director of Investor Relations |
| **Date of Appointment:** | 19/12/2024G |
| **Academic Qualifications:** | • Master's degree in Project Management, Midocean University, Kingdom of Saudi Arabia.<br>• Diploma in Insurance, Bahrain Institute of Banking & Finance (BIBF).<br>• Bachelor's degree in Business Administration, majoring in Accounting, Imam Mohammad Ibn Saud Islamic University, Kingdom of Saudi Arabia. |
| **Current Executive Positions:** | Secretary and Head of Investor Relations, the Company, since 2025G until the present. |
| **Other Current Memberships:** | N/A |
| **Previous Executive Positions:** | • Secretary of the Board and Director of Governance, Gulf Lifting Financial Leasing Company, from 2017G to 2019G.<br>• Secretary of the Board and Director of Governance, Theeb Car Leasing Company, from 2019G to 2025G. |

### 5.3.2.13 Ahmed Nour-Eldin

| | |
|---|---|
| **Age:** | 37 years |
| **Nationality:** | Egyptian |
| **Current Position at the Company:** | Director of Internal Audit |
| **Date of Appointment:** | 21/10/2024G |
| **Academic Qualifications:** | • Bachelor's degree in Commerce, Zagazig University, Arab Republic of Egypt.<br>• Certified Internal Auditor, American Institute of Internal Auditors.<br>• Certified Management Accountant, American Institute of Internal Auditors. |
| **Current Executive Positions:** | N/A |
| **Other Current Memberships:** | • Member of the American Institute of Certified Public Accountants.<br>• Member of the Saudi Institute of Internal Auditors.<br>• Member of the American Institute of Internal Auditors. |
| **Previous Executive Positions:** | • Director of Internal Audit, Petromin Corporation, a closed joint-stock company operating in the field of oil and gas, transportation, manufacturing and sales, from 2023G to 2024G.<br>• Director of Internal Audit and Risk, Crowe Saudi Arabia, a limited liability company operating in the fields of consulting, cybersecurity and medical supplies, from 2022G to 2023G.<br>• Assistant Director of the Internal Audit Department, Al Habtoor Group, a limited liability company operating in the field of hospitality, real estate and education, from 2014G to 2021G.<br>• Auditor, Accountability State Authority, the highest oversight body in Egypt for public funds, from 2011G to 2014G. |

## 5.3.3 Employment Contracts with Senior Executives

The Company has entered into employment contracts with all members of its Senior Management. These contracts stipulate their salaries and bonuses according to their qualifications and experience. These contracts include a number of benefits such as a monthly transportation allowance and/or a housing allowance. These contracts are renewable and are subject to the Saudi Labor Law.

Below is a summary of the employment contracts concluded with members of the Company's Senior Management:

**Table (65): Summary of the Employment Contracts with Members of the Company's Senior Management**

| No. | Name | Position | Date of Appointment | Contract Conclusion Date | Contract Expiration Date |
|---|---|---|---|---|---|
| 1. | Bassam Tayseer Chahine | CEO | 1/10/2024G | 13/05/2023G | 29/08/2025G |
| 2. | Hani Charani | CFO | 28/10/2004G | 13/05/2023G | 27/10/2025G |

Source: The Company

## 5.4 Remuneration of Directors and Senior Executives

The remuneration of the Directors is determined in accordance with the Company's Bylaws and Remuneration Policy, and allowances for attending meetings and transportation are determined by the Board of Directors in accordance with the regulations, decisions and directives in force in the Kingdom as determined by the competent authorities.

The following table sets out the remuneration provided by the Company and its Subsidiaries to the Directors and Senior Executives (including the CEO and the Vice President of Finance) for the financial years ended 31 December 2021G, 2022G and 2023G and the nine-month period ended 30 September 2024G.

| | Financial Year Ended 31 December | | | Nine-Month Period Ended 30 September |
|---|---|---|---|---|
| | 2021G | 2022G | 2023G | 2024G |
| | (SAR) | | | |
| Directors | 1,316,782 | 3,179,555 | 4,012,479 | 6,035,363 |
| Committee Members | 75,000 | 75,000 | 75,000 | 75,000 |
| Senior Executives (including the CEO and VP of Finance) | 4,944,636 | 9,019,259 | 10,632,465 | 16,063,939 |
| **Total** | **6,336,418** | **12,273,814** | **14,719,944** | **22,174,302** |

Source: The Company

## 5.5 Corporate Governance

### 5.5.1 Overview

The primary sources of the Company's corporate governance are the Corporate Governance Regulations (CGRs) issued by the CMA and certain provisions of the Companies Law and its Implementing Regulations pertaining to listed joint-stock companies in the Kingdom.

The corporate governance framework regulates the various relationships between the Board of Directors, Senior Executives, Shareholders and other stakeholders by establishing rules and procedures to facilitate decision-making processes, with the aim of protecting the rights of Shareholders and other stakeholders and promoting the values of credibility, fairness, competitiveness and transparency in the Company's conduct within the context of the Stock Exchange and the business environment.

The CGRs require clear and transparent disclosure and thus ensure that the Board of Directors acts in the best interests of Shareholders and provides a clear and fair picture of the Company's financial position and results of operations.

The Company's policy aims to adopt high standards of corporate governance. The Board of Directors approved the Company's Internal Governance Manual and policies on 07/06/1446H (corresponding to 08/12/2024G). Moreover, the Extraordinary General Assembly approved the Audit Committee Charter and the Nomination and Remuneration Committee Charter, which are in line with the Corporate Governance Regulations, on 14/06/1446H (corresponding to 15/12/2024G).

### 5.5.2 Key Requirements for Corporate Governance

The CGRs include key governance requirements which encompass the following:

- general rights of Shareholders (Articles 4 to 9);
- rights relating to meetings of the General Assembly (Articles 10 to 15);
- the Board of Directors: its composition, responsibilities, powers, procedures, and training (Articles 16 to 39);
- conflicts of interest (Articles 40 to 46);
- Company committees (Articles 47 to 60); and
- internal controls, external auditors, Company reports and policies, and other miscellaneous matters (Articles 64 to 87).

### 5.5.3 Corporate Governance Manual and Internal Regulations

The Company's Board of Directors approved the amended Internal Governance Manual of the Company and the following amended work regulations and charters on 07/06/1446H (corresponding to 08/12/2024G):

- the general framework of the Company's Internal Corporate Governance Manual, which was approved by the Board of Directors on 07/06/1446H (corresponding to 08/12/2024G);
- the Dividend Distribution Policy, which was approved by the Board of Directors on 07/06/1446H (corresponding to 08/12/2024G);
- the Disclosure and Transparency Policy, which was approved by the Board of Directors on 07/06/1446H (corresponding to 08/12/2024G);
- the Conflicts of Interest Policy, which was approved by the Board of Directors on 07/06/1446H (corresponding to 08/12/2024G);
- the Whistleblowing Policy, which was approved by the Board of Directors on 07/06/1446H (corresponding to 08/12/2024G);
- the Risk Management Policy, which was approved by the Board of Directors on 07/06/1446H (corresponding to 08/12/2024G);
- the Internal Control Policy, which was approved by the Board of Directors on 07/06/1446H (corresponding to 08/12/2024G);
- the Professional Conduct Policy, which was approved by the Board of Directors on 07/06/1446H (corresponding to 08/12/2024G);
- the Authority Matrix, which was approved by the Board of Directors on 07/06/1446H (corresponding to 08/12/2024G);
- the Corporate Social Responsibility Policy, which was approved by the Board of Directors on 07/06/1446H (corresponding to 08/12/2024G);
- the Board charter, which was approved by the Board of Directors on 07/06/1446H (corresponding to 08/12/2024G);
- the Delegation of Authority Policy, which was approved by the Board of Directors on 07/06/1446H (corresponding to 08/12/2024G);
- the Executive Committee charter, which was approved by the Board of Directors on 07/06/1446H (corresponding to 08/12/2024G);
- the Competition Controls Policy, which was approved by the Board of Directors on 07/06/1446H (corresponding to 08/12/2024G);
- the Audit Committee charter, which was approved by the Board of Directors on 07/06/1446H (corresponding to 08/12/2024G);
- the Nomination and Remuneration Committee charter, which was approved by the Board of Directors on 07/06/1446H (corresponding to 08/12/2024G);
- the Board Membership Policy and Criteria, which were approved by the Board of Directors on 07/06/1446H (corresponding to 08/12/2024G); and
- the Remuneration Policy for the Board of Directors and its Committees, which was approved by the Board of Directors on 07/06/1446H (corresponding to 08/12/2024G).

The Extraordinary General Assembly approved the adoption of the following policies on 14/06/1446H (corresponding to 15/12/2024G):

- the Audit Committee charter, on 14/06/1446H (corresponding to 15/12/2024G);
- the Nomination and Remuneration Committee charter, on 14/06/1446H (corresponding to 15/12/2024G);
- the Renumeration Policy for the Board of Directors and its Committees, on 14/06/1446H (corresponding to 15/12/2024G);
- the Competition Controls Policy for the Board of Directors and its Committees, on 14/06/1446H (corresponding to 15/12/2024G); and
- the Board Membership Policy and Criteria, on 14/06/1446H (corresponding to 15/12/2024G).

### 5.5.4 Compliance with the Provisions of the CGRs

The Directors declare that the Company is currently compliant with the majority of the provisions of the CGRs and that it will fully comply with the provisions of the CGRs as of the date of listing.

Specifically, the majority of the Company's Board of Directors, which currently consists of eight (8) Directors, are non-executive Directors, and the Board includes three (3) independent Directors. In addition, the Shareholders have adopted a cumulative voting method with respect to the appointment of Directors in accordance with the provisions of the Company's Bylaws as of the Company's listing on the Stock Exchange. This method of voting grants each Shareholder voting rights equivalent to the number of shares they own. Each Shareholder has the right to use all of their voting rights for a single candidate, or to divide their voting rights among their chosen candidates without any duplication of votes. This method increases the chances of minority Shareholders appointing their representatives to the Board by exercising the cumulative voting rights available to them in favor of a single candidate.

In accordance with the provisions of the CGRs, the Company's Board of Directors formed the Audit Committee, which consists of two (2) independent members, on 07/06/1446H (corresponding to 08/12/2024G). The Board of Directors also formed the Nomination and Remuneration Committee on 07/06/1446H (corresponding to 08/12/2024G). The Company's Extraordinary General Assembly adopted the Audit Committee charter and Remuneration and Nominations Committee charter at its meeting held on 14/06/1446H (corresponding to 15/12/2024G), which the Board recommended for adoption at its meeting held on 07/06/1446H (corresponding to 08/12/2024G).

Furthermore, the Company has prepared procedures in order to comply with provisions addressing conflicts of interest and participation in business competing with the Company (Article 27 of the Companies Law and Articles 41, 42, 43 and 44 of the CGRs). The Company obtained the approval of the General Assembly for transactions with Related Parties as detailed in Section 11.11 "**Related Party Transactions**" of this Prospectus.

In accordance with the provisions of the CGRs, no Director may vote on any decision made by the Board or the General Assembly regarding business or contracts executed on behalf of the Company if they have a direct or indirect interest in such business or contracts (Paragraph 2 of Article 44). The Companies Law stipulates similar requirements, stating that no Director may have any direct or indirect interest in any business or contracts made for the benefit of the Company without authorization from the Ordinary General Assembly. Directors are also obligated to inform the Board of Directors of any personal interests they may have in such business or contracts, and they may not participate in voting on decisions issued by the Board of Directors or the General Assemblies regarding such business or contracts. The Board of Directors must notify the General Assembly of business and contracts in which any Director has a direct or indirect personal interest, and such notification must be accompanied by a special report from the Company's external Auditor.

Furthermore, the CGRs stipulate that if a Director wishes to engage in business that may compete with the Company or any of its activities, they must notify the Board of Directors of the projects that constitute them engaging in competing business. Moreover, they must refrain from voting on the related decisions at meetings of the Board of Directors and the General Assembly. The Chairman of the Board must inform the Ordinary General Assembly of the competing business that the Director intends to engage in, and authorization must be obtained from the Company's General Assembly before the Director enters into the competing activity. The Companies Law also stipulates similar requirements.

The Companies Law includes similar requirements (Paragraph 1 of Article 71 of the Companies Law).

The Company is compliant with the mandatory governance requirements applicable to joint-stock companies, except for certain provisions specific to listed companies, which the Company does not currently comply with as the Company's shares are not yet listed on the Stock Exchange, namely:

- a- Article 8(a) regarding announcing information on the nominees for membership of the Board of Directors on the website of the Exchange upon inviting or calling the General Assembly to convene;
- b- Article 8(b) regarding restricting voting in the General Assembly to nominees whose information has been announced in accordance with Article 8(a);
- c- Article 13(d) regarding publishing the invitation to the General Assembly on the websites of the Exchange and the Company and in a daily newspaper distributed in the region where the Company's head office is located;
- d- Article 14(c) regarding making information available to Shareholders regarding the items of the General Assembly through the websites of the Exchange and the Company, as well as granting Shareholders access to information related to the items of the General Assembly agenda, particularly the reports of the Board of Directors and the Auditor, the financial statements and the report of the Audit Committee;
- e- Article 15(e) regarding announcing to the public and notifying the CMA and the Exchange of the results of the General Assembly immediately upon its conclusion;
- f- Article 17(d) regarding notifying the CMA of the names of the Directors, a description of their memberships and any changes made thereto within five business days from the date of such changes;
- g- Article 54(a) and (b) regarding meetings of the Audit Committee, which must meet periodically at least four (4) times per year during the Company's financial year. The Audit Committee must also meet periodically with the Company's Auditor and with the Company's internal auditor, if any;
- h- Article 60 regarding meetings of the Remuneration Committee, which must meet periodically at least once a year, and as necessary;
- i- Article 64 regarding meetings of the Nomination Committee, which must meet periodically at least once a year, and as necessary; and
- j- Article 65 regarding the Company's publication of a nomination announcement for Board membership on the websites of the Company and the Exchange, in order to invite individuals wishing to run for Board membership, provided that the nomination period shall remain open for at least one month from the date of the announcement.

## 5.6 Conflicts of Interest

In compliance with the provisions of Articles 71 and 27 of the Companies Law, neither the Company's Bylaws nor any internal regulations or policies grant any powers that enable a Director or the CEO to vote on any contract or offer in which they have a direct or indirect interest. The aforementioned articles stipulate that Directors may not have any direct or indirect interest in transactions or contracts concluded for the benefit of the Company unless authorized by the Ordinary General Assembly, the Shareholders or their delegates. Additionally, Article 27 of the Companies Law prohibits Directors from participating in any business that competes with the Company or any of its activities, except with the authorization of the General Assembly, the Shareholders or their delegates.

According to Article 71 of the Companies Law, a Director must disclose and inform the Board of Directors of any personal interests they have in the business and contracts carried out on behalf of the Company, or if they have an interest that competes with the Company. This notification shall be recorded in the minutes of the Board meeting when it convenes. The Board of Directors shall notify the Ordinary General Assembly, when it convenes, of the business and contracts in which any Director has a direct or indirect interest, and such notification shall be accompanied by a special report from the Company's Auditor prepared in accordance with the auditing standards adopted in the Kingdom.

A Director who has a direct or indirect interest in business and contracts carried out on behalf of the Company may not participate in deliberations or vote on decisions issued regarding such contracts and business.

Based on the foregoing, the Directors must:

- comply with the provisions of Articles 27, 71 and 72 of the Companies Law, and the provisions of Chapter 6 of Part 3 of the CGRs;
- abstain from voting on General Assembly resolutions related to contracts concluded with the Company where the Director has a direct or indirect interest in such contract;
- refrain from competing with the Company's activities, unless the Director has obtained authorization from the Ordinary General Assembly permitting them to do so; and
- enter into all future transactions with a Related Party on a competitive basis, in accordance with the Related Party Transactions Policy.

## 5.7 Direct and Indirect Interests of the Directors, Board Secretary and Senior Executives

As of the date of this Prospectus, neither the Directors, nor the Senior Executives, Secretary or any of their relatives have any direct or indirect interest in the shares or debt instruments of the Company or its Subsidiary or any interest in any other matter that may affect the Company's business, except for the following:

| No. | Agreement/Transaction | Interested Director/Senior Executive | Type of Interest | Rationale for Interest |
|---|---|---|---|---|
| 1. | Legal Consulting Services Agreement between the Company and Wakilk for Law and Legal Advice | Khaled Mokaimen Duwaihes Al-Anzi (former Director) | Indirect | Wakilk for Law and Legal Advice is owned by the son of Khaled Mokaimen Duwaihes Al-Anzi, who was a Director of the Company at the time the contract was concluded. |
| 2. | Laundry Services Agreement between the Company and Snow Bright Laundry | Khaled Mokaimen Duwaihes Al-Anzi (former Director) | Indirect | Snow Bright Laundry is owned by Khaled Mokaimen Duwaihes Al-Anzi, who was a Director of the Company at the time the contract was concluded. |
| 3. | Two Valet Parking Services Agreements between the Company and Code Innovative Company | Chairman - Sulaiman Abdul Rahman Saad AlRashid<br>Vice Chairman - Omran Abdul Rahman Saad AlRashid | Indirect | Code Innovative Company is owned by the sister of the Chairman and Vice Chairman of the Board. |
| 4. | Villa Lease Agreements concluded between the Company and Bonyan REIT Fund | Chairman - Sulaiman Abdul Rahman Saad AlRashid<br>Vice Chairman - Omran Abdul Rahman Saad AlRashid | Indirect | Abdul Rahman Saad AlRashid and Sons Co., a Substantial Shareholder in the Company, owns 60% of Bonyan REIT Fund, and Sulaiman Abdul Rahman Saad AlRashid and Omran Abdul Rahman Saad AlRashid are shareholders in Abdul Rahman Saad AlRashid and Sons Co. |

| No. | Agreement/Transaction | Interested Director/Senior Executive | Type of Interest | Rationale for Interest |
|---|---|---|---|---|
| 5. | Lease Agreement for the Second Tower (within SMC Hospital (1) - King Fahd Road) with Saudi Bonyan Co. | Chairman - Sulaiman Abdul Rahman Saad AlRashid<br>Vice Chairman - Omran Abdul Rahman Saad AlRashid | Indirect | Saudi Bonyan Co. is wholly owned by Abdul Rahman Saad AlRashid and Sons Co., a Substantial Shareholder in the Company, in which Sulaiman Abdul Rahman Saad AlRashid and Omran Abdul Rahman Saad AlRashid are shareholders. |
| 6. | Commercial Lease Agreement between the Company and Resala Mubasharat Commercial Establishment | Khaled Mokaimen Duwaihes Al-Anzi (former Director) | Indirect | Resala Mubasharat Commercial Establishment is owned by the daughter of former Director Khaled Mokaimen Duwaihes Al-Anzi, who was a Director of the Company at the time the contract was concluded. |
| 7. | Lease agreements between the Company and the Advanced Food Company | Chairman - Sulaiman Abdul Rahman Saad AlRashid<br>Vice Chairman - Omran Abdul Rahman Saad AlRashid | Indirect | Advanced Food Company is wholly owned by Abdul Rahman Saad AlRashid and Sons Co, one of the Substantial Shareholders of the Company, in which Sulaiman Abdul Rahman Saad AlRashid and Omran Abdul Rahman Saad AlRashid are shareholders. |

## 5.8 Employees

As of 30 September 2024G, the Company employs 3,353 employees, including 1,097 Saudi nationals, representing 32.7% of the Company's total employees. The table below shows the distribution of employees according to the Company's administrative divisions.

**Table (66): Number of Company Employees by Administrative Division as of 31 December 2021G, 2022G and 2023G and the Nine-Month Period Ended 30 September 2024G**

| # | Department | Financial Year Ended 31 December | | | | | | | | | Nine-Month Period Ended 30 September | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | 2021G | | | 2022G | | | 2023G | | | 2024G | | |
| | | Saudi | Non-Saudi | Total | Saudi | Non-Saudi | Total | Saudi | Non-Saudi | Total | Saudi | Non-Saudi | Total |
| 1. | Doctors | 24 | 310 | 334 | 36 | 340 | 376 | 49 | 394 | 443 | 55 | 388 | 443 |
| 2. | Medical Department | 193 | 127 | 320 | 268 | 139 | 407 | 403 | 143 | 546 | 349 | 145 | 494 |
| 3. | Nursing | 76 | 855 | 931 | 146 | 872 | 1,018 | 43 | 888 | 931 | 41 | 919 | 960 |
| 4. | Administrative | 572 | 729 | 1,301 | 633 | 722 | 1,355 | 681 | 752 | 1,433 | 652 | 804 | 1,456 |
| | **Total** | **865** | **2,021** | **2,886** | **1,083** | **2,073** | **3,156** | **1,176** | **2,177** | **3,353** | **1,097** | **2,256** | **3,353** |

Source: The Company

## 5.9 Employee Share Scheme

The Company does not have any employee share schemes in place prior to the application for the registration and offer of the securities subject to this Prospectus. None of the Company's employees owns shares in the Company as of the date of this Prospectus and there are no other arrangements involving employees in the Company's share capital.

smc

Specialized Medical Company الشركة الطبية التخصصية

# 6. Management Discussion and Analysis of Financial Position and Results of Operations

## 6.1 Introduction

The Management Discussion and Analysis section provides the Company and its subsidiary (collectively, the "Group") with an analytical overview of the Group's operating performance and financial position for the years ended 31 December 2021G, 2022G and 2023G and the nine months ended 30 September 2023G and 2024G. This section and the accompanying notes have been prepared based on (1) the Special Purpose Consolidated Financial Statements for the years ended for the year ended 31 December 2021G and 2022G, (2) the reissued consolidated financial statements for the year ended 31 December 2023G, and (3) the unaudited interim consolidated financial statements for the nine months ended 30 September 2024G, which includes the information for the comparative period 30 September 2023G, and the accompanying notes, audited by Deloitte & Touche & Co. Chartered Accountants & Auditors, in accordance with the International Standards of Auditing endorsed in the Kingdom of Saudi Arabia, for the financial years ending 31 December 2021G, 2022G, and 2023G, in addition to the unaudited financial statements for the nine months ended 30 September 2024G, including the comparative period ended 30 September 2023G.

The financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) adopted in the Kingdom of Saudi Arabia and other standards and issuances issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA) (collectively referred to as the "**International Financial Reporting Standards adopted in the Kingdom of Saudi Arabia**") and in accordance with the Companies Law and the Company's Articles of Association, in preparing the consolidated financial statements for the years ending on 31 December 2021G, 2022G and 2023G and the nine-month period ending on 30 September 2024G.

Neither Deloitte & Touche & Partners Chartered Accountants & Auditors nor any of its subsidiaries, employees or any of their relatives own any shares, or have any stake or interest of any kind in the Company that may affect its independence as at the date of issuance of the audited financial statements. Deloitte & Touche & Partners Chartered Accountants & Auditors has provided as at the date of this prospectus its written consent to indicate in this prospectus its role as the Company's auditor for the financial years ended 31 December 2021G, 2022G and 2023G and the nine-month period ended 30 September 2023G and 2024G and has not withdrawn such approval as at the date of issuance of this prospectus.

The financial statements form an integral part of this prospectus and should be read in conjunction with those statements and supplementary notes. The financial statements are included in this section 6 "**Management Discussion and Analysis of Financial Position and Results of Operations**" of this prospectus.

The financial information for the year ended 31 December 2021G was extracted from the comparative figures presented in the special purpose consolidated financial statements for the year ended 31 December 2022G. The financial information for the years ended 31 December 2022G and 2023G was extracted from the reissued consolidated financial statements for the year ended 31 December 2023G. Additionally, the financial information for the nine months ended 30 September 2023G was extracted from the unaudited interim consolidated financial statements for the nine months ended 30 September 2024G.

This section may include statements in connection with the Group's future prospects, based on the Management's current plans and expectations regarding the Group's growth and results of operations and financial conditions, as well as associated risks and uncertainties. The Group's actual results may differ materially from the expected results due to various factors, risks, and future events beyond the Group's control, including those discussed in this section of the prospectus or elsewhere therein, particularly in Section (2) "**Risk Factors**" of this prospectus.

All amounts in this section have been rounded to the nearest thousand Saudi riyals unless otherwise indicated, and the numbers and ratios have been rounded to the nearest decimal place. Therefore, the sum of those figures may differ from those shown in the tables. Therefore, all ratios, indicators, annual expenditures and compound annual growth rates are based on rounded figures.

## 6.2 Board Members' Declarations on Financial Statements

The members of the Board of Directors declare the following:

1- The financial information contained in this section has been extracted without material modifications and presented in a format consistent with the consolidated financial statements, prepared for special purpose for the financial year ended 31 December 2022G, which includes the information for the comparative period 31 December 2021G. Additionally, the information has been sourced from the reissued consolidated financial statements for the year ended 31 December 2023G, which includes the audited financial information for the comparative period 31 December 2022G. These financial statements have been prepared in accordance with the International Financial Reporting Standards as adopted in the Kingdom of Saudi Arabia, along with other standards and issuances issued by the Saudi Organization for Chartered and Professional Accountants. Furthermore, the financial information for the nine-month period ended 30 September 2023G has been extracted from the unaudited consolidated financial statements for the nine months ended 30 September 2024G, including the accompanying notes, which were prepared in accordance with International Accounting Standard (IAS) 34 "**Interim Financial Reporting,**" as adopted in the Kingdom of Saudi Arabia.

2- The Company, whether on its own or together with its subsidiaries, has sufficient working capital to meet its requirements for at least twelve (12) months following the date of publication of this Prospectus.

3- There has been no material adverse changes in the financial or business position of the Company during the three financial years and the nine-month period ending on 30 September 2024G, from the date of submitting the application for the registration and offering of the securities, through to the end of the period covered by the auditor's report, and up to the date of this Prospectus's approval. The Directors further declare that all material facts relating to the Group and its financial performance are disclosed in this prospectus, and that there is no information, documents or other facts the omission of which would make any statement herein misleading.

4- There is no intention to make any material changes in the nature of the Group's activities

5- The Group's operations have not ceased in such a way as to have or have already significantly affected its financial position during the past twelve (12) months.

6- There was no qualification in the auditor's report on the issuer's financial statements for any of the previous three (3) fiscal years and the nine-month period ending on 30 September 2024G, immediately prior to the date of submission of the application for the registration and offering of the securities subject to this Prospectus.

7- No structural changes have been made to the issuer during the previous three (3) financial years and the nine-month period ending on 30 September 2024G, immediately prior to the date of submission of the application for the registration and offering of the securities subject to this Prospectus.

8- There has been no material change in the accounting policies of the issuer during the previous three (3) fiscal years and the nine-month period ending on 30 September 2024G, immediately prior to the date of submission of the application for the registration and offering of the securities subject to this Prospectus.

9- Other than as stated in Sections 6.5.5 "**Comparative information**" and 6.5.6 "**Reissued consolidated financial statements adjustments**" of this prospectus, there has been no material amendment to the issued financial statements for any of the previous three (3) fiscal years and the nine-month period ending on 30 September 2024G, immediately prior to the date of submission of the application for the registration and offering of the securities subject to this Prospectus.

10- The Group does not have any property, including contractual securities or other assets whose value is volatile or difficult to estimate, which significantly affects the assessment of the financial position.

11- No commissions, discounts, brokerage fees or non-monetary compensation have been granted by the Group to any of the Board of Directors, senior executives, offerors, or experts during the three (3) years, immediately preceding the date of the application for registration and offering.

12- The Directors acknowledge that the Group has not issued secured or unsecured debt instruments, term loans or mortgages, current or approved but not issued, and that the Group has no loans or other indebtedness including overdrafts from bank accounts, and that there are no security obligations (including personal collateral, non-personal collateral, mortgage secured or unsecured by mortgage), or obligations under acceptances, acceptance credit, or lease purchase commitments.

13- Except as disclosed in Section 11 "**Legal Information**" and this Section 6 "**Management Discussion and Analysis of Financial Position and Results of Operations**" of this prospectus, there are no encumbrances, rights or encumbrances as at the date of this prospectus.

14- The Group's share capital is not under option.

15- The Group has no potential liabilities, guarantees or any significant fixed assets intended to be purchased or leased other than as disclosed in Section 11.8 "**Financing Agreements**" and in Section 6 "**Management Discussion and Analysis of Financial Position and Results of Operations**" and in Section 6.5.2.4.2 "**Accrued Expenses and Other Liabilities**" of this Prospectus.

16- Other than as stated in Section 6.5.2.5 "**Shareholders' Equity**" of this prospectus, the Company has not made any capital adjustments during the three (3) years immediately prior to the date of submission of the application for the registration and offering of the securities subject to this Prospectus.

17- The Directors acknowledge that the Group has no information on any governmental, economic, financial, monetary, political or other factors that have or could materially affect (directly or indirectly) the Group's operations.

18- The Company is not aware of any seasonal factors or economic cycles associated with the activity that may have an impact on the Company's business or financial situation.

## 6.3 Corporate information and activity

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 |
|---|---|---|
| SMC Hospital (1) – King Fahd Road | 014-101-010-012-00015 | May 12, 1999G |
| SMC Hospital (2) – King Abdullah Road | 014-101-010-097-00085 | 8 March 2020G |

Source: Reissued Consolidated Financial Statements for the year ended 31 December 2023G

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.

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 owns the following wholly owned subsidiary (2022: 100%);

| Name | Country of registration | Activities |
|---|---|---|
| International Specialized Food Company | Kingdom of Saudi Arabia | Food & Catering Services |

Source: Reissued Consolidated Financial Statements for the year ended 31 December 2023G

The reissued consolidated financial statements include the financial information of the Company, its subsidiary and the following branches, which operate under separate business registers:

| Branch name | Commercial Registration Number | Branch Activities | Address | Date of Commercial Registration |
|---|---|---|---|---|
| Specialized Medical Center – SMC – King Fahad Road | 1010150227 | Hospitals | Riyadh | 23/06/1998G |
| Diet world – SMC | 1010156585 | Nutrition Centers | Riyadh | 04/12/1999G |
| Diet world – SMC | 2051030207 | Nutrition Centers | Khobar | 11/01/2004G [(1)] |
| Diet world – SMC | 4030169166 | Activities of food and nutrition service providers | Jeddah | 05/05/2007G [(2)] |
| Specialized Medical Center – SMC – King Abdullah Road | 1010413585 | Hospitals | Riyadh | 08/05/2014G |

| Branch name | Commercial Registration Number | Branch Activities | Address | Date of Commercial Registration |
|---|---|---|---|---|
| Specialized Medical Company – SMC | 1010431691 | Management and maintenance of hospitals, dispensaries, health facilities and non-medical operations | Riyadh | 22/03/2015G |
| Specialized Medical Company - SMC – Northern Ring Road | 1010851377 | General Hospitals | Riyadh | 22/12/2022G |

Source: Reissued consolidated financial statements for the year ended 31 December 2023G

(1) The registration of this branch has been written off following the issuance of the reissued consolidated financial statements.

(2) The registration of this branch has been written off following the issuance of the reissued consolidated financial statements.

## 6.4 Basis for preparing financial statements and summary of significant accounting policies:

### Statement of Compliance

These reissued consolidated financial statements for the year ended 31 December 2023G have been prepared in accordance with International Financial Reporting Standards ("**IFRSs**") as endorsed in Saudi Arabia and other relevant pronouncements endorsed by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

### Basis of Consolidation

The reissued 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.

These reissued consolidated financial statements include the assets, liabilities and results of operations of the Company and its subsidiary (the "**Group**"). The Company and its subsidiary are collectively referred to as the "**Group**". Subsidiary 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. Subsidiary 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 reissued 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 subsidiary is aligned, where necessary, to ensure consistency with the policies adopted by the Group. The Company and its subsidiary have the same reporting periods.

### Functional and presentation currency

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

### Cash and cash equivalents

Cash and cash equivalents in the reissued consolidated statement of financial position comprise cash at banks and cash on hand.

### Inventories

Inventories are stated at lower of cost or estimated net realizable value, whichever is less. Net realizable value is the estimated selling price in the ordinary course of business less any cost to complete the selling process. Cost is determined using weighted average method. Appropriate provision is made for slow moving inventories, if any.

Cost includes the expenditure incurred in acquiring the inventories and costs incurred in bringing the inventories to their existing location and conditions.

## Property and equipment

Property and equipment are stated at cost, net of accumulated depreciation and/or accumulated impairment losses, (if any) except for assets under construction and lands which are stated at cost and are not depreciated. Assets under construction represent all costs relating directly to the projects in progress and are capitalized as property and equipment when the project is completed.

Costs includes all expenditures directly attributable to the construction or purchase of the item of property and equipment. Such costs include the cost of replacing parts of the property and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful life and depreciates them accordingly. All repairs and maintenance costs are recognised in the reissued consolidated statement of profit or loss and Comprehensive Income as incurred. Improvements that increase the value or materially extend the life of the related assets are capitalized.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, lease hold improvements are depreciated at the lower of its useful life or lease term. The annual depreciation rates used are as follows:

| Description | Depreciation Percentage |
|---|---|
| Building and improvements | 1.75% to 6.67% |
| Medical equipment | 10% |
| Furniture & Fixtures | 10% - 20% |
| Computer & Software | 10% - 25% |
| General equipment | 6.67% - 10% |
| Motor vehicles | 25% |

Source: Reissued consolidated financial statements for the year ended 31 December 2023G

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of Comprehensive Income when the asset is derecognised.

The residual values, useful life and methods of depreciation of property and equipment are reviewed at the end of each financial year and adjusted prospectively, if appropriate.

## Right-of-use Assets and Lease Liabilities

The group has recognised new assets and liabilities for its finance leases of various types of contracts including buildings, lands, warehouse and depot facilities, accommodation/office rental premises, medical equipment, etc. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the reissued consolidated Statement of Profit or Loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis.

### Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs and restoration costs.

Right-of-use assets are subsequently measured at cost less accumulated depreciation.

#### Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the incremental borrowing rate, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the reissued consolidated statement of profit or loss, short-term leases are leases with a lease term or 12 months or less. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options are only included in the lease term if the lease is reasonably certain to be extended. In determining the lease term, the management generally considers certain factors including historical lease durations and the costs and business disruption required to replace the leased asset.

### Financial instruments

Financial instruments are recognised when the Group becomes a party to the contractual provisions of the instrument. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

### Financial assets

Group requires all financial assets to be classified and subsequently' measured at either amortised cost or fair value. The classification depends on the business model for managing the financial asset and the contractual cash flow characteristics of financial asset, determined at the time of initial recognition.

Financial assets are classified into the following specified categories under IFRS 9:

- Debt instruments at amortised cost;
- Debt instruments at fair value through other comprehensive income (FVOCI), with gains or losses recycled to Comprehensive Income on derecognition:
- Equity instruments at FVOCI, with no recycling of gains or losses to Comprehensive Income on derecognition; and financial assets at fair value through profit and loss (FVPL).

#### Financial assets classified as amortised cost

Debt instruments that meet the following conditions are subsequently measured at amortised cost less impairment loss (except for debt investments that are designated as at fair value through Comprehensive Income on initial recognition):

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

If a financial asset does not meet both of these conditions, it is measured at fair value.

#### Financial assets designated as FVOCI

Debt instruments that meet the following conditions are subsequently measured at FVOCI:

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount Outstanding.

### Investment in equity instruments designated as FVOCI

On initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

As of reporting date, the Group do not possess any equity instruments designated as at FVOCI.

### Financial assets classified as FVPL

Investments in equity instruments are classified as at FVPL, unless the Group designates an investment that is not held for trading as at FVOCI on initial recognition.

As of reporting date, the Group does not possess any financial assets classified as at FVPL

## Impairment of financial assets

The Group recognises a loss allowance for expected credit losses (ECL) on debt instruments that are measured at amortised cost such as trade receivables and other financial assets.

No impairment loss is recognised for investments in equity instruments. The amount of expected credit losses reflects changes in credit risk since initial recognition of the respective financial instrument.

The Group applies the simplified approach to calculate impairment on trade receivables and this always recognises lifetime ECL on such exposures. ECL on these financial assets are estimated using a flow rate based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group applies the general approach to calculate impairment. Lifetime ECL is recognised when there has been a significant increase in credit risk since initial recognition and 12-month ECL is recognised the credit risk on the financial instrument which has not increased significantly since initial recognition. The assessment of whether credit risk of the financial instrument has increased significantly since initial recognition is made through considering the change in risk of default occurring over the remaining life of the financial instrument.

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e., the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of' default is based on historical data adjusted by forward-looking information as described above.

As for the exposure at default for financial assets, this is represented by the assets' gross carrying amount at the reporting date. Exposure at default for off balance sheet items is arrived at by applying a credit conversion factor to the undrawn portion of the exposure.

Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are companied on the following basis:

### Measurement and recognition of expected credit losses

- Nature of financial instruments (i.e., the Group's trade and other receivables, finance lease receivables and amounts due from customers are each assessed as a separate group. Loans to related parties are assessed for expected credit losses on an individual basis);
- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The Group recognises an impairment gain or loss in the reissued consolidated Statement of Comprehensive Income for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the Financial asset in the Reissued Consolidated statement of financial position.

### Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset or substantially all the risk and rewards of ownership to another entity. If the Group neither transfer nor retains substantially all the risks and reward of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and associated liability for' amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralized borrowing for the proceeds received.

## Financial liabilities

Financial liabilities carried at amortised cost have been classified and measured at amortised cost using the effective yield method.

For financial liabilities that are designated as at FVPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in reissued consolidated statement of profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to reissued consolidated statement of comprehensive income. The liability credit reserve includes the cumulative changes in the fair value of the financial liabilities designated as at fair value through Comprehensive Income that are attributable to changes in the credit risk of these liabilities and which would not create or enlarge accounting mismatch in reissued consolidated statement of profit or loss. Amount presented in liability credit reserve are not subsequently transferred to reissued consolidated statement of profit or' loss. When such investments are derecognised, the related cumulative amount in the liability credit reserve is transferred to retained earnings.

### Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expired.

## Statutory reserve

As required by Saudi Arabian Regulations for Companies, 10% of the Company's net income for the year is to be transferred to the statutory reserve. The Company may resolve to discontinue such transfers when the reserve equals 30% of the share capital. The reserve is not available for distribution.

## Zakat provision

The Company and its subsidiary are subject to zakat according to the regulations of the Zakat, Tax and Customs Authority (ZATCA). Zakat is calculated according to the Zakat rule on the basis of the reissued consolidated financial statements of the Company and its subsidiary. The calculated Zakat provision is distributed between the Company and its subsidiary. Any difference between the provisions and the final assessment is recorded in the year in which the final assessment occurs.

## Employees benefits

### Short term obligations

Liabilities for wages and salaries and any other short-term benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees, under the related service are recognised in respect of employee's services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the reissued consolidated statement of financial position.

### Post-employment liabilities

### Defined contribution plans

Retirement benefit in the Form of General Organization of Social Insurance (GOSI) is a defined contribution scheme. The Group has no obligation, other than the contribution payable to the GOSI. The Group recognises contribution payable to the GOSI as an expense, when an employee renders the related service.

### Defined benefits plans

The cost of providing benefits under the defined benefit plans is determined using the projected unit credit method. Re-measurements, comprising of actuarial gains and losses, are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Re-measurements are not reclassified to Comprehensive Income in subsequent periods.

The discount rate for discounting the estimated future cash outflows is required to be based on the yield on corporate bonds of duration and currency consistent with the liabilities. Where there is no deep market in corporate bonds in the currency under consideration, the yields on government bonds are used. In the absence of deep bond market in KSA, the discount rate used is based on US Corporate Bond Rates.

Past service costs are recognised in the reissued consolidated statement of Comprehensive Income on the earlier of the date of the plan amendment or curtailment and the date on which the Group recognises related restructuring costs. Net interest is calculated by applying the discount rate to the net defined benefit liability. The Group recognises the changes in the net defined benefit obligation under 'cost of revenue, 'general and administrative expenses' and 'selling and distribution expenses' in the reissued consolidated statement of profit or loss.

## Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be compiled with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed. Where the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

The Group has received interest free loans from Ministry of finance with a condition to use the proceeds only for the purpose of the purchase of medical equipment and furniture. The difference between the initial carrying value of the loan (its fair value) and the proceeds received is treated as a Government grant. The grant income is deferred and subsequently released in the reissued consolidated statement of comprehensive income for the same period as the depreciation of the relevant asset.

### Impairment of non-financial assets

For all tangible and intangible assets, the Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an assets or cash generating unit's ("**CGU**") fair value less costs of disposal and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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

The Group bases its impairment calculation on detailed budgets and forecasts which are prepared separately for each of the Group's CGU to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of three years. A long-term growth rate is calculated and applied to project future cash flows after the third year.

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

## Revenue

The Group recognises revenue from customers based on following five steps:

**Step 1:** Identify the contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

**Step 2:** Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

**Step 3:** Determine the transaction price: the transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

**Step 4:** Allocate the transaction price to the performance obligations in the contract: For a contract that has more than on performance obligation, the Group will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.

**Step 5:** Recognise revenue when (or as) the entity satisfies a performance obligation.

The Group satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

a- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs.

b- the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.

c- the Group's performance does not create an asset with an alternate use to the Group and the Group has an enforceable right to payment for performance completed to date.

For performance obligations where one of the above conditions are not met, revenue is recognised at the point in time at which the performance obligation is satisfied.

When the Group satisfies a performance obligation by delivering the promised services it creates a contract-based asset on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised this gives rise to a contract liability.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes and duty. The Group assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent.

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably.

## Medical services

Revenue from medical services primarily comprise fees charged for inpatient and outpatient hospitals services. Services include charges for accommodation, medical professional services, medical supplies and medication, equipment, radiology and laboratory. These services are sold either separately or bundled together with the sale of pharmaceutical products to a customer.

The Group assessed that there is only one performance obligation in a contract for bundled medical services, because the transferred services are not capable of being distinct.

The Group concluded that revenue from bundled services will be recognised over time, using the output method to measure progress towards complete satisfaction of the service similar to the previous accounting policy.

### Medical claims objections

The objections of medical claims are estimated from customers based on the Group's past experience and are recognised against revenue earned during the year. These estimates are subsequently adjusted to the actual settlement with the customers.

## Cost of revenue

Cost of revenue represents expenses directly related to the generation of revenue, including but not limited to salaries and benefits, materials and supplies, depreciation and other direct costs.

## General and administrative expenses

General and administrative expenses include direct and indirect costs that do not specifically form part of the medical cost. Allocations between general, administrative, and medical cost, when required, are made on a consistent basis.

## Foreign currencies

Transactions in foreign currencies are initially recorded by the Group at functional currency spot rate at the date the transaction qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the financial statements date. All differences are recognised in the reissued consolidated statement of profit and loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

## Borrowing costs

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

## Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of Comprehensive Income net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

## Contingent liabilities

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or nonoccurrence of one or more uncertain future events not wholly within the control of the Group or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

## Significant judgments assumptions and estimates

In preparing these reissued consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that are behaved to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are addressed below:

### Judgments

In the process of applying the Group's accounting policies, management has made judgements, which have the effect on the amounts recognised in the reissued consolidated financial statements.

### Assumptions and estimates

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

### Revenue recognition

The application of IFRS 15 has required management to make the following judgement:

- **Satisfaction of performance obligations**

The Group is required to assess each of its contracts with patients to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method of recognising revenue.

- **Determination of transaction prices**

The Group is required to determine the transaction price in respect of each of its agreements with customers. In making such judgment the Group assess the impact of any variable consideration in the contract, due to insurance claims discount or any other variable items, the existence of any significant financing component in the contract and any non-cash consideration in the contract.

- **Transfer of control in contracts with customers**

In case where the Group determines that performance obligation are satisfied at a point in time, revenue is recognised when services or control over the assets that is subject of contract is transferred to the patients.

### Allowance for expected credit losses

When measuring expected credit losses the Group uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the Group would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring expected credit losses. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

### Useful life of property and equipment

The useful life of each of the Group's items of property and equipment is estimated based on the period over which the asset is expected to be available for use. Such estimation is based on a collective assessment of practices of similar businesses, internal technical evaluation, experience with similar assets and application of judgment as to when the assets become available for use and the commencement of the depreciation charge.

The estimated useful life of each asset is reviewed periodically and updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the asset. It is possible, however, that future results of operations could be materially affected by changes in the amounts and timing of recorded expenses brought about by changes in the factors mentioned above. A reduction in the estimated useful life of any item of property and equipment would increase the recorded operating expenses and decrease non-current assets.

### Change in accounting estimate – useful life of assets

The significant judgments, estimates and assumptions made by management are the same as those that applied to the annual consolidated financial statements for the year ended 31 December 2022G, except for change in estimated useful life of certain property and equipment. During the year ended 31 December 2023G, the estimated total useful lives of certain property and equipment were revised as follows:

| Class of property and equipment | Estimated useful life before change | Estimated useful life after change |
|---|---|---|
| Building and improvements | 1.75% - 6.67% | 1.75% - 6.67% |
| Medical equipment | 10% - 25% | 10% |
| Furniture & fixtures | 10% - 20% | 10% - 20% |
| Computer & Software | 14% - 25% | 10% - 25% |
| General equipment | 10% - 25% | 6.67% - 10% |
| Motor vehicles | 25% | 25% |

Source Reissued consolidated financial statements for the year ended 31 December 2023G

The revision in useful life was based on the operational efficiency review of these assets. The revision has been accounted for as a change in accounting estimate in accordance with the requirements of International Accounting Standard IAS 8 "**Accounting policies, changes in accounting estimates and errors**". Had the revision in the useful life of these assets not been made, the depreciation expense for the year ended 31 December 2023G would have been higher by SR 15.6 million consequently profit before zakat would have been lower by the same amount.

### Measurement of employees' defined benefits liabilities

The Group net obligation in respect of defined benefit schemes is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods: that benefit is discounted to determine its present value, and the fair value of any plan assets is deducted.

The present value of the obligation is determined based on actuarial valuation at the statement of financial position date by an independent actuary using the Projected Unit Credit Method, which recognises each period of service as giving rise to an additional unit of employee benefit entitlement and measures. The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plan, are determined by reference to US bond yields, (as the Saudi Riyal is pegged to the US dollar), adjusted for an additional risk premium reflecting the possibility of the linkage being broken.

**Table (67): Summary of financial information and KPIs for the financial years ended 31 December 2021G, 2022G and 2023G and the nine months ended 30 September 2023G and 2024G**

| SAR in 000s | As of 31 December 2021G | As of 31 December 2022G | As of 31 December 2023G | As of 30 September 2024G |
|---|---|---|---|---|
| Non-current assets | 1,231,335 | 1,391,512 | 1,455,825 | 1,467,816 |
| Current assets | 605,083 | 495,330 | 618,406 | 735,915 |
| **Total assets** | **1,836,418** | **1,886,842** | **2,074,230** | **2,203,731** |
| **Total Shareholders' Equity** | **684,246** | **731,835** | **845,049** | **907,637** |
| Non-current liabilities | 610,602 | 505,283 | 518,266 | 467,124 |
| Current liabilities | 541,571 | 649,725 | 710,915 | 828,970 |
| **Total liabilities** | **1,152,172** | **1,155,008** | **1,229,181** | **1,296,093** |
| **Total Shareholders' Equity and Liabilities** | **1,836,418** | **1,886,842** | **2,074,230** | **2,203,731** |

| SAR in 000s | As of 31 December 2021G | As of 31 December 2022G | As of 31 December 2023G | As of 30 September 2024G |
|---|---|---|---|---|
| **KPIs** | | | | |
| Days Payable Outstanding (number of days) | 40 | 43 | 41 | 38 |
| Days inventory outstanding (number of days) | 9 | 8 | 9 | 9 |
| Days sales outstanding (number of days) | 118 | 116 | 125 | 139 |
| Working capital as a percentage of revenue* | 41% | 24% | 27% | 33% |
| Return on asset* | 3.0% | 5.5% | 8.1% | 9.6% |
| Return on equity* | 8.2% | 14.1% | 20.0% | 23.4% |
| Debt-to-equity ratio | 95% | 87% | 74% | 77% |

## 6.5 Results of operations

### 6.5.1 Statement of Profit or Loss and Other Comprehensive Income

**Table (68): Statement of Profit or Loss and Other Comprehensive Income for the Financial Years Ended 2021G, 2022G and 2023G and the Nine-Month Periods ended 30 September 2023G and 2024G**

| SAR in 000s | FY 2021G (Audited) | FY 2022G (Audited) | FY 2023G (Audited) | Var. 2021G-2022G | Var. 2022G-2023G | CAGR 2021G-2023G | Nine-month period ended 30 September 2023G (Unaudited) | Nine-month period ended 30 September 2024G (Unaudited) | Var. nine-month period ended 30 September 2023G-2024G |
|---|---|---|---|---|---|---|---|---|---|
| Revenue | 1,053,124 | 1,208,654 | 1,367,930 | 14.8% | 13.2% | 14.0% | 992,794 | 1,111,287 | 11.9% |
| Cost of revenue | (815,695) | (922,979) | (1,011,480) | 13.2% | 9.6% | 11.4% | (737,668) | (768,515) | 4.2% |
| **Gross profit** | **237,429** | **285,675** | **356,449** | **20.3%** | **24.8%** | **22.5%** | **255,126** | **342,773** | **34.4%** |
| General and administrative expenses | (162,363) | (149,480) | (132,651) | (7.9%) | (11.3%) | (9.6%) | (105,070) | (136,471) | 29.9% |
| Selling and marketing expenses | (5,868) | (8,447) | (9,215) | 44.0% | 9.1% | 25.3% | (6,588) | (7,260) | 10.2% |
| **Operating profit** | **69,198** | **127,748** | **214,582** | **84.6%** | **68.0%** | **76.1%** | **143,468** | **199,042** | **38.7%** |
| Finance costs | (18,886) | (29,821) | (48,459) | 57.9% | 62.5% | 60.2% | (35,864) | (39,487) | 10.1% |
| Other income | 8,976 | 9,188 | 8,576 | 2.4% | (6.7%) | (2.3%) | 6,528 | 5,713 | (12.5%) |
| **Profit before zakat** | **59,288** | **107,116** | **174,700** | **80.7%** | **63.1%** | **71.7%** | **114,132** | **165,268** | **44.8%** |
| Zakat | (3,321) | (4,155) | (6,004) | 25.1% | 44.5% | 34.4% | (4,428) | (6,204) | 40.1% |

| SAR in 000s | FY 2021G (Audited) | FY 2022G (Audited) | FY 2023G (Audited) | Var. 2021G-2022G | Var. 2022G-2023G | CAGR 2021G-2023G | Nine-month period ended 30 September 2023G (Unaudited) | Nine-month period ended 30 September 2024G (Unaudited) | Var. nine-month period ended 30 September 2023G-2024G |
|---|---|---|---|---|---|---|---|---|---|
| **Profit for the year / period** | **55,967** | **102,961** | **168,696** | **84.0%** | **63.8%** | **73.6%** | **109,703** | **159,063** | **45.0%** |
| **Other comprehensive income** | | | | | | | | | |
| **Items which will not be reclassified to profit or loss:** | | | | | | | | | |
| Remeasurement of employees defined benefits liabilities | (2,147) | (5,372) | 4,519 | 150.2% | (184.1%) | N.A | 3,389 | 3,525 | 4.0% |
| **Total other comprehensive income for the year / period** | **53,820** | **97,589** | **173,215** | **81.3%** | **77.5%** | **79.4%** | **113,092** | **162,588** | **43.8%** |
| **As a percentage of revenue/percentage point** | | | | | | | | | |
| **Gross profit** | **22.5%** | **23.6%** | **26.1%** | **1.1** | **2.4** | **3.5** | **25.7%** | **30.8%** | **5.1** |
| **Administrative and general expenses** | **15.4%** | **12.4%** | **9.7%** | **(3.0)** | **(2.7)** | **(5.7)** | **10.6%** | **12.3%** | **1.7** |
| **Profit for the year / Period** | **5.3%** | **8.5%** | **12.3%** | **3.2** | **3.8** | **7.0** | **11.0%** | **14.3%** | **3.3** |
| **KPIs** | | | | | | | | | |
| **Patient visits** | | | | | | | | | |
| Inpatient | 244,729 | 251,432 | 241,781 | 2.7% | (3.8%) | (0.6%) | 181,712 | 170,021 | (6.4%) |
| Outpatient | 749,905 | 945,550 | 1,147,162 | 26.1% | 21.3% | 23.7% | 827,177 | 914,328 | 10.5% |
| **Revenue per patient visit (in SAR)** | | | | | | | | | |
| Inpatient | 2,616 | 2,626 | 2,973 | 0.4% | 13.2% | 6.6% | 2,933 | 3,247 | 10.7% |
| Outpatient | 430 | 428 | 439 | (0.5%) | 2.7% | 1.1% | 438 | 464 | 6.1% |
| **Occupancy – inpatient** | | | | | | | | | |
| Beds | 755 | 755 | 726 | 0.0% | (3.8%) | (1.9%) | 740 | 578 | (21.9%) |
| Patients per bed | 324 | 333 | 333 | 2.7% | 0.0% | 1.4% | 246 | 294 | 19.8% |
| **Occupancy – outpatient** | | | | | | | | | |
| Clinics | 240 | 240 | 262 | 0.0% | 9.2% | 4.5% | 262 | 266 | 1.5% |
| Patients per clinic | 3,125 | 3,940 | 4,378 | 26.1% | 11.1% | 18.4% | 3,157 | 3,437 | 8.9% |
| **Other KPIs** | | | | | | | | | |
| Number of physicians | 334 | 376 | 443 | 12.6% | 17.8% | 15.2% | 432 | 443 | 0.02 |
| Patients per physician | 3,251 | 3,613 | 3,570 | 11.1% | (1.2%) | 4.8% | 2,655 | 2,773 | 0.04 |
| Number of pharmacy invoices | 605,897 | 824,819 | 967,304 | 36.1% | 17.3% | 26.4% | 695,823 | 746,113 | 7.2% |
| Revenue per invoice | 1,738 | 1,465 | 1,414 | (15.7%) | (3.5%) | (9.8%) | 1,427 | 1,489 | 4.4% |

Source: Special purpose consolidated financial statements for the year ended 31 December 2022G, the reissued consolidated financial statements for the year ended 31 December 2023G and unaudited consolidated financial statements for the nine months ended 30 September 2024G

### Revenue

The Group's revenues include (1) inpatient services, (2) outpatient services, (3) outpatient pharmacies, (4) emergency room ("**ER**"), and (5) other miscellaneous services (Gourmet 360 / Diet World, Dialysis Unit, Fertilization Center, Embryo Transplantation Center, Patient Recruitment Service, and Home Healthcare Services).

Revenues increased by 14.8% from SAR 1,053.1 million in 2021G to SAR 1,208.7 million in 2022G, and then by 13.2% to SAR 1,367.9 million in 2023G. Revenues increased by 11.9% from SAR 992.8 million for the nine-month period ended 30 September 2023G to SAR 1,111.3 million for the nine-month period ended 30 September 2024G.

This growth during this financial period was driven by the launch of SMC Hospital (2) – King Abdullah Road, where patient-related visits to the hospital increased by 63.1% in 2022G, 32.5% in 2023G, and 18.6% in the nine-month period ending 30 September 2024G, with continued expansion of operations following its opening in March 2020G amidst the COVID-19 pandemic.

On the other hand, SMC Hospital (1) – King Fahd Road achieved growth, with revenues increasing by 4.7% in 2022G, 8.8% in 2023G, and 7.3% in the nine-month period ended 30 September 2024G. As a result of the increase in the number of patients by 13.1% in 2022G, 9.0% in 2023G, and 0.4% in the nine-month period ending 30 September 2024G, the hospital neared full capacity utilization at 80.5% in the same period.

### Cost of revenue

The cost of revenue consists of salaries and wages, the cost of the pharmacy, inpatient supplies and the anesthesia department, among others.

The cost of revenue increased by 13.2%, rising from SAR 815.7 million in 2021G to SAR 923.0 million in 2022G. This increase was primarily driven by higher labor costs (SAR 65.2 million), mainly due to increased salaries and wages (SAR 48.5 million) associated with the recruitment of additional doctors and nurses at SMC Hospital (2) – King Abdullah Road, as operations continued to expand following its opening in March 2020G. Additionally, pharmacy costs rose by SAR 36.5 million, in line with higher pharmacy revenues. This was due to a significant increase in the number of prescriptions filled, which increased from 605,897 in 2021G to 824,819 in 2022G, accounting for approximately 90% of the increase in pharmacy costs.

Cost of revenue increased by 9.6% from SAR 923.0 million in 2022G to SAR 1,011.5 million in 2023G, driven by the increase in labor cost (SAR 56.3 million) due to an increase in salaries and wages (SAR 30.6 million) and other benefits (SAR 8.9 million).

Cost of revenue increased by 4.3% from SAR 737.7 million in the nine-month period ended 30 September 2023G to SAR 768.5 million in the nine-month period ended 30 September 2024G, due to an increase in the cost of labor (SAR 29.1 million) related to salaries and wages (by SAR 20.4 million), reflecting an annual increase in wages ranging between 3% - 5%, in addition to the increase in the number of nurses and doctors due to the continuous expansion of SMC Hospital (2) – King Abdullah Road. Pharmacy costs also increased by SAR 13.1 million, in line with the increase in the total pharmacy revenues, due to the increase in the volume of prescriptions from 824.8 thousand in 2022G to 967.3 thousand in 2023G.

### Gross Profit

Gross profit increased by 20.3% from SAR 237.4 million in 2021G to SAR 285.7 million in 2022G, with gross profit margin increasing from 22.8% in 2021G to 23.9% in 2022G, and SAR 356.4 million in 2023G, with gross profit margin increasing to 27.2% during the aforementioned period.

Gross profit increased by 34.4% from SAR 255.1 million for the nine-month period ended 30 September 2023G to SAR 342.8 million for the nine-month period ended 30 September 2024G.

Growth in the Group's gross profit margin was achieved, with SMC Hospital (2) King Abdullah Road's gross profit margin increasing from 13.8% in 2021G to 36.6% in the nine-month period ended 30 September 2024G, as a result of its state-of-the-art design and operational efficiency, which contributed to improved resource utilization and reduced costs. On the other hand, SMC Hospital (1) – King Fahd Road remains the Group's main healthcare center in Riyadh, benefiting from its historical status and the diversity of its medical services, which bolsters the Group's position in providing comprehensive and distinguished services.

SMC Hospital (2) – King Abdullah Road is a model of modernity and operational efficiency, as a result of its modern design, consisting of a single tower that allows the streamlined flow of operations and workflow with high efficiency, which contributes to enhancing productivity and optimizing the use of employees and resources. On the other hand, SMC Hospital (1) – King Fahd Road has been pivotal in providing healthcare for years, with opportunities to develop aspects related to maintenance, improve energy efficiency, and streamline logistics operations due to its multi-tower design.

SMC Hospital (2) – King Abdullah Road's operational efficiency is further supported by improvements in the cost of revenue as a percentage of revenue, which decreased from 83.2% in 2021G to 63.2% in the nine-month period ended 30 September 2024G. In contrast, the average cost of revenue at SMC Hospital (1) – King Fahd Road was 72.0% across the historical period, underscoring the importance of investing in modern infrastructure to enhance efficiency and long-term operational sustainability.

### Administrative and general expenses

General and administrative expenses relate to salaries and employee benefits, depreciation, expected credit losses, amongst others.

General and administrative expenses decreased by 7.9% from SAR 162.4 million in 2021G to SAR 149.5 million in 2022G, due to a decrease in expected credit losses (SAR 15.2 million), offset by an increase in employee salaries and benefits (SAR 1.8 million).

General and administrative expenses decreased by 11.3% from SAR 149.5 million in 2022G to SAR 132.7 million in 2023G, mainly due to lower expected credit losses (SAR 29.9 million) resulting from non-recurring provisions incurred in 2021G and 2022G pertaining to Ministry of Health customers, while offset by an increase in employee salaries and benefits (SAR 13.2 million), as operations continued to expand at SMC Hospital (2) – King Abdullah Road.

General and administrative expenses increased by 29.9% from SAR 105.1 million for the nine-month period ended 30 September 2023G to SAR 136.5 million for the nine-month period ended 30 September 2024G, due to an increase in expected credit losses (SAR 20.0 million) mainly due to provisions related to insurance companies and patient receivables.

### Sale and marketing expenses

Sales and marketing expenses relate to advertising efforts to promote the Specialized Medical Center brand.

Selling and marketing expenses increased by 44.0% from SAR 5.9 million in 2021G to SAR 8.5 million in 2022G, and further by 9.1% from SAR 8.5 million in 2022G to SAR 9.2 million in 2023G.

Selling and marketing expenses increased by 10.2% from SAR 6.6 million for the nine-month period ended 30 September 2023G to SAR 7.3 million for the nine-month period ended 30 September 2024G.

This upward trend in selling and marketing expenses reflects the implementation of a marketing strategy aimed at increasing the Group's visibility, with the expectation of continued growth in the promotional activities.

### Financing costs

Financing costs relate mainly to interest on loans and interest on lease liabilities.

Financing costs increased by 57.9% from SAR 18.9 million in 2021G to SAR 29.8 million in 2022G, and further by 62.5% from SAR 29.8 million in 2022G to SAR 48.5 million in 2023G, due to an increase in loan interest (SAR 11.6 million) in 2022G and by SAR (12.5 million) in 2023G, due to loan refinancing at maturity and refinancing of loans related to the new SMC Hospital (2) King Abdullah Road's operations, and financing the construction of SMC Hospital (3) – Northern Ring Road.

Financing costs increased by 10.1% from SAR 35.9 million for the nine-month period ended 30 September 2023G to SAR 39.5 million for the nine-month period ended 30 September 2024G, due to higher interest on loans and banking facilities (SAR 24.2 million), mainly due to the continued increase in the Saudi Interbank Offered Rate (SIBOR), as well as the increase in loans related to refinancing and construction of SMC Hospital (3) – Northern Ring Road, offset by a decrease in interest on lease liabilities (SAR 1.6 million).

Moreover, financing costs increased during the period from 2022G to 2024G, with the majority of this increase due to the continuous rise in the Saudi Interbank Offered Rate (SIBOR), which directly contributed to the increase in the cost of loans and banking facilities used by the Company, especially in financing its expansion projects, such as the construction of SMC Hospital (3) – Northern Ring Road. This effect highlights the impact of SIBOR fluctuations on the Group's financial obligations associated with financing expansions and refinancing.

### Other income

Other income mainly relates to income from leasing out spaces within the two hospitals, donations and support, educational training income and services, among others.

Other income increased by 2.4% from SAR 9.0 million in 2021G to SAR 9.2 million in 2022G, due to an increase in educational training and services income (SAR 2.3 million), offset by lower rental income (SAR 2.2 million).

Other income decreased by 2.7% from SAR 9.2 million in 2022G to SAR 8.6 million in 2023G, due to lower training and services income (SAR 1.8 million).

Other income decreased by 12.5% from SAR 6.5 million for the nine-month period ended 30 September 2023G to SAR 5.7 million for the nine-month period ended 30 September 2024G, due to a decrease in donations and support (by SAR 1.5 million).

### Zakat

Zakat expense increased throughout the historical period by 25.1% from SAR 3.3 million in 2021G to SAR 4.2 million in 2022G, and further by 44.5% from SAR 4.2 million in 2022G to SAR 6.0 million in 2023G.

Zakat expense increased by 40.1% from SAR 4.4 million for the nine-month period ended 30 September 2023G to SAR 6.2 million for the nine-month period ended 30 September 2024G.

This significant increase in Zakat expense between 2021G and the nine-month period ended 30 September 2024G is mainly due to the increase in the Zakat base, reflecting the growth of the Company's business and the expansion of its operational activities.

### Re-measuring specific benefit obligations of employees

The remeasurement of defined benefit liabilities for employees relates to actuarial adjustments in long-term liabilities such as end-of-service.

The remeasurement of defined employee benefit liabilities reported a loss of SAR 2.1 million in 2021G, while the loss increased to SAR 5.4 million in 2022G, before improving to a gain of SAR 4.5 million in 2023G.

For the nine-month period ended 30 September 2023G, the remeasurement gain was SAR 3.4 million, but decreased to SAR 3.5 million in the nine-month period ended 30 September 2024G.

#### 6.5.1.1 Revenue by Segment

**Table (69): Revenues by Segment for the fiscal years ended 31 December 2021G, 2022G and 2023G and the nine-month periods ended 30 September 2023G and 2024G**

| SAR in 000s | FY 2021G (Audited) | FY 2022G (Audited) | FY 2023G (Audited) | Var. 2021G-2022G | Var. 2022G-2023G | CAGR 2021G-2023G | Nine-month period ended 30 September 2023G (Unaudited) | Nine-month period ended 30 September 2024G (Unaudited) | Var. nine-month period ended 30 September 2023G-2024G |
|---|---|---|---|---|---|---|---|---|---|
| Medical Services | 905,111 | 1,007,990 | 1,105,991 | 11.4% | 9.7% | 10.5% | 803,977 | 906,758 | 12.8% |
| Trading, retail and others | 148,013 | 200,664 | 261,939 | 35.6% | 30.5% | 33.0% | 188,817 | 204,530 | 8.3% |
| **Total** | **1,053,124** | **1,208,654** | **1,367,930** | **14.8%** | **13.2%** | **14.0%** | **992,794** | **1,111,287** | **11.9%** |

| SAR in 000s | FY 2021G (Audited) | FY 2022G (Audited) | FY 2023G (Audited) | Var. 2021G-2022G | Var. 2022G-2023G | CAGR 2021G-2023G | Nine-month period ended 30 September 2023G (Unaudited) | Nine-month period ended 30 September 2024G (Unaudited) | Var. nine-month period ended 30 September 2023G-2024G |
|---|---|---|---|---|---|---|---|---|---|
| **As a percentage of revenue/percentage point** | | | | | | | | | |
| Medical Services | 85.9% | 83.4% | 80.9% | (2.5) | (2.5) | (5.1) | 81.0% | 81.6% | 0.6 |
| Trading, retail and others | 14.1% | 16.6% | 19.1% | 2.5 | 2.5 | 5.1 | 19.0% | 18.4% | (0.6) |
| **Total** | **100.0%** | **100.0%** | **100.0%** | **0.0** | **0.0** | **0.0** | **100.0%** | **100.0%** | **0.0** |

Source: Special purpose consolidated financial statements for the year ended 31 December 2022G, the reissued consolidated financial statements for the year ended 31 December 2023G and unaudited consolidated financial statements for the nine months ended 30 September 2024G.

Total revenue is divided into two segments, (i) the medical services segment consisting of medical supplies used for inpatients, outpatients and emergency room departments, and (ii) the trading and retail segment which includes pharmaceutical supplies and food supplies related to the subsidiary.

### Medical services

Revenue from medical services increased during the financial period, rising by 11.4% from SAR 905.1 million in 2021G to SAR 1,008.0 million in 2022G, driven by the continued expansion of the Group's operations.

Revenue from medical services increased by 9.7% from SAR 1,008.0 million in 2022G to SAR 1,106.0 million in 2023G, as a result of the continued expansion of operations and an increase in the volume of services provided.

Revenue from medical services increased by 12.9% from SAR 804.0 million for the nine-month period ended 30 September 2023G to SAR 907.0 million for the nine-month period ended 30 September 2024G. This growth was attributable to the expansion of the Group's operations coupled with the increase in prices of medical materials during the financial period, reflecting the Group's operational capability and its response to market changes, including partially passing the price increase to customers.

### Trading, retail and others

Trading, retail and other revenues increased by 35.6% from SAR 148.0 million in 2021G to SAR 200.7 million in 2022G. This growth was attributable to an increase in the number of outpatients (by 66.2%), in line with the expansion of SMC Hospital (2) – King Abdullah Road operations.

Trading, retail and other revenues continued to increase in 2023G, increasing by 30.5% to SAR 261.9 million compared to SAR 200.7 million in 2022G, driven by the continued expansion of SMC Hospital Operations (2) - King Abdullah Road.

For the nine-month period ended 30 September 2024G, trading, retail and others increased by 8.3%, from SAR 188.8 million in the same period of the previous year to SAR 204.5 million. This growth reflects the sustainable expansion of SMC Hospital (2) – King Abdullah Road's operations, supporting the Group's performance.

### 6.5.1.2 Total Gross and Net Revenue by Core Services

**Table (70): Total gross and net revenues by core services for the financial years Ending 31 December 2021G, 2022G and 2023G and the nine-month periods ended 30 September 2023G and 2024G**

| SAR in 000s | FY 2021G (Management information) | FY 2022G (Management information) | FY 2023G (Management information) | Var. 2021G-2022G | Var. 2022G-2023G | CAGR 2021G-2023G | Nine-month period ended 30 September 2023G (Management information) | Nine-month period ended 30 September 2024G (Management information) | Var. nine-month period ended 30 September 2023G-2024G |
|---|---|---|---|---|---|---|---|---|---|
| Inpatient | 640,560 | 660,285 | 718,772 | 3.1% | 8.9% | 5.9% | 533,006 | 552,109 | 3.6% |
| Outpatient | 322,336 | 404,301 | 503,910 | 25.4% | 24.6% | 25.0% | 362,095 | 424,492 | 17.2% |
| Outpatient pharmacy | 140,086 | 191,932 | 232,754 | 37.0% | 21.3% | 28.9% | 168,764 | 184,932 | 9.6% |
| Emergency room | 47,417 | 76,817 | 114,140 | 62.0% | 48.6% | 55.2% | 82,053 | 87,760 | 7.0% |
| Total clinics | 509,839 | 673,050 | 850,804 | 32.0% | 26.4% | 29.2% | 612,912 | 697,184 | 13.7% |
| Other services | 34,760 | 33,127 | 35,291 | (4.7%) | 6.5% | 0.8% | 25,605 | 20,902 | (18.4%) |
| Contractual obligations | (132,035) | (157,808) | (228,550) | 19.5% | 44.8% | 31.6% | (173,658) | (148,394) | (14.5%) |
| Nphies fees | - | - | (8,387) | N.A | N.A | N.A | (5,070) | (10,514) | 107.4% |
| **SAR in 000s** | **FY 2021G (Management information)** | **FY 2022G (Management information)** | **FY 2023G (Management information)** | **Var. 2021G-2022G** | **Var. 2022G-2023G** | **CAGR 2021G-2023G** | **Nine-month period ended 30 September 2023G (Management information)** | **Nine-month period ended 30 September 2024G (Management information)** | **Var. nine-month period ended 30 September 2023G-2024G** |
| **Total** | **1,053,124** | **1,208,654** | **1,367,930** | **14.8%** | **13.2%** | **14.0%** | **992,794** | **1,111,287** | **11.9%** |
| **As a percentage of revenue/percentage point** | | | | | | | | | |
| Inpatient | 60.8% | 54.6% | 52.5% | (6.2) | (2.1) | (8.3) | 53.7% | 49.7% | (4.0) |
| Outpatient | 30.6% | 33.5% | 36.8% | 2.8 | 3.4 | 6.2 | 36.5% | 38.2% | 1.7 |
| Outpatient pharmacy | 13.3% | 15.9% | 17.0% | 2.6 | 1.1 | 3.7 | 17.0% | 16.6% | (0.4) |
| Emergency room | 4.5% | 6.4% | 8.3% | 1.9 | 2.0 | 3.8 | 8.3% | 7.9% | (0.4) |
| Other services | 3.3% | 2.7% | 2.6% | (0.6) | (0.2) | (0.7) | 2.6% | 1.9% | (0.7) |
| Contractual obligations | (12.5%) | (13.1%) | (16.7%) | (0.5) | (3.7) | (4.2) | (17.5%) | (13.4%) | 4.1 |
| Nphies fees | 0.0% | 0.0% | (0.6%) | - | (0.6) | (0.6) | (0.5%) | (0.9%) | (0.4) |
| **KPIs** | | | | | | | | | |
| **Patient visits** | | | | | | | | | |
| Inpatient | 244,729 | 251,432 | 241,781 | 2.7% | (3.8%) | (0.6%) | 181,712 | 170,021 | (6.4%) |
| Outpatient | 749,905 | 945,550 | 1,147,162 | 26.1% | 21.3% | 23.7% | 827,177 | 914,328 | 10.5% |

| SAR in 000s | FY 2021G (Management information) | FY 2022G (Management information) | FY 2023G (Management information) | Var. 2021G-2022G | Var. 2022G-2023G | CAGR 2021G-2023G | Nine-month period ended 30 September 2023G (Management information) | Nine-month period ended 30 September 2024G (Management information) | Var. nine-month period ended 30 September 2023G-2024G |
|---|---|---|---|---|---|---|---|---|---|
| Number of patients in emergency rooms | 91,069 | 161,534 | 192,581 | 77.4% | 19.2% | 45.4% | 138,142 | 141,223 | 2.2% |
| Number of beds | 755 | 755 | 726 | 0.0% | (3.8%) | (1.9%) | 740 | 578 | (21.9%) |
| Number of outpatient clinics | 240 | 240 | 262 | 0.0% | 9.2% | 4.5% | 262 | 266 | 1.5% |
| Bed occupancy rate* | 80.9% | 82.8% | 81.1% | 1.9 | (1.7) | 0.2 | 79.5% | 78.4% | (1.2) |
| Number of inpatients per bed | 324 | 333 | 333 | 2.7% | 0.0% | 1.4% | 246 | 294 | 19.8% |
| Number of patients per outpatient clinic | 3,125 | 3,940 | 4,378 | 26.1% | 11.1% | 18.4% | 3,157 | 3,437 | 8.9% |
| Average revenue per patient - inpatients (SAR) | 2,616 | 2,626 | 2,973 | 0.4% | 13.2% | 6.6% | 2,933 | 3,247 | 10.7% |
| SAR in 000s | FY 2021G (Management information) | FY 2022G (Management information) | FY 2023G (Management information) | Var. 2021G-2022G | Var. 2022G-2023G | CAGR 2021G-2023G | Nine-month period ended 30 September 2023G (Management information) | Nine-month period ended 30 September 2024G (Management information) | Var. nine-month period ended 30 September 2023G-2024G |
| Average revenue per patient - outpatient clinics (SAR) | 430 | 428 | 439 | (0.5%) | 2.7% | 1.1% | 438 | 464 | 6.1% |
| Average revenue per patient - emergency room patients (SAR) | 521 | 476 | 593 | (8.7%) | 24.6% | 6.7% | 594 | 621 | 4.6% |

Source: Management Information

* Bed occupancy rate does not include operating rooms, throughout the historical period. The bed occupancy ratio for the nine months ended 30 September 2024G was calculated based on 672 beds, with 94 beds decommissioned by the end of September 2024G

Inpatient revenue and outpatient revenue are recognized over a period of time if one of the following criteria is met:

a- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs.

b- the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced,

c- the Group's performance does not create an asset with an alternate use to the Group and the Group has an enforceable right to payment for performance completed to date.

For performance obligations where one of the above conditions are not met, revenue is recognised at the point in time at which the performance obligation is satisfied.

The Group generates its revenue through five main services:

### Inpatients

It consists of medical services that require patient hospitalization and usually related to surgeries, intensive care or rehabilitation.

Inpatient revenues represent 60.8%, 54.6%, and 52.5% of total revenues in 2021G, 2022G, and 2023G, respectively, and 49.7% of total revenue for the nine-month period ended 30 September 2024G, compared to 53.7% for the nine-month period ended 30 September 2023G. This decrease in the percentage of inpatient revenue to total revenue is due to the realignment of the Group's strategy towards focusing on outpatient services, in response to changes in the market dynamics and the gradual shift away from Government related Long Term inpatient services and focusing more on insurance and cash related business.

Inpatient revenue increased by 3.1% from SAR 640.6 million in 2021G to SAR 660.3 million in 2022G due to the increase in the number of visits during 2022G.

Inpatient revenue increased by 8.9% from SAR 660.3 million in 2022G to SAR 718.8 million in 2023G, due to an increase in the number of visits and average revenue per inpatient.

Inpatient revenue increased by 3.6% from SAR 533.0 million for the nine-month period ended 30 September 2023G to SAR 552.1 million for the nine-month period ended 30 September 2024G, due to an increase in average revenue per inpatient.

Patient visits increased by 2.1% between 2021G and 2022G, as SMC Hospital (2) – King Abdullah Road continued to expand its operations, despite a decline in long-term care ("LTC") patients, as long-term care patients received services under government contracts. Although patient visits peaked in 2022G, driven by certain departments, they decreased by 3.8% in 2023G, due to a 20.7% decline in long-term care patients, following the Group's strategic decision not to renew long-term contracts with the government. Moreover, this decrease was accompanied by a decrease in long-term care beds, from 755 in 2022G to 726 in 2023G and continued to decline until the end of September 2024G, with inpatient visits reduced by 6.4% and long-term care department beds reduced, reflecting the strategic shift. The decline reflects the Group's strategic decision to redirect its focus away from long-term care services, with a focus on higher-return medical services, such as outpatient and short-term care. This shift contributed to improved operational efficiency. It is worth mentioning that inpatient revenues include the amounts allocated under an agreement with Al-Humaid Medical Company ("The Pharmacy"), through which the Group obtained preferential discounts resulting from pharmacies operating within SMC Hospital (1) – King Fahd Road and SMC Hospital (2) – King Abdullah Road.

## Total outpatient revenue:

### Outpatient Clinics

Refers to medical treatments, consultations, and procedures that do not require hospitalization, such as routine check-ups, diagnostic tests and minor surgeries.

Outpatient revenues are the second largest service, accounting for 30.6%, 33.5% and 36.8% in 2021G, 2022G and 2023G respectively, and 36.5% and 38.2% of revenues for the nine-month period ended 30 September 2023G and 2024G, respectively.

Outpatient revenue increased by 25.4% from SAR 322.3 million in 2021G to SAR 404.3 million in 2022G with total outpatient visits increasing by 26.1%, mainly from SMC Hospital (2) – King Abdullah Road, as a result of the expansion of hospital operations.

Outpatient revenues increased by 24.6% from SAR 404.3 million in 2022G to SAR 503.9 million in 2023G, with total outpatient visits increasing by 21.3%, while the number of visits from SMC Hospital (2) – King Abdullah Road increased as operations continued to expand. Furthermore, the number of clinics increased from 240 in 2022G to 262 in 2023G, including the addition of 20 new clinics at SMC Hospital (2) – King Abdullah Road and two new clinics at SMC Hospital (1) – King Fahd Road.

Outpatient revenue increased by 17.2% from SAR 362.1 million for the nine-month period ended 30 September 2023G to SAR 424.5 million for the nine-month period ended 30 September 2024G, as outpatient visits increased by 4.1%, while the number of visits from SMC Hospital (2) – King Abdullah Road increased, driven by the opening of four additional clinics, bringing the total number of the Group's clinics to 266.

### Outpatient Pharmacies

The Group has arrangements whereby it receives a percentage of the outpatient revenues and a percentage of the cash income of pharmacies operating within its hospitals at SMC Hospital (1) – King Fahd Road and SMC Hospital (2) – King Abdullah Road.

Revenue contribution from this service increased from 13.3% in 2021G to 15.9% and 17.0% in 2022G and 2023G, respectively, while it reached 17.0% and 16.6% for the nine-month period ended 30 September 2023G and 2024G, respectively.

Revenues from outpatient pharmacies increased by 37.0% from SAR 140.1 million in 2021G to SAR 191.9 million in 2022G and SAR 232.8 million in 2023G, due to the increase in the number of patients.

Revenues from outpatient pharmacies increased by 9.6% from SAR 168.8 million for the nine months ended 30 September 2023G to SAR 184.9 million for the nine-month period ended 30 September 2024G, due to an increase in the number of outpatient bills from 662 thousand for the nine-month period ended 30 September 2023G to 703 thousand for the nine-month period ended 30 September 2024G.

### Emergency Room

Emergency room services include providing immediate medical care to patients with emergency conditions.

Emergency room revenues increased by 62.0% from SAR 47.4 million in 2021G to SAR 76.8 million in 2022G, due to an increase in the number of patients, by 77.4% between 2021G and 2022G, as patients began to return to hospitals following the outbreak of COVID-19.

Emergency room revenues increased by 48.6% from SAR 76.8 million in 2022G to SAR 114.1 million in 2023G, due to (1) reduced length of stay in the emergency room, due to pre-screening, allowing patients who need medication only, to avoid long visits to the emergency room, resulting in increased patient turnover and allowing the emergency room to treat more patients in the same period. As a result, the number of patients increased from 162 thousand in 2022G to 193 thousand in 2023G. In addition, the average revenue per patient in the emergency room increased from SAR 476 in 2022G to SAR 593 in 2023G, and (2) the number of patients increased by 19.2% between 2022G and 2023G, along with an increase in average revenue per patient in the emergency room by 24.6% between 2022G and 2023G.

Emergency room revenue increased by 7.0% from SAR 82.1 million for the nine-month period ended 30 September 2023G to SAR 87.8 million for the nine-month period ended 30 September 2024G, due to a decrease in the length of stay in the emergency room, resulting in an increase in patient visits by 2.2% between the nine months ended 30 September 2023G and the nine-month period ended 30 September 2024G, while the average revenue per patient increased from SAR 594 for the nine months ended 30 September 2023G to SAR 621 for the nine-month period ending 30 September 2024G.

### Other Services

Other services consist of:

- **International Specialized Food Company – ISFC (Gourmet 360 / Diet World)**

Gourmet 360, a subsidiary of the Group, is the main source of revenue for food services and meal preparation. Initially, Diet World was included in the Group but was reclassified to Gourmet 360. In addition to providing food and meal services, Gourmet 360 is responsible for supplying all types of food and meals to the Group's hospitals and new expansions, making it part of the complementary services that support the main health services activity.

Through Diet World, Gourmet 360 also offers healthy meal preparation services delivered daily to subscribers, targeting the needs of individuals seeking balanced and healthy food choices.

Revenues continued to decline during the historical period until the nine-month period ended 30 September 2024, due to the closure of branches in Jeddah and Al Khobar owing to their lack of profitability. However, the company is currently focusing on enhancing operational efficiency by focusing its efforts exclusively on the city of Riyadh.

- **Hemodialysis Unit**

The Group launched a specialized facility in 2021G focused on hemodialysis treatment. Revenues increased across the historical period 2021G-2023G (CAGR 232.2%), while the revenue from this segment increased by 42.0% between the nine-month period ended 30 September 2023G and the nine-month period ended 30 September 2024G, due to high demand from patients.

- **IVF Center**

In 2023G, the Group launched an In-vitro Fertilization Center ("IVF"). Revenue continued to grow as the number of patients continued to rise, reaching 3,700 patients in the nine-month period ended 30 September 2024G.

- **Outreach Service**

This service represents revenue generated by the Group's outpatient clinics operating outside the hospital (off-site clinics). Revenues from this service have been steadily declining recently, due to the scale back of these services by the contractor.

- **Home Health Care Services**

Home health care services refer to medical care provided in patients' homes and may include, but are not limited to, home nursing services, doctor visits, and laboratory services. Revenues continued to decline due to the decline in demand for these services following the re-opening of outpatient clinics after Covid-19.

### Contractual obligations

Contractual obligations relate to the reconciliation of all insurance companies related accounts, consisting of Nphies Fees, Early payment Discounts, Medical Rejections and Volume Discounts. Contractual obligations increased by 19.5% from SAR 132.0 million in 2021G to SAR 157.8 million in 2022G, due to higher discounts offered to insurance companies, in line with the increase in the number of patients and discounts related to volume of business.

Contractual obligations increased by 44.8% from SAR 157.8 million in 2022G to SAR 228.6 million in 2023G, due to higher discounts granted to insurance companies in exchange for achieving higher numbers of patients.

Contractual obligations decreased by 14.5% from SAR 173.7 million in the nine-month period ended 30 September 2023G to SAR 148.4 million in the nine-month period ended 30 September 2024G, due to a decrease in the number of rejections by insurance companies.

### Nphies platform fees

Represents the fees paid to the Ministry of Health (“MOH”) in relation to the National Health and Insurance Exchange Services Platform, a unified digital platform designed to facilitate the exchange of health information between healthcare providers, insurance companies and relevant stakeholders.

The percentage of fees imposed between the third quarter of 2021G and February 2022G represents 0.5% of total revenues, and increased to 1.5% in March 2022G, where it remained stable until February 2023G. As of March 2023G, the fees represent 2.0% of total revenue. Fees increased from nil in 2022G to SAR 8.4 million in 2023G, following reclassification from contractual obligations.

Charges increased by 107.4% from SAR 5.1 million for the nine-month period ended 30 September 2023G to SAR 10.5 million for the nine-month period ended 30 September 2024G, due to the increase in fees.

### 6.5.1.3 Revenue by customer type

**Table (71): Revenues by customer type for the years ended 31 December 2021G, 2022G and 2023G and the nine-month periods ended 30 September 2023G and 2024G**

| SAR in 000s | FY 2021G (Management information) | FY 2022G (Management information) | FY 2023G (Management information) | Var. 2021G-2022G | Var. 2022G-2023G | CAGR 2021G-2023G | Nine-month period ended 30 September 2023G (Management information) | Nine-month period ended 30 September 2024G (Management information) | Var. nine-month period ended 30 September 2023G-2024G |
|---|---|---|---|---|---|---|---|---|---|
| Total revenues of patients covered by insurance companies | 716,269 | 945,376 | 1,224,943 | 32.0% | 29.6% | 30.8% | 883,009 | 998,031 | 13.0% |
| Total Revenues of Government Entities | 217,976 | 192,604 | 161,085 | (11.6%) | (16.4%) | (14.0%) | 121,086 | 94,379 | (22.1%) |
| Total revenue of Cash-paying patients | 178,571 | 156,476 | 179,014 | (12.4%) | 14.4% | 0.1% | 135,334 | 147,189 | 8.8% |
| Total Subsidiary's revenues and other income | 72,342 | 72,006 | 39,824 | (0.5%) | (44.7%) | (25.8%) | 32,094 | 30,596 | (4.7%) |
| Contractual obligations and the Nphies platform fees | (132,035) | (157,808) | (236,937) | 19.5% | 50.1% | 34.0% | (178,728) | (158,908) | (11.1%) |
| **Gross - Net Revenue** | **1,053,124** | **1,208,654** | **1,367,930** | **14.8%** | **13.2%** | **14.0%** | **992,794** | **1,111,287** | **11.9%** |
| **As a percentage of net revenue/percentage point** | | | | | | | | | |
| Patients covered by insurance companies | 68.0% | 78.2% | 89.5% | 10.2 | 11.3 | 21.5 | 88.9% | 89.8% | 0.9 |
| Government Entities | 20.7% | 15.9% | 11.8% | (4.8) | (4.2) | (8.9) | 12.2% | 8.5% | (3.7) |
| Cash-paying patients | 17.0% | 12.9% | 13.1% | (4.0) | 0.1 | (3.9) | 13.6% | 13.2% | (0.4) |
| Subsidiary's revenues and other income | 6.9% | 6.0% | 2.9% | (0.9) | (3.0) | (4.0) | 3.2% | 2.8% | (0.5) |

Source: Management Information

## Revenues by customer type consist of:

### 1- Patients covered by insurance companies:

The six largest insurers account for most of the Group's revenues, with their share of revenues increasing from 52.2% in 2021G to 62.9% and 69.6% in 2022G and 2023G, respectively. This trend continued during the nine-month period ended 30 September 2024G, with the insured patient revenues reaching 72.8% of the Group's total revenues. This growth was driven by the Group's competitive pricing strategy, which allowed the Group to increase the number of insured patients, as the increase in patient numbers effectively offset the lower prices offered, ensuring that the Group maintained its level of profitability. It is worth noting that the Group has introduced volume based discounts that are triggered upon achieving certain patient visit thresholds, boosting insurers' incentives to refer more patients to the Group's facilities.

Total revenues of patients covered by insurance companies increased by 32.0% from SAR 716.3 million in 2021G to SAR 945.4 million in 2022G. This was mainly due to the increase in revenues generated by (a) the insurance company (1) (by SAR 117.0 million) driven by an increase in the number of patients by 39.6% between 2021G and 2022G, as a result of (1) increasing the market share of the insurance company (1) resulting in an increase in the number of patients and (2) the launch of a new service that allows patients to access outpatient services at the hospital without the need for prior approvals, which improved the patient experience and contributed to their visit to the hospital again, and (b) Insurance Company (2) (SAR 56.2 million), due to the increase in the number of patients during this period.

Total revenues of insured patients increased to SAR 1,224.9 million in 2023G. This was mainly due to an increase in revenues from (a) Insurance Company (1) (SAR 58.3 million) driven by an increase in the number of patients by 8.4% between 2022G and 2023G, and (b) Insurance Company (2) (SAR 56.7 million), due to a 29.2% increase in patients between 2022G and 2023G.

Total revenues of covered patients increased by 13.0% from SAR 883.0 million for the nine-month period ended 30 September 2023G to SAR 998.0 million for the nine months ended 30 September 2024G, due to an increase in the number of patients, especially at SMC Hospital (2) – King Abdullah Road.

### 2- Government entities:

Total revenues from government entities decreased by 11.6% from SAR 218.0 million in 2021G to SAR 192.6 million in 2022G, and further to SAR 161.1 million in 2023G, mainly due to lower revenues from (1) GlobeMed / Ministry of Health due to the loss of Ministry of Health patients, who were temporarily transferred to private hospitals during the COVID-19 pandemic and subsequently redirected to public hospitals post pandemic and (2) Security Forces Hospital, as a result of non-renewal of the long-term contract, for which prices were fixed for three years, and (3) King Faisal Specialist Hospital and Research Centre. This decline in revenue from government entities reflects a shift in healthcare policies towards strengthening reliance on public hospitals, which has impacted the number of referred patients and the revenue generated from them.

Total revenues from government entities decreased from SAR 121.1 million for the nine-month period ended September 30, 2023G to SAR 94.4 million for the nine-month period ended 30 September 2024G, mainly due to lower revenues from Prince Sultan Military Medical City, due to the hospital's transfer of some of these patients to another private hospital following SMC's strategic decision not to renew this government contract. This shift is reflected in the decrease in the number of patients from 237 patients for the nine-month period ending 30 September 2023G to 212 patients for the nine-month period ending 30 September 2024G.

### 3- Cash-paying patients

Includes individuals who pay upfront for services, whether due to partial approvals from their insurance companies, non-covered insurance services or because they are uninsured. Total revenue from this segment decreased by 12.4% from SAR 178.6 million in 2021G to SAR 156.5 million in 2022G, following recovery from the COVID-19 pandemic in 2022G, after the pandemic led to increased demand for services from COVID-19 patients in 2021G.

Total revenue from this segment increased by 14.4% from SAR 156.5 million in 2022G to SAR 179.0 million in 2023G, driven by higher number of patients paying cash.

Total revenue from this segment increased by 8.8% from SAR 135.3 million for the nine-month period ended 30 September 2023G to SAR 147.2 million for the nine-month period ended 30 September 2024G, driven by an increase in the number of cash-paying patients. This gradual growth reflects the recovery in demand for cash-paid medical services, which has contributed to improved revenues generated by this category of patients.

### 4- Subsidiary's revenues and other income

This category consists of other revenues generated from services provided by the company to contracted embassies, and companies, in addition to revenues from the subsidiary (SAR 27.4 million in 2023G), and medical clinics that have agreements with the hospital for the use of operating rooms and other services (SAR 6.7 million), and related parties (SAR 3.2 million).

Total revenues stood at an average of SAR 72.2 million during the period from 2021G to 2022G. Total revenues related to the embassies (State of Kuwait and others), companies and other related parties, decreased by 44.7% from SAR 72.0 million in 2022G to SAR 39.8 million in 2023G, driven by a decrease in subsidiary's revenues (by SAR 17.4 million) due to their reclassification among other companies, as Dietetics and Nutrition World revenues were transferred to subsidiary's revenues, along with a decrease in clinic revenues (SAR 5.8 million), among others.

Total revenue decreased by 4.7% from SAR 32.1 million for the nine-month period ended 30 September 2023G to SAR 30.6 million for the nine-month period ended 30 September 2024G, due to lower revenues from clinics (by SAR 1.3 million).

### 6.5.1.4 Revenue by department

## Inpatient Department

**Table (72): Revenues by Inpatient Department for the years ending 31 December 2021G, 2022G and 2023G and the nine-month period ending 30 September 2023G and 2024G**

| Department | Var. 2021G-2022G | Var. 2022G-2023G | CAGR 2021G-2023G | Var. nine- month period ended 30 September 2023G-2024G |
|---|---|---|---|---|
| Medical - long term care unit | (2.2%) | (6.2%) | (4.2%) | (28.6%) |
| Operating room & anesthesia | (8.7%) | 3.9% | (2.6%) | 11.9% |
| ICU/CCU - intensive care unit | 25.6% | 65.6% | 44.2% | (2.0%) |
| Obstetrics/gynecology | 23.7% | 26.1% | 24.9% | 25.2% |
| Surgical - general | 0.7% | 12.3% | 6.3% | (3.1%) |
| Medical - oncology – hematology | 11.4% | 32.6% | 21.6% | (13.5%) |
| Surgical – orthopedics | 5.2% | (7.9%) | (1.6%) | (21.5%) |
| Pediatrics | 66.5% | 27.7% | 45.8% | 41.5% |
| Medical - internal medicine | (6.6%) | (36.2%) | (22.8%) | 10.1% |
| Pediatrics - NICU | (5.7%) | 19.3% | 6.1% | 28.5% |
| Others | 2.2% | 14.1% | 7.9% | 23.0% |
| **Total** | **3.1%** | **8.9%** | **5.9%** | **3.6%** |

Source Management Information

**Table (73): Summary of Revenues by Inpatient Division for the years ending 31 December 2021G, 2022G and 2023G and the nine-month period ending 30 September 2023G and 2024G**

| SAR in 000s | FY 2021G (Management information) | FY 2022G (Management information) | FY 2023G (Management information) | CAGR 2021G-2023G | Nine-month period ended 30 September 2023G (Management information) | Nine-month period ended 30 September 2024G (Management information) | Var. nine-month period ended 30 September 2023G-2024G |
|---|---|---|---|---|---|---|---|
| High-performance critical specialties* | 132,691 | 162,667 | 222,499 | 29.5% | 162,512 | 180,770 | 11.2% |
| Long-term care department | 133,582 | 130,603 | 122,570 | (4.2%) | 92,772 | 66,240 | (28.6%) |
| Other Departments | 374,285 | 367,015 | 373,703 | (0.1%) | 277,722 | 305,099 | 9.9% |
| **Totals** | **640,558** | **660,285** | **718,772** | **5.9%** | **533,006** | **552,109** | **3.6%** |
| **As a percentage of total inpatient revenue/percentage point** | | | | | | | |
| High-performance critical specialties* | 20.7% | 24.6% | 31.0% | 10.2 | 30.5% | 32.7% | 2.3 |
| Long-term care department | 20.9% | 19.8% | 17.1% | (3.8) | 17.4% | 12.0% | (5.4) |
| Other Departments | 58.4% | 55.6% | 52.0% | (6.4) | 52.1% | 55.3% | 3.2 |

Source: Management Information

* High performance critical specialties consist of: Intensive Care Rooms/Critical Care Rooms, Obstetrics and Gynecology, Medical-Oncology-Hematology, Pediatrics, Neonatal Intensive Care Unit.

** Other departments - consist of: Operating Rooms and Anesthesia, General Surgery, Orthopedics, Internal Medicine / Internal Medicine, Medicine - Cardiology, Medicine - Cardiology - Interventional, Medicine - Endocrinology, Medicine - Gastroenterology, Medicine - Internal Medicine, Medicine - Nephrology, Medicine - Neurology, Medicine - Pulmonary, Medicine - Radiology - Interventional, Medicine - Rheumatology, Surgery - Cardiology, Surgery - ENT, Surgery - General, Surgery - Neurosurgery, Surgery - Ophthalmology, Surgery - Orthopedics, Surgery - Urology, Plastic and Aesthetic Surgery, Physiotherapy and Rehabilitation.

The Group has shifted its focus towards high-performing specialties from 20.7% to 31.0% in the 2021G-2023G period and reducing its dependence on long-term care from 20.9% to 17.1% across the aforementioned period.

## Total inpatient revenue is divided as follows:

### Long-term care department

The Long-Term Care (LTC) Department relates to providing services as part of a three-year arrangement with government entities including the National Guard Health Affairs Department, Prince Sultan Military Medical City, Security Forces Hospital, and King Faisal Specialist Hospital. As of September 2024G, these contracts are no longer active.

Total revenue from the long-term care division decreased by 2.2% between 2021G and 2022G, due to a 6.9% decrease in the revenues of SMC Hospital (1) – King Fahd Road, which was offset by a 6.9% increase in SMC Hospital (2) – King Abdullah Road due to the transfer of some patients between the two hospitals.

In 2023G, total revenue decreased by 6.2% compared to 2022G. The decrease was mainly due to a 19.6% decline in SMC Hospital (2) – King Abdullah Road's revenue, as a result of the Group's decision to reduce the number of long-term care patients by not renewing contracts, due to a change in its strategy to reduce the number of inpatient beds from 352 in 2022G to 303 in 2023G, with the focus shifting to outpatient services.

For the period ended 30 September 2024G, total revenues decreased by 28.6% compared to the same period of the previous year. SMC Hospital (1) – King Fahd Road and SMC Hospital (2) – King Abdullah Road recorded declines in revenues by 22.0% and 42.7% respectively. This decrease was due to the change in the Group's strategy, as reflected in the reduction in the number of LTC inpatient beds from 268 for the nine-month period ended 30 September 2023G to 135 for the nine-month period ended 30 September 2024G.

These changes reflect a major strategic shift for the Group towards reducing reliance on long-term care, with a focus on other services such as outpatient clinics.

### Operating rooms and anesthesia

Revenues from operating rooms and anesthesia include revenues associated with surgeries performed on patients and anesthesia services provided during those procedures, covering various medical specialties. Operating room revenues are heavily dependent on medical activities in other departments, with any variations in those activities affecting the allocations for operating rooms and anesthesia.

Total revenues from operating rooms and anesthesia decreased by 8.7% between 2021G and 2022G, due to the decrease in activity in other departments, as the operating rooms and anesthesia are linked to all departments. This decrease was due to a 13.2% decline in revenues at SMC Hospital (1) – King Fahd Road due to a 3.3% decrease in patient visits, while SMC Hospital (2) – King Abdullah Road witnessed a 5.1% increase in revenue due to a 30.5% increase in patient visits.

Total revenues from operating rooms and anesthesia decreased by 3.9% between 2022G and 2023G, whereby SMC Hospital (2) – King Abdullah Road recorded an increase in its revenues by 9.3% as a result of a 16.7% increase in patient visits, while the hospital continued expanding in operations and surgeries, which positively impacted the revenues.

For the period ended 30 September 2024G, total revenue increased by 11.9% compared to the same period of the previous year, driven by an increase in the number of surgeries, particularly at SMC Hospital (2) – King Abdullah Road, which witnessed a growth of 31.7%, compared to a growth of 3.5% at SMC Hospital (1) – King Fahd Road.

### Intensive Care Units (ICU)/ Cardiac Care Units (CCU)

This department concerns the Intensive Care Unit (ICU) and the Cardiac Care Unit (CCU), where monitoring and treatment are provided to patients with severe conditions. Revenues depend on the nature of the cases and the treatment provided to them, including patients referred from the Ministry of Health through the electronic portal, where a specialized team reviews cases and admits them to hospitals, and compensation is based on fixed prices determined by the Ministry of Health.

Total revenues from ICU/CCU rooms increased by 25.6% between 2021G and 2022G, as a result of increased patient visits due to the Group's efforts to admit more Ministry of Health patients. SMC Hospital (2) – King Abdullah Road contributed significantly to this growth by 77.4% as its operations expanded, while SMC Hospital (1) – King Fahd Road recorded a growth of 10.6%. The rise in the number of patients also led to a decrease in average revenue per patient visit in both hospitals.

Revenue continued to grow by 65.6% between 2022G and 2023G, driven by a 63.0% increase in patient visits. SMC Hospital (1) – King Fahd Road and SMC Hospital (2) – King Abdullah Road recorded growth of 67.1% and 62.4% respectively. This growth is attributed to the Group's focus on accepting Ministry of Health patients.

For the period ended 30 September 2024G, total revenues decreased by 2.0% compared to the same period of the previous year. This decrease was mainly due to a 14.0% decline in revenues at SMC Hospital (1) – King Fahd Road, but this decline was offset by a 28.0% increase at SMC Hospital (2) – King Abdullah Road, which continued to receive a growing number of patients referred by the Ministry of Health.

### Obstetrics and Gynecology

Obstetrics and Gynecology consists of a range of services that include antenatal care, obstetrics, and gynecological treatment.

Total revenues from this division increased by 33.7% between 2021G and 2022G. This included an increase in revenues at SMC Hospital (1) – King Fahd Road by 18.1%, with an increase in average revenue per patient visit by 5.3%. Revenues at SMC Hospital (2) King Abdullah Road increased by 36.5% due to expanded operations and increased patient numbers, with average revenue per patient visit increasing by 6.3% during the same period.

Revenues continued to grow by 26.1% between 2022G and 2023G, with SMC Hospital (1) – King Fahd Road increasing by 20.5% with a significant increase in average revenue per patient visit of 69.3%. SMC Hospital (2) – King Abdullah Road's revenue also increased by 37.2%, with an increase in average revenue per patient visit by 69.6%, despite a decrease in the number of patients.

For the nine-month period ended 30 September 2024G, total revenues increased by 25.2% compared to the same period of the previous year. This growth was driven by a significant increase of 75.6% in revenues at SMC Hospital (2) – King Abdullah Road, stemming from a 40.8% increase in patient visits and a 24.7% increase in average revenue per patient visit during the period.

### General Surgery

This department includes the majority of surgeries, with a main focus on bariatric and laparoscopic surgery.

Total revenue from general surgery increased by 0.7% between 2021G and 2022G, driven by growth at SMC Hospital (2) – King Abdullah Road, where operations were expanded. Average revenue per patient visit at SMC Hospital (1) – King Fahd Road increased by 4.4% and in Specialist Center Hospital (2) – King Abdullah Road by 34.2% during the same period.

Revenues continued to grow by 12.3% between 2022G and 2023G, driven by high demand for general surgery, especially at SMC Hospital (2) – King Abdullah Road, where the average revenue per patient increased by 27.0% during this period.

For the period ended 30 September 2024G, total revenues decreased by 3.1% compared to the same period of the previous year. However, average revenue per patient visit increased in both hospitals, increasing by 3.2% at SMC Hospital (1) – King Fahd Road and by 3.8% at SMC Hospital (2) – King Abdullah Road.

### Medicine – Oncology – Hematology

This department offers services such as chemotherapy and is only available at SMC Hospital (1) – King Fahd Road, with no current plans to open the oncology department at SMC Hospital (2) – King Abdullah Road.

Total revenues from oncology and hematology increased by 11.4% between 2021G and 2022G, due to an increase in the number of patient visits by 30.9% during this period, although average revenue per patient visit decreased by 4.4% during the same period.

Revenue continued to grow by 32.6% between 2022G and 2023G due to high demand, with the number of patients increasing by 33.4% during the period, with average revenue per patient visit remaining constant.

For the period ended 30 September 2024G, total revenues decreased by 13.5% compared to the same period of the previous year. This decline reflects the group's strategy aimed at focusing on the most profitable divisions.

### Orthopedic surgery

Orthopedic services include fracture treatment, joint disease, joint replacement, spinal diseases, and sports injuries.

Total revenue from orthopedics increased by 5.2% between 2021G and 2022G, driven by a 28.1% increase at SMC Hospital (2) – King Abdullah Road due to expanded operations and advanced surgical implementation. This resulted in an increase in average revenue per patient visit by 25.7% in this hospital. However, this increase was offset by a 10.9% decrease in SMC Hospital (1) – King Fahd Road revenue, as a result of lower patient demand (12.1% drop in patient visits) and tighter insurance policies following the introduction of Nphies, which increased insurance rejection rates and redirected patients to other hospitals.

In 2023G, total revenue from orthopedic surgery decreased by 7.9% compared to 2022G. Revenues at SMC Hospital (1) – King Fahd Road were relatively stable, with average revenue per patient visit increasing by 10.2%. In contrast, SMC Hospital (2) – King Abdullah Road witnessed a 15.3% decrease in revenue due to the focus of operations on priority surgeries, resulting in a 32.1% decrease in average revenue per patient visit during the same period.

For the nine-month period ended 30 September 2024G, total revenue from orthopedics decreased by 21.5% compared to the same period of the previous year, due to the focus on priority surgeries. Nevertheless, SMC Hospital (1) – King Fahd Road witnessed an increase in revenue, although average revenue per patient visit decreased by 7.1% over the same period.

### Pediatrics

The Department of Pediatrics offers a wide range of services related to child healthcare.

Total revenue from pediatrics increased by 66.5% between 2021G and 2022G. SMC Hospital (1) – King Fahad Road recorded a 93.9% growth in revenue, driven by a significant increase in patient visits by 147.8%, despite a 21.7% decrease in average revenue per patient visit. Revenues at SMC Hospital (2) King Abdullah Road increased by 20.5%, driven by a 94.9% increase in patient visits due to expanded operations, although average revenue per patient visit decreased by 38.1%.

Revenues continued to grow by 27.7% between 2022G and 2023G, where SMC Hospital (1) – King Fahad Road witnessed a 21.4% increase in revenue due to a 64.2% increase in patient visits, despite a 26.1% decrease in average revenue per patient visit, and SMC Hospital (2) – King Abdullah Road increased by 44.8% driven by a 159.6% increase in patient demand, resulting in a 44.2% decrease in average revenue per patient visit.

For the nine-month period ended 30 September 2024G, total revenue from pediatrics increased by 41.5% compared to the same period of the previous year. Revenues increased by 39.2% at SMC Hospital (1) – King Fahd Road and by 46.6% at SMC Hospital (2) – King Abdullah Road. Average revenue per patient visit was higher in both hospitals during this period compared to the same period of the previous year.

### Internal Medicine

The Department of Internal Medicine relates to all aspects of medical care related to internal disease.

Total revenues from internal medicine decreased by 6.6% between 2021G and 2022G due to lower patient visits. This decrease was mainly impacted by SMC Hospital (1) – King Fahd Road, where revenue decreased by 14.9% and average revenue per patient visit decreased by 6.1%. In contrast, revenues at SMC Hospital (2) – King Abdullah Road increased by 156.5%, driven by a 151.6% increase in patient visits, due to the impact of COVID-19 and the expansion of operations.

In 2023G, total revenue from internal medicine decreased by 36.2% compared to 2022G, as a result of the recovery from COVID-19, which led to a 26.4% decrease in total patient visits to both hospitals.

For the period ended 30 September 2024G, total revenues from internal medicine increased by 10.1% compared to the same period of the previous year, driven by an increase in total patient visits in the two hospitals by 5.5% during the same period.

### Neonatal Intensive Care Unit

The Neonatal Intensive Care Unit includes nursery units for healthy children and neonatal intensive care units ("NICU") for sick children facing medical problems such as severe prematurity, respiratory distress syndrome, or congenital malformations. This unit works in coordination with the departments of obstetrics, gynecology and pediatrics to provide integrated care, on a case-by-case basis.

Total revenue from the Neonatal Intensive Care Unit decreased by 5.7% between 2021G and 2022G, due to a decrease in inpatient visits at SMC Hospital (1) – King Fahd Road, where revenues decreased by 17.2% and average revenue per patient visit decreased by 7.1%. However, this decrease was offset by a 39.9% increase in revenue at SMC Hospital (2) – King Abdullah Road, due to expanded operations and a 41.8% increase in the number of patients.

In 2023G, total revenue increased by 19.3% as compared to 2022G, driven by an increase in high-risk pregnancies and premature births requiring specialized care, resulting in increased patient visits in both hospitals.

For the nine-month period ended 30 September 2024G, total revenues increased by 28.5% as compared to the same period of the previous year. This growth was mainly driven by SMC Hospital (2) – King Abdullah Road, where revenues increased by 59.5% and the number of patients increased by 51.5%. Revenues at SMC Hospital (1) – King Fahd Road increased by 15.4%, despite a 0.7% decline in patient volume during the same period.

## Outpatient Department

**Table (74): Revenues for the Outpatient Department for the fiscal years ending 31 December 2021G, 2022G and 2023G and the nine-month period ending on 30 September 2023G and 2024G**

| SAR in 000s | FY 2021G (Management information) | FY 2022G (Management information) | FY 2023G (Management information) | Nine-month period ended 30 September 2023G (Management information) | Nine-month period ended 30 September 2024G (Management information) |
|---|---|---|---|---|---|
| **Total Revenue** | **322,336** | **404,301** | **503,910** | **362,095** | **424,492** |

| Department | Var. 2021G- 2022G | Var. 2022G-2023G | CAGR 2021G-2023G | Var. nine-month period ended 30 September 2023G-2024G |
|---|---|---|---|---|
| Medical - internal medicine | 26.2% | 22.4% | 24.3% | 7.6% |
| Surgical – ophthalmology | 40.9% | 39.8% | 40.4% | 31.6% |
| Obstetrics/gynecology | 33.0% | 22.8% | 27.8% | 17.5% |
| Medical - dental | 14.0% | 14.0% | 14.0% | 3.2% |
| Plastic and cosmetics | 15.7% | 15.0% | 15.4% | 13.1% |
| Pediatrics | 41.3% | 22.3% | 31.4% | 31.4% |
| Surgical – orthopedics | 16.3% | 39.1% | 27.2% | 14.7% |
| Medical – cardiology | 18.7% | 18.8% | 18.7% | 14.1% |
| Medical – endocrinology | 32.2% | 20.2% | 26.1% | 5.4% |
| Surgical - ENT | 43.4% | 40.0% | 41.7% | 18.8% |
| Others | 19.9% | 23.4% | 21.7% | 21.9% |
| **Totals** | **25.4%** | **24.6%** | **25.0%** | **17.2%** |

Source: Management Information

**Table (75): Outpatient Revenue Summary for the fiscal years ending 31 December 2021G, 2022G and 2023G and the nine months ending 30 September 2023G and 2024G**

| SAR in 000s | FY 2021G (Management information) | FY 2022G (Management information) | FY 2023G (Management information) | CAGR 2021G-2023G | Nine-month period ended 30 September 2023G (Management information) | Nine-month period ended 30 September 2024G (Management information) | Var. nine-month period ended 30 September 2023G-2024G |
|---|---|---|---|---|---|---|---|
| Top 10 departments | 257,810 | 326,919 | 408,405 | 25.9% | 293,630 | 341,031 | 16.1% |
| Others | 64,526 | 77,383 | 95,504 | 21.7% | 68,464 | 83,462 | 21.9% |
| **Total** | **322,336** | **404,302** | **503,909** | **25.0%** | **362,094** | **424,493** | **17.2%** |
| **As a percentage of total outpatient revenue/percentage point** | | | | | | | |
| Top 10 departments | 80.0% | 80.9% | 81.0% | 1.0 | 81.1% | 80.3% | (0.8) |
| Others | 20.0% | 19.1% | 19.0% | (1.0) | 18.9% | 19.7% | 0.8 |

Source Management Information

## The total revenues are divided according to the specialization of the outpatient department from:

### Internal Medicine

Internal medicine focuses on the diagnosis, treatment, and prevention of diseases in adults, with an emphasis on non-surgical methods.

Total revenues from internal medicine increased by 26.2% between 2021G and 2022G due to the increase in the number of patient visits in the two hospitals. This growth was led by SMC Hospital (2) – King Abdullah Road, whereby revenues increased by 53.8% and patient visits increased by 67.7%, as the hospital continued to expand its operations, and SMC Hospital (1) – King Fahd Road recorded a 15.4% increase in both revenues and patient visits.

In 2023G, revenue grew by 22.4% as compared to 2022G, driven by a 22.2% increase in total patient visits. SMC Hospital (2) – King Abdullah Road witnessed a growth of 50.5%, supported by an increase in patient visits by 36.5% and an increase in average revenue per patient visit by 10.2%. Meanwhile, SMC Hospital (1) – King Fahd Road recorded a growth of 7.8% due to an increase in patient visits by 15.0%, despite a decrease in average revenue per visit by 6.2%.

For the nine-month period ended 30 September 2024G, total revenues increased by 7.6% as compared to the same period of the previous year. This growth was mainly driven by SMC Hospital (2) – King Abdullah Road, which saw revenue increase by 11.2% due to increased patient visits and an increase in average revenue per visit by 6.8%. In contrast, revenues at SMC Hospital (1) – King Fahd Road decreased by 1.4% due to lower patient visits.

### Eye surgery

The Department of Ophthalmic Surgery has offered various surgical procedures such as corneal transplantation, phacoemulsification, vitreoretinal surgery, oculoplastic surgery, in addition to other refractive procedures.

Total revenues from eye surgery increased by 39.8% between 2022G and 2023G. This growth was driven by higher revenues at both hospitals. SMC Hospital (1) – King Fahad Road recorded a 30.4% increase in revenue, driven by a 17.7% increase in patient visits and a 10.8% increase in average revenue per patient visit. At SMC Hospital (2) – King Abdullah Road, revenues increased by 53.9% with a 39.6% increase in patient visits, and average revenue per patient visit increased by 10.2% due to continued expansion and increased number of patients.

For the nine-month period ended 30 September 2024G, total revenues increased by 31.6% as compared to the same period of the previous year, due to an increase in the number of patient visits in the two hospitals by 17.2%. Growth was led by SMC Hospital (1) – King Fahd Road, which saw revenue increase by 41.2% and an increase in average revenue per patient visit by 21.6%, and SMC Hospital (2) – King Abdullah Road, which recorded revenue growth of 19.6% and a slight increase in average revenue per patient visit by 0.6%. This growth was due to the increase in performing high-cost operations.

### Obstetrics and Gynecology

The Department of Obstetrics and Gynecology provides comprehensive health care services for women, including regular check-ups, early detection, and treatment of reproductive health problems.

Total revenue from obstetrics and gynecology increased by 33.0% between 2021G and 2022G, driven by a significant increase in SMC Hospital (2) – King Abdullah Road, whereby revenues increased by 61.1% and patient visits by 58.6%. SMC Hospital (1) – King Fahd Road also saw a 23.4% growth in revenue, with patient visits increasing by 15.3% and average revenue per patient visit increasing by 7.0% during the same period.

In 2023G, total revenues increased by 22.8% as compared to 2022G. SMC Hospital (2) – King Abdullah Road contributed the largest share of this growth, with revenues increasing by 41.0% and patient visits increasing by 43.0%, with average revenues remaining relatively flat. SMC Hospital (1) – King Fahd Road also witnessed a revenue increase of 14.7%, driven by a 12.2% increase in patient visits with average revenue per patient visit remaining relatively stable.

For the nine-month period ended 30 September 2024G, total revenues increased by 17.5% as compared to the same period of the previous year. SMC Hospital (2) – King Abdullah Road recorded strong revenue growth of 57.5% and an increase in patient visits by 43.0%, resulting in an increase in average revenue per patient visit by 10.1%. On the other hand, the revenues of SMC Hospital (1) – King Fahd Road decreased by 3.5%, due to the decrease in patient visits by 3.0% during the same period.

### Dentistry

The Department of Dentistry provides comprehensive care covering all advanced dental specialties.

Total revenues from dentistry increased by 14.0% between 2021G and 2022G. SMC Hospital (2) – King Abdullah Road led this growth, with patient visits up 24.0% resulting in a 30.4% increase in revenue and an increase in average revenue per visit of 5.2%. SMC Hospital (1) – King Fahd Road also witnessed a 9.3% increase in revenue, driven by a 9.2% increase in patient visits.

In 2023G, growth continued at 14.0% as compared to 2022G. SMC Hospital (2) – King Abdullah Road Revenues increased by 21.8% due to an increase in patient visits by 20.4% and an increase in average revenue per visit by 1.2%. At SMC Hospital (1) – King Fahd Road, revenue increased by 11.3% with patient visits up 5.9% and average revenue per visit increasing by 5.0%.

For the nine-month period ended 30 September 2024G, total revenue from dentistry increased by 3.2% as compared to the same period of the previous year, driven by an increase in patient visits by 4.3%. This growth was driven by an increase in revenues from SMC Hospital (2) King Abdullah Road by 7.0% and an increase in patient visits by 11.6%, despite a decline in average revenue per visit. SMC Hospital (1) – King Fahd Road saw a slight 1.8% increase in revenue with patient visits up 1.1%, with average revenue per visit remaining stable.

### Plastic and cosmetic

The Department of Plastic and Cosmetic offers a range of alternative medical and medical services for the treatment of dermatology, anti-aging, skin rejuvenation, body sculpture, laser treatment, and acupuncture. Most of these treatments are not covered by insurance and are paid for in cash by patients.

Total revenues from the Plastic and Cosmetic department increased by 15.7% between 2021G and 2022G, due to an increase in total patient visits in the two hospitals by 18.5%. This growth was led by SMC Hospital (2) – King Abdullah Road, with revenues increasing by 72.3% and patient visits increasing by 58.0%, as the hospital continued to expand its operations, and SMC Hospital (1) – King Fahd Road achieved an increase in revenue by 8.7% and an increase in patient visits by 10.7%.

In 2023G, total revenue increased by 15.0% compared to the previous year, driven by a similar increase in patient visits. SMC Hospital (2) – King Abdullah Road contributed significantly to this growth, with revenues increasing by 86.5% and patient visits increasing by 70.5%. SMC Hospital (1) – King Fahd Road witnessed a limited revenue growth of 1.0% despite a 4.4% increase in patient visits.

For the nine-month period ended 30 September 2024G, total revenues from the Plastic and Cosmetic department increased by 13.1% as compared to the same period of the previous year. This growth was driven by SMC Hospital (2) – King Abdullah Road, whereby revenue increased by 61.3% and patient visits increased by 39.8%, along with average revenue per visit increasing by 15.4%. On the other hand, the revenues of SMC Hospital (1) – King Fahd Road decreased by 2.6% due to a decrease in patient visits by 2.7%.

### Pediatrics

The Department of Pediatrics offers a wide range of services related to child healthcare.

Total revenue from pediatrics increased by 41.3% between 2021G and 2022G, driven by a significant increase in SMC Hospital (2) – King Abdullah Road, whereby revenues increased by 83.5%, and SMC Hospital (1) – King Fahd Road, which recorded a growth of 28.7%. Patient visits increased by 98.4% at SMC Hospital (2) and by 47.0% at SMC Hospital (1) – King Fahd Road. Nevertheless, average revenue per visit decreased by 7.5% at SMC Hospital (2) and by 12.4% at SMC Hospital (1) – King Fahd Road.

In 2023G, total revenue increased by 22.3% compared to 2022G. The growth was driven by SMC Hospital (2) – King Abdullah Road, which recorded a 33.7% increase in revenue and a 15.7% increase in patient visits, with average revenue per visit up 15.5%, and SMC Hospital (1) – King Fahd Road recorded a 17.4% increase in revenue with a 10.6% increase in patient visits, resulting in an increase in average revenue per visit by 6.2%.

For the nine-month period ended 30 September 2024G, total revenue increased by 31.4% as compared to the same period of the previous year, driven by SMC Hospital (1) – King Fahd Road, which witnessed a growth of 31.6% with an increase in patient visits by 6.3% and an increase in average revenue per visit by 23.8%. SMC Hospital (2) – King Abdullah Road achieved a 30.8% increase in revenue, despite a 7.1% decrease in patient visits. As a result, average revenue per patient visit increased by 40.9% over the same period.

### Orthopedic surgery

Orthopedics witnessed an increase in total revenue by 16.3% between 2021G and 2022G, mainly driven by SMC Hospital (2) – King Abdullah Road, which achieved revenue growth of 49.5% due to the expansion of operations, contributing to an increase in patient visits by 40.9%. At SMC Hospital (1) – King Fahd Road, revenues increased by 7.5%, due to a slight increase in patient visits by 1.6% and an increase in average revenue per patient visit by 5.8%.

In 2023G, total revenue increased by 39.1% as compared to 2022G. SMC Hospital (2) – King Abdullah Road recorded a remarkable revenue growth of 72.7% with patient visits increasing by 70.5%. Meanwhile, SMC Hospital (1) – King Fahd Road revenues increased by 26.6% with patient visits increasing by 16.4%. Although average revenue per patient visit at SMC Hospital (2) – King Abdullah Road stabilized, SMC Hospital (1) – King Fahd Road witnessed an 8.7% growth in average revenue per visit.

For the nine-month period ended 30 September 2024G, total revenue from orthopedics increased by 14.7% compared to the same period of the previous year, driven by a 14.5% increase in total patient visits in both hospitals. SMC Hospital (2) – King Abdullah Road was the main driver of this growth, with revenues up 33.0% and patient visits increasing by 25.0%. SMC Hospital (1) – King Fahd Road also saw revenue increase by 5.4% and an increase in patient visits by 8.0%.

### Cardiology Department

The outpatient service provides comprehensive services for patients with cardiovascular diseases.

Total revenues from the Cardiology Department increased by 18.7% between 2021G and 2022G, driven by increased activity in both hospitals (especially after the opening of cardiac catheterization at SMC Hospital 2 – King Abdullah Road). SMC Hospital (1) – King Fahd Road witnessed a 10.7% increase in revenue due to a 3.2% increase in patient visits and a 7.3% increase in average revenue per visit. SMC Hospital (2) – King Abdullah Road recorded revenue growth of 53.6% with a 54.4% increase in patient visits and relative stability in average revenue per visit.

In 2023G, total revenues increased by 18.8% compared to 2022G. The growth was mainly driven by SMC Hospital (2) – King Abdullah Road, which saw revenue increase of 41.9% due to an increase in patient visits by 36.0% and an increase in average revenue per visit by 4.4%. SMC Hospital (1) – King Fahd Road increased its revenues by 11.5% despite a 14.4% increase in patient visits, resulting in a decrease in average revenue per visit by 2.6%.

For the period ended 30 September 2024G, total revenues from the Cardiology Department increased by 14.1% compared to the same period of the previous year. The growth was mainly driven by SMC Hospital (2) – King Abdullah Road, which recorded a 45.9% increase in revenue with a 38.8% increase in patient visits and an increase in average revenue per visit of 5.1%. In contrast, SMC Hospital (1) – King Fahd Road witnessed a slight increase in revenue by 1.2%, with the number of patient visits growing by 2.4%.

### Endocrinology

Total revenue from endocrinology increased by 32.2% between 2021G and 2022G, mainly driven by SMC Hospital (2) – King Abdullah Road, which recorded a 226.0% increase in revenue due to the continued expansion of its operations, resulting in a 211.0% increase in patient visits and an increase in average revenue per patient visit by 4.8%. SMC Hospital (1) – King Fahad Road also saw a 12.0% increase in revenue due to a 9.9% increase in patient visits, resulting in an increase in average revenue per visit by 1.9%.

In 2023G, total revenue from endocrinology increased by 20.2% compared to 2022G. This growth was led by SMC Hospital (2) – King Abdullah Road, where revenue increased by 61.5% and patient visits by 63.8%, although average revenue per visit decreased by 1.4%. SMC Hospital (1) – King Fahd Road saw revenue increase of 7.6%, driven by a 14.1% increase in patient visits, despite a 5.7% decrease in average revenue per visit.

For the period ended 30 September 2024G, total revenue increased by 5.4% as compared to the same period of the previous year, mainly driven by SMC Hospital (2) – King Abdullah Road, which recorded a 17.8% increase in revenue with a 10.7% increase in patient visits. On the other hand, SMC Hospital (1) – King Fahd Road witnessed a slight decrease in revenues by 0.3% due to a decrease in patient visits by 1.5%.

### Surgical - Ear, nose and throat (ENT)

Total revenue from ear, nose and throat (ENT) increased by 43.4% between 2021G and 2022G, mainly driven by an increase in revenues from SMC Hospital (2) – King Abdullah Road, which increased by 99.1% due to a 122.3% increase in patient visits. This growth is attributed to the expansion of operations within the hospital. SMC Hospital (1) – King Fahd Road also witnessed a 16.2% increase in revenue driven by a 30.1% increase in patient visits.

In 2023G, total revenue increased by 40.0% compared to 2022G. This growth was led by SMC Hospital (2) – King Abdullah Road, where revenue increased by 54.2% and patient visits increased by 41.7%, resulting in an increase in average revenue per visit by 8.8%. SMC Hospital (1) – King Fahd Road recorded a 28.2% increase in revenue with an 18.7% increase in patient visits, resulting in an 8.0% increase in average revenue per visit.

For the period ended 30 September 2024G, total revenues increased by 18.8% as compared to the same period of the previous year. This growth was driven by SMC Hospital (2) – King Abdullah Road, which recorded a 28.2% increase in revenue, although patient visits increased by only 8.3%, raising average revenue per visit by 18.4%. SMC Hospital (1) – King Fahd Road also saw revenue growth of 9.1%, with a slight increase in patient visits by 0.2%, resulting in an increase in average revenue per visit by 8.9%.

### 6.5.1.5 Cost of revenue

**Table (76): Cost of revenue for the financial years ending 31 December 2021G, 2022G and 2023G and the nine-month periods ending 30 September 2023G and 2024G**

| SAR in 000s | FY 2021G (Management information) | FY 2022G (Management information) | FY 2023G (Management information) | Var. 2021G-2022G | Var. 2022G-2023G | CAGR 2021G-2023G | Nine-month period ended 30 September 2023G (Management information) | Nine-month period ended 30 September 2024G (Management information) | Var. nine-month period ended on 30 September 2023G-2024G |
|---|---|---|---|---|---|---|---|---|---|
| Labor cost | 430,795 | 482,627 | 537,907 | 12.0% | 11.5% | 11.7% | 395,021 | 424,927 | 7.6% |
| Supply cost | 192,392 | 209,803 | 234,512 | 9.0% | 11.8% | 10.4% | 167,975 | 160,040 | (4.7%) |
| Pharmacy costs | 102,889 | 139,433 | 161,712 | 35.5% | 16.0% | 25.4% | 117,237 | 128,913 | 10.0% |
| Depreciation expenses | 88,955 | 90,434 | 76,227 | 1.7% | (15.7%) | (7.4%) | 56,633 | 53,675 | (5.2%) |
| Depreciation expenses - subsidiary | 664 | 682 | 1,123 | 2.7% | 64.7% | 30.1% | 801 | 961 | 19.9% |

| SAR in 000s | FY 2021G (Management information) | FY 2022G (Management information) | FY 2023G (Management information) | Var. 2021G-2022G | Var. 2022G-2023G | CAGR 2021G-2023G | Nine-month period ended 30 September 2023G (Management information) | Nine-month period ended 30 September 2024G (Management information) | Var. nine-month period ended on 30 September 2023G-2024G |
|---|---|---|---|---|---|---|---|---|---|
| Depreciation | 89,619 | 91,116 | 77,350 | 1.7% | (15.1%) | (7.1%) | 57,434 | 54,636 | (4.9%) |
| **Total** | **815,695** | **922,979** | **1,011,480** | **13.2%** | **9.6%** | **11.4%** | **737,668** | **768,515** | **4.2%** |
| **As a percentage of revenue** | | | | | | | | | |
| Labor cost | 40.9% | 39.9% | 39.3% | (1.0) | (0.6) | (1.6) | 39.8% | 38.2% | (1.6) |
| Supply cost | 18.3% | 17.4% | 17.1% | (0.9) | (0.2) | (1.1) | 16.9% | 14.4% | (2.5) |
| Pharmacy | 9.8% | 11.5% | 11.8% | 1.8 | 0.3 | 2.1 | 11.8% | 11.6% | (0.2) |
| **Total** | **77.5%** | **76.4%** | **73.9%** | **(1.1)** | **(2.4)** | **(3.5)** | **74.3%** | **69.2%** | **(5.1)** |

Source Management Information

## Labor cost

Labor cost includes salaries, wages, and other employee benefits such as incentives, housing, travel, amongst others.

Labor cost increased by 12.0% from SAR 430.8 million in 2021G to SAR 482.6 million in 2022G, driven by increased salaries and wages (SAR 48.5 million). This is mainly due to the expansion of the annual increases applied during the period, the increase in the number of employees from 2.5 thousand in 2021G to 2.7 thousand employees in 2022G, in addition to the increase in the average annual salary per employee from SAR 115 thousand in 2021G to SAR 123 thousand in 2022G.

Labor cost increased by 11.5% from SAR 482.6 million in 2022G to SAR 537.9 million in 2023G, mainly due to higher salaries and wages (SAR 30.6 million), in line with annual increases during the period, and the continued increase in SMC Hospital (2) – King Abdullah Road (SAR 20.2 million), resulting in an increase in the number of employees from 2.7 thousand employees in 2022G to 2.9 thousand in 2023G. In addition, other benefits (SAR 8.9 million) contributed to the increase in labor costs, driven by lump sums granted to doctors, equivalent to fixed salaries ranging from one to one and a half months, based on performance against predefined KPIs.

Labor cost increased by 7.6% from SAR 395.1 million in the nine-month period ended 30 September 2023G to SAR 424.9 million in the nine-month period ended 30 September 2024G driven by an increase in salaries and wages (by SAR 20.4 million) due to an increase in the number of employees from 2.8 thousand in the nine-month period ended 30 September 2023G to 2. 9 thousand employees in the nine-month period ending 30 September 2024G, in addition to increasing the average annual salary per employee from SAR 93 thousand to SAR 99 thousand and the annual increase during the period.

## Supply cost

Supply cost mainly consists of medical supplies, laboratory supplies, inpatient supplies, pharmaceutical anesthesia and others.

Supply cost increased by 9.0% from SAR 192.4 million in 2021G to SAR 209.8 million in 2022G, mainly due to:

- The increase in inpatient and anesthesia pharmaceutical supplies (SAR 5.9 million), mainly related to SMC Hospital (2) – King Abdullah Road (SAR 3.7 million). The increase in cost is in line with the rising volume of inpatient services, especially oncology services where pharmaceutical supplies for inpatients and anesthesia account for 75% of oncology revenue.
- Increase in supply maintenance (SAR 3.2 million) as the portion was allocated to general and administrative expenses in 2021G.
- Increase in laboratory supplies (SAR 2.9 million) in line with the increase in laboratory revenue, as well as higher number of outpatient visits and associated revenues.
- Increase in operating room costs (SAR 2.8 million) driven by SMC Hospital (2) – King Abdullah Road (by SAR 3.1 million) in line with the increase in operating room revenue (by SAR 1.4 million). This was offset by a decrease in the cost of the operating room from SMC Hospital (1) – King Fahd Road (SAR 312 thousand), reflecting a similar decrease in revenue from SMC Hospital (1) – King Fahd Road.

Supply cost increased by 11.8% from SAR 209.8 million in 2022G to SAR 234.5 million in 2023G, mainly due to:

- Increase in supply of inpatient medications and anesthesia (SAR 9.5 million), mainly due to the increase in cost from SMC Hospital (1) – King Fahd Road (SAR 7.7 million), in line with the increase in oncology revenues (SAR 13.2 million) at SMC Hospital (1) – King Fahd Road.
- The increase in medical supplies (SAR 8.2 million) is driven by the increase in the cost of SMC Hospital (1) – King Fahd Road (SAR 4.6 million), in line with the increase in pediatric and general surgery revenues (SAR 11.0 million) at SMC Hospital (1) – King Fahd Road. The administration noted that the increase in the cost of medical supplies is directly related to the increase in revenue from these surgical services.
- Increase in laboratory supplies (SAR 4.0 million) on the back of the increase in the cost of SMC Hospital (1) – King Fahd Road (SAR 2.4 million), reflecting the increase in laboratory services revenues, as well as the increase in the number of outpatient visits and associated revenues.

Supply cost decreased by 4.7% from SAR 168.0 million in the nine-month period ended 30 September 2023G to SAR 160.0 million in the nine-month period ended 30 September 2024G due to a decrease in the cost of sub-labour (by SAR 10.7 million). This cost reflects the costs of the subsidiary related to its revenue, net of exclusions, after set-off the costs of the parent group of the subsidiary and revenue recognized by the subsidiary of the parent group. This was offset by an increase in laboratory supplies (SAR 2.2 million).

### Pharmacy cost

Pharmacy cost represents the share allocated to the pharmacy based on the profit-sharing arrangements agreed with the group.

Pharmacy cost increased by 35.5%, from SAR 102.9 million in 2021G to SAR 139.4 million in 2022G, and further by 16.0% to SAR 161.7 million in 2023G, in line with the increase in pharmacy revenues, driven by the increase in prescription volumes from 606 thousand in 2021G to 825 thousand and 967 thousand in 2022G and 2023G, respectively.

Pharmacy cost increased by 10.0% from SAR 117.2 million for the nine-month period ended 30 September 2023G to SAR 129.9 million for the nine-month period ended 30 September 2024G in parallel with the increase in pharmacy revenues, with an increase in prescription volumes from 695,823 in the nine-month period ended 30 September 2023G to 746,113 in the nine-month period ended 30 September 2024G.

### Depreciation

It relates to the depreciation of property, plant and equipment allocated to direct cost.

Depreciation expenses increased by 1.7% from SAR 89.6 million in 2021G to SAR 91.1 million in 2022G, then decreased by 15.1% to SAR 77.4 million in 2023G due to certain fully depreciated equipment.

Depreciation expenses decreased by 4.9% from SAR 57.4 million in the nine-month period ended 30 September 2023G to SAR 54.6 million in the nine-month period ended 30 September 2024G.

## 6.5.1.6 General and administrative expenses

**Table (77): General and administrative expenses for the financial years ending 31 December 2021G, 2022G and 2023G and the nine-month periods ending 30 September 2023G and 2024G**

| SAR in 000s | FY 2021G (Audited) | FY 2022G (Audited) | FY 2023G (Audited) | Var. 2021G-2022G | Var. 2022G-2023G | CAGR 2021G-2023G | Nine-month period ended 30 September 2023G (Unaudited) | Nine-month period ended 30 September 2024G (Unaudited) | Var. nine-month period ended on 30 September 2023G-2024G |
|---|---|---|---|---|---|---|---|---|---|
| Employees' salaries & benefits | 77,098 | 78,947 | 92,177 | 2.4% | 16.8% | 9.3% | 76,977 | 78,930 | 2.5% |
| Depreciation | 13,317 | 12,822 | 10,413 | (3.7%) | (18.8%) | (11.6%) | 7,715 | 9,427 | 22.2% |
| Repair and maintenance | 9,191 | 7,016 | 7,491 | (23.7%) | 6.8% | (9.7%) | 6,199 | 4,941 | (20.3%) |
| Expected credit losses | 51,320 | 36,126 | 6,214 | (29.6%) | (82.8%) | (65.2%) | - | 20,000 | N.A |

| SAR in 000s | FY 2021G (Audited) | FY 2022G (Audited) | FY 2023G (Audited) | Var. 2021G-2022G | Var. 2022G-2023G | CAGR 2021G-2023G | Nine-month period ended 30 September 2023G (Unaudited) | Nine-month period ended 30 September 2024G (Unaudited) | Var. nine-month period ended on 30 September 2023G-2024G |
|---|---|---|---|---|---|---|---|---|---|
| Subscription | 2,563 | 2,078 | 2,137 | (18.9%) | 2.8% | (8.7%) | 1,949 | 1,375 | (29.5%) |
| Rents | 1,790 | 2,034 | 1,418 | 13.6% | (30.3%) | (11.0%) | 1,345 | 441 | (67.2%) |
| Others | 7,085 | 10,457 | 12,802 | 47.6% | 22.4% | 34.4% | 10,885 | 21,355 | 96.2% |
| **Totals** | **162,363** | **149,480** | **132,651** | **(7.9%)** | **(11.3%)** | **(9.6%)** | **105,070** | **136,469** | **29.9%** |
| **As a percentage of revenue/percentage point** | | | | | | | | | |
| Employees' salaries & benefits | 7.3% | 6.5% | 6.7% | (0.8) | 0.2 | (0.6) | 7.8% | 7.1% | (0.7) |
| Depreciation | 1.3% | 1.1% | 0.8% | (0.2) | (0.3) | (0.5) | 0.8% | 0.8% | 0.1 |
| Repair and maintenance | 0.9% | 0.6% | 0.5% | (0.3) | (0.0) | (0.3) | 0.6% | 0.4% | (0.2) |
| Expected credit losses | 4.9% | 3.0% | 0.5% | (1.9) | (2.5) | (4.4) | - | 1.8% | - |
| Subscription | 0.2% | 0.2% | 0.2% | (0.1) | 0.0 | (0.1) | 0.2% | 0.1% | (0.1) |
| Rents | 0.2% | 0.2% | 0.1%. | 0.0 | (0.1) | (0.1) | 0.1% | 0.0% | (0.1) |
| Others | 0.7% | 0.9% | 0.9% | 0.2 | 0.1 | 0.3 | 1.1% | 1.9% | 0.8 |
| **Totals** | **15.4%** | **12.4%** | **9.7%** | **(3.0)** | **(2.7)** | **(5.7)** | **10.6%** | **12.3%** | **1.7** |

Source: Special purpose consolidated financial statements for the year ended 31 December 2022G, the reissued consolidated financial statements for the year ended 31 December 2023G and management information

### Employees' salaries & benefits

Includes basic salaries and other employee benefits, including incentives, housing, travel, and more

Employees' salaries & benefits increased by 2.4% from SAR 77.1 million in 2021G to SAR 78.9 million in 2022G on the back of increases in other benefits (SAR 1.3 million), compensation (SAR 1.3 million) and social insurance (SAR 979 thousand), offset by lower base salaries (SAR 2.6 million), due to the reclassification of part of basic salaries from general and administrative expenses. to the cost of revenue in 2021G.

Employees' salaries & benefits increased by 16.8% from SAR 78.9 million in 2022G to SAR 92.2 million in 2023G due to the increase in other benefits (SAR 11.4 million) in respect of remuneration paid to the Chairman, CEO and select senior management as stipulated in their contracts.

Employees' salaries & benefits increased by 2.5% from SAR 77.0 million in the nine-month period ending in 2023G to SAR 78.9 million in the nine-month period ending in 2024G, mainly due to an increase in basic salaries by SAR 6.7 million, in line with the increase in average annual salary per employee from SAR 171 thousand to SAR 175 thousand, during this period.

### Depreciation

Depreciation decreased by 3.7% from SAR 13.3 million in 2021G to SAR 12.8 million in 2022G due to full depreciation of certain equipment.

Depreciation decreased by 18.8% from SAR 12.8 million in 2022G to SAR 10.4 million in 2023G due to the full depreciation of certain machinery and equipment and change in the accounting estimate.

Depreciation increased by 22.2% from SAR 7.7 million in the nine-month period ended 30 September 2023G to SAR 9.4 million in the nine-month period ended 30 September 2024G in line with additions to medical equipment, construction and renovation.

### Repair and maintenance

This includes regular routine maintenance, which covers day-to-day maintenance, and maintenance agreements, which include direct contracts for the service of high-value equipment.

Repair and maintenance expenses decreased by 23.7% from SAR 9.2 million in 2021G to SAR 7.0 million in 2022G, mainly due to the reclassification of certain medical equipment maintenance costs to cost of revenue in 2022G.

Repair and maintenance expenses increased by 6.8% from SAR 7.0 million in 2022G to SAR 7.5 million in 2023G, due to increases in annual maintenance contract costs.

Repair and maintenance expenses decreased by 20.3% from SAR 6.2 million in the nine months ended 30 September 2023G to SAR 4.9 million in the nine-month period ended 30 September 2024G, due to the partial reclassification of expenses from general and administrative expenses to cost of income for the nine months ended 30 September 2024G.

### Expected credit losses

Relating to provisions made in accordance with IFRS 9 for doubtful trade receivables.

Expected credit losses decreased by 29.6% from SAR 51.3 million in 2021G to SAR 36.1 million in 2022G and by 82.8% to SAR 6.2 million in 2023G, as a result of non-recurring provisions (additional provisions) incurred in 2021G and 2022G collected from existing Ministry of Health dues (SAR 64 million).

Expected credit losses of SAR 20.0 million for the nine months ended 30 September 2024G, as compared to nil for the nine months ended 30 September 2023G, in line with outstanding government receivables during the same period. The provisions recorded for the nine months ended 30 September 2024G are consistent with ongoing collection efforts and rigorous financial reviews to strengthen the financial position.

### Subscriptions

Subscriptions relate to annual software fees such as anti-virus software, medical billing software, and IT solutions.

Subscriptions decreased by 18.9% from SAR 2.6 million in 2021G to SAR 2.1 million in 2022G, due to lower subscriptions from Wasil (SAR 375 thousand) and Saudi Central Board For Accreditation Of Healthcare Institutions (CBAHI) (SAR 150 thousand).

Subscriptions stood at SAR 2.1 million in 2022G and 2023G.

Subscriptions decreased by 29.5% from SAR 1.9 million in the nine-month period ended 30 September 2023G to SAR 1.4 million in the nine-month period ended 30 September 2024G, due to the discontinuation of subscription with certain programs (by SAR 280,000).

### Rent

Rental costs include the costs for central supplies store.

Rent increased by 13.6% from SAR 1.8 million in 2021G to SAR 2.0 million in 2022G, due to the year-on-year increase in rental costs.

Rent decreased by 30.3% from SAR 2.0 million in 2022G to SAR 1.4 million in 2023G, as a result of the cancellation of the lease for one of the Central Warehouse facilities during the same period, following the end of the lease term and the relocation to a warehouse owned by the Group.

Rents decreased by 67.2% from SAR 1.3 million in the nine-month period ended 30 September 2023G to SAR 441 thousand in the nine-month period ended 30 September 2024G, due to the closure of a storage facility in Riyadh.

### Other

Other expenses consist of miscellaneous costs such as glass/waste cleaning services, laundry services, telephone/fax, and others.

Other expenses increased by 47.6% from SAR 7.1 million in 2021G to SAR 10.5 million in 2022G, mainly due to increased medical legal expenses (SAR 2.8 million) and telephone/fax (SAR 645 thousand).

Other expenses increased by 22.4% from SAR 10.5 million in 2022G to SAR 12.8 million in 2023G due to an increase in laundry services (SAR 2.0 million) and glass/waste services (SAR 856 thousand), among others, offset by a decrease in medical legal expenses (by SAR 1.9 million) due to the formation of a provision in previous years.

Other expenses increased by 96.2% from SAR 10.9 million in the nine-month period ended 30 September 2023G to SAR 21.4 million in the nine-month period ended 30 September 2024G due to the increase in telephone/fax and medical legal expenses.

### 6.5.1.7 Other income, net

**Table (78): Other income, net of the fiscal years ended 31 December 2021G, 2022G and 2023G and the nine months ended 30 September 2023G and 2024G**

| SAR in 000s | FY 2021G (Management information) | FY 2022G (Management information) | FY 2023G (Management information) | Var. 2021G-2022G | Var. 2022G-2023G | CAGR 2021G-2023G | Nine-month period ended 30 September 2023G (Management information) | Nine-month period ended 30 September 2024G (Management information) | Var. nine-month period ended 30 September 2023G-2024G |
|---|---|---|---|---|---|---|---|---|---|
| Rental income | 5,379 | 3,188 | 4,121 | (40.7%) | 29.3% | (12.5%) | 2,091 | 2,775 | 32.7% |
| Donations and support | 2,463 | 2,718 | 3,140 | 10.4% | 15.5% | 12.9% | 3,407 | 1,952 | (42.7%) |
| Training and services income | 568 | 2,852 | 1,055 | 402.1% | (63.0%) | 36.3% | 752 | 774 | 2.9% |
| Income on government loans | 513 | 366 | 279 | (28.7%) | (23.8%) | (26.3%) | 279 | 189 | (32.3%) |
| (Loss) / gain on disposal of PPE | 53 | 64 | (19) | 21.1% | (129.6%) | N.A | (1) | 23 | (1646.0%) |
| **Total** | **8,976** | **9,188** | **8,576** | **2.4%** | **(6.7%)** | **(2.3%)** | **6,528** | **5,713** | **(12.5%)** |

Source: Management Information

Other income consists of rental income, donations and support, training and services revenue, government grant income and (loss)/profit from sale of fixed assets.

#### Rental Income

Rental income is generated from leasing spaces within the hospitals.

Rental income decreased by 40.7% from SAR 5.4 million in 2021G to SAR 3.2 million in 2022G, as a result of the closure of a flower shop to expand the emergency room, as well as lower annual rents requested by tenants due to the impact of COVID-19.

Rental income increased by 29.3%, from SAR 3.2 million in 2022G to SAR 4.1 million in 2023G, due to rent increases.

Rental income increased from SAR 2.1 million in the nine-month period ended 30 September 2023G to SAR 2.8 million in the nine-month period ended 30 September 2024G, in line with the increase in rental prices.

#### Donations and support

Donations and support from medical supply companies sponsoring the educational courses organized by the group and annual support fees from the pharmacy (AlHamaed and Kamal) according to the agreement.

Donations and support increased by 10.4% from SAR 2.5 million in 2021G to SAR 2.7 million in 2022G and by 15.5% to SAR 3.1 million in 2023G.

Donations and support decreased by 42.7% from SAR 3.4 million in the nine months ended 30 September 2023G to SAR 2.0 million in the nine-month period ended 30 September 2024G.

### Training and services income

Training and services income are revenues generated by the training courses conducted by the Group at its training center, specifically for nurses and doctors seeking certification.

Training and services income increased by 402.1% from SAR 568 thousand in 2021G to SAR 2.85 million in 2022G, with attendance increasing following low levels of participation due to COVID-19 in 2021G.

However, training and services income decreased by 63.0% from SAR 2.85 million in 2022G to SAR 1.1 million in 2023G.

Training and services income stabilized at an average of 763 thousand during the nine months periods ended 30 September 2023G and 2024G.

### Income from government loans

Income from government loans is the difference between the book value and the fair value of interest-free government loans for medical equipment.

Income from government loans decreased by 28.7% from SAR 513 thousand in 2021G to SAR 366 thousand in 2022G and by 23.8% to SAR 279 thousand in 2023G.

Income from government loans decreased by 32.3% from SAR 279 thousand in the nine-month period ended 30 September 2023G to SAR 189 thousand in the nine-month period ended 30 September 2024G, reflecting depreciation as loan balances decreased over time.

### (Loss) / Profit from Sale of Fixed Assets

Profit from the sale of fixed assets amounted to SAR 53 thousand in 2021G and SAR 64 thousand in 2022G, but recorded a loss of SAR 19 thousand in 2023G.

A loss of SAR 1 thousand was recorded for the nine-month period ended 30 September 2023G and a gain of SAR 23 thousand for the nine-month period ended 30 September 2024G. It is worth noting that the fixed assets sold are computers, software, furniture and furnishings.

## 6.5.1.8 Financing costs

**Table (79): Financing costs for the financial years ending 31 December 2021G, 2022G and 2023G and the nine-month periods ending 30 September 2023G and 2024G**

| SAR in 000s | FY 2021G (Management information) | FY 2022G (Management information) | FY 2023G (Management information) | Var. 2021G-2022G | Var. 2022G-2023G | CAGR 2021G-2023G | Nine-month period ended 30 September 2023G (Management information) | Nine-month period ended 30 September 2024G (Management information) | Var. nine-month period ended 30 September2023G-2024G |
|---|---|---|---|---|---|---|---|---|---|
| Interest on loans and bank facilities | 7,185 | 18,815 | 31,331 | 161.9% | 66.5% | 108.8% | 25,065 | 29,740 | 18.7% |
| Interest on EOSB | 3,175 | 3,108 | 6,380 | (2.1%) | 105.2% | 41.8% | 4,785 | 4,976 | 4.0% |
| Interest on lease liability | 6,060 | 5,519 | 8,673 | (8.9%) | 57.2% | 19.6% | 4,630 | 2,989 | (35.4%) |
| Interest on government loans | 513 | 366 | 279 | (28.8%) | (23.7%) | (26.3%) | 279 | 142 | (49.1%) |
| Bank charges | 1,952 | 2,014 | 1,795 | 3.1% | (10.8%) | (4.1%) | 1,106 | 1,639 | 48.2% |
| **Total** | **18,886** | **29,821** | **48,459** | **57.9%** | **62.5%** | **26.3%** | **35,864** | **39,487** | **10.1%** |

| SAR in 000s | FY 2021G (Management information) | FY 2022G (Management information) | FY 2023G (Management information) | Var. 2021G-2022G | Var. 2022G-2023G | CAGR 2021G-2023G | Nine-month period ended 30 September 2023G (Management information) | Nine-month period ended 30 September 2024G (Management information) | Var. nine-month period ended 30 September2023G-2024G |
|---|---|---|---|---|---|---|---|---|---|
| **As a percentage of revenue/percentage point** | | | | | | | | | |
| Interest on loans and bank facilities | 0.7% | 1.6% | 2.3% | 0.9 | 0.7 | 1.6 | 2.5% | 2.7% | 0.2 |
| Interest on EOSB | 0.3% | 0.3% | 0.5% | (0.0) | 0.2 | 0.2 | 0.5% | 0.4% | (0.0) |
| Interest on lease liability | 0.6% | 0.5% | 0.6% | (0.1) | 0.2 | 0.1 | 0.5% | 0.3% | (0.2) |
| Interest on government loans | 0.0% | 0.0% | 0.0% | (0.0) | (0.0) | (0.0) | 0.0% | 0.0% | (0.0) |

Source: Management Information

### Interest on loans and banking facilities

Interest on loans and bank facilities relates to interest paid on long and short-term group loans.

Interest cost increased by 161.9% from SAR 7.2 million in 2021G to SAR 18.8 million in 2022G, and then by 66.5% to SAR 31.3 million in 2023G. Interest on loans and bank facilities increased by 16.7% from SAR 25.1 million in the nine-month period ended 30 September 2023G to SAR 29.7 million in the nine-month period ended 30 September 2024G. This increase was attributable to an increase in loan balances resulting from:

- Significant increase in SIBOR during the review period: Financing costs witnessed a significant increase during the period from 2022G to 2024G, with the continuous rise in the Saudi Interbank Offered Rate (SIBOR) being the main factor in this increase.
- Increased costs of loans and banking facilities: The rise of SIBOR directly contributed to the increase in the cost of loans used by the Specialized Medical Company.
- Financing Expansionary Projects: The impact of SIBOR has been evident in financing projects such as the construction of SMC Hospital (3) – Northern Ring Road.
- Refinancing loans when they mature.
- Renovation of Tower 1 within SMC Hospital Complex (1) – King Fahd Road.

Furthermore, interest on loans and banking facilities increased by 16.7% from SAR 25.1 million in the nine-month period ended 30 September 2023G to SAR 29.7 million in the nine-month period ended 30 September 2024G, mainly to finance working capital needs and refinance loans when they mature.

### Benefits on End of Service Benefits

Interest on end-of-service gratuity stood at an average of SAR 3.1 million during the period from 2021G to 2022G.

It then increased by 100.2% from SAR 3.1 million in 2022G to SAR 6.4 million in 2023G, mainly driven by the increase in total number of employees.

Interest on end-of-service gratuity increased by 4.0% from SAR 4.8 million in the nine months ended 30 September 2023G to SAR 5.0 million in the nine-month period ended 30 September 2024G, driven by a further increase in the total number of employees.

### Interest on lease liability

Interest on lease liability decreased by 8.9% from SAR 6.1 million in 2021G to SAR 5.5 million in 2022G, in line with the decrease in lease liability from SAR 201.1 million in December 2021G to SAR 177.1 million in December 2022G.

However, interest on lease liability increased by 57.2% from SAR 5.5 million in 2022G to SAR 8.7 million in 2023G, mainly driven by an increase in lease liability to SAR 239.8 million due to additions.

Interest on lease liability decreased by 35.4% from SAR 4.6 million in the nine months ended 30 September 2023G to SAR 3.0 million in the nine-month period ended 30 September 2024G, in parallel with the decrease in lease liability from SAR 239.8 million in December 2023G to SAR 227.5 million in September 2024G.

### Interest on government loans

Interest on government loans pretrains to the amortization cost of the deferred government grant, given that the loan was interest free.

Interest on government loans decreased from SAR 513 thousand in 2021G to SAR 366 thousand and further to SAR 279 thousand in 2022G and 2023G.

Interest on government loans decreased by 49.1% from SAR 279 thousand in the nine-month period ended 30 September 2023G to SAR 142 thousand in the nine-month period ended 30 September 2024G.

### Bank fees

Bank fees include costs related to banking services.

Bank fees remained stable during 2021G and 2022G, then decreased to SAR 1.8 million in 2023G due to fluctuations in letters of credit and bank guarantees.

Banking fees increased from SAR 1.1 million in the nine-month period ended 2023G to SAR 1.6 million in the nine-month period ended 30 September 2024G.

## 6.5.2 Statement of Financial Position

**Table (80): Statement of Financial Position as at 31 December 2021G, 2022G and 2023G and as at 30 September 2024G**

| SAR in 000s | As of 31 December 2021G (Audited) | As of 31 December 2022G (Audited) | As of 31 December 2023G (Audited) | As of 30 September 2024G (Unaudited) |
|---|---|---|---|---|
| **Assets** | | | | |
| **Non-current assets** | | | | |
| Property and equipment | 1,021,530 | 1,213,086 | 1,226,578 | 1,260,011 |
| Right-of-use assets | 209,806 | 178,426 | 229,247 | 207,804 |
| **Total non-current assets** | **1,231,335** | **1,391,512** | **1,455,825** | **1,467,816** |
| **Current assets** | | | | |
| Inventories | 19,261 | 20,056 | 25,948 | 23,954 |
| Trade and other receivables | 340,637 | 425,612 | 508,446 | 615,388 |
| Prepayments and other assets | 230,006 | 26,439 | 35,174 | 43,601 |
| Cash and cash equivalents | 12,816 | 21,783 | 47,823 | 51,950 |
| Due from related parties | 2,362 | 1,440 | 1,015 | 1,022 |
| **Total current assets** | **605,083** | **495,330** | **618,406** | **735,915** |
| **Total assets** | **1,836,418** | **1,886,842** | **2,074,230** | **2,203,731** |

| SAR in 000s | As of 31 December 2021G (Audited) | As of 31 December 2022G (Audited) | As of 31 December 2023G (Audited) | As of 30 September 2024G (Unaudited) |
|---|---|---|---|---|
| **Shareholders' Equity and Liabilities** | | | | |
| **Shareholders' Equity** | | | | |
| Share capital | 85,000 | 85,000 | 85,000 | 85,000 |
| Additional equity contributions | - | - | - | 165,000 |
| Statutory reserve | 49,653 | 49,653 | 49,653 | 49,653 |
| Retained earnings | 549,592 | 597,181 | 710,396 | 607,984 |
| **Total Shareholders' Equity** | **684,246** | **731,835** | **845,049** | **907,637** |
| **Non-current liabilities** | | | | |
| Long-term loans | 282,750 | 198,704 | 143,878 | 100,714 |
| Government loan | 7,968 | 5,403 | 2,838 | - |
| Lease liabilities | 179,511 | 152,416 | 214,746 | 204,551 |
| Deferred government grant | 564 | 285 | 96 | - |
| Trade payables | 5,524 | 1,107 | 769 | - |
| Employees defined benefits liabilities | 134,285 | 147,367 | 155,939 | 161,859 |
| **Total non-current liabilities** | **610,602** | **505,283** | **518,266** | **467,124** |
| **Current liabilities** | | | | |
| Trade payables | 90,409 | 109,695 | 114,709 | 99,234 |
| Due to related parties | 450 | 925 | 896 | 977 |
| Short-term loans | 335,000 | 395,000 | 415,000 | 540,000 |
| Long-term loans | 20,000 | 36,296 | 57,551 | 57,551 |
| Lease liabilities | 21,558 | 24,634 | 25,087 | 22,948 |
| Government loan | 2,479 | 2,565 | 2,565 | 2,748 |
| Deferred government grant | 366 | 279 | 189 | 96 |
| Accrued expenses and other liabilities | 67,988 | 76,373 | 89,204 | 99,296 |
| Zakat payable | 3,321 | 3,957 | 5,715 | 6,120 |
| **Total current liabilities** | **541,571** | **649,725** | **710,915** | **828,970** |
| **Total liabilities** | **1,152,173** | **1,155,008** | **1,229,181** | **1,296,093** |
| **Total equity and liabilities** | **1,836,418** | **1,886,842** | **2,074,230** | **2,203,731** |
| **KPIs** | | | | |
| Days payable outstanding (number of days) | 40 | 43 | 41 | 38 |
| Days inventory outstanding (number of days) | 9 | 8 | 8 | 9 |
| Days sales outstanding (number of days) | 118 | 116 | 125 | 139 |
| Working capital as a percentage of revenue* | 41% | 24% | 27% | 33% |
| Return on assets* | 3.0% | 5.5% | 8.1% | 9.6% |
| Return on equity* | 8.2% | 14.1% | 20.0% | 23.4% |
| Debt-to-equity ratio | 95% | 87% | 74% | 77% |

Source: Special purpose consolidated financial statements for the year ended 31 December 2022G, the reissued consolidated financial statements for the year ended 31 December 2023G and unaudited consolidated financial statements for the nine months ended 30 September 2024G and management information

*Working capital is calculated as a percentage of income, return on assets and return on equity on an annual basis.

### Non-current assets

Non-current assets consist of property, equipment and right-of-use assets.

Non-current assets increased from SAR 1,231.3 million as at 31 December 2021G to SAR 1,391.5 million as at 31 December 2022G, due to an increase in property and equipment by SAR 191.6 million.

Non-current assets increased from SAR 1,391.5 million as at 31 December 2022G to SAR 1,455.8 million as at 31 December 2023G, as a result of additions to right-of-use assets.

Non-current assets increased from SAR 1,455.8 million as at 31 December 2023G to SAR 1,467.8 million as at 30 September 2024G, due to an increase in property and equipment.

### Current Assets

Current assets consist of inventory, trade and other receivables, prepaid expenses and other assets, cash and cash equivalents and due from related parties.

Current assets decreased from SAR 605.1 million as at 31 December 2021G to SAR 495.3 million as at 31 December 2022G due to a decrease in advance paid expenses and other assets.

Current assets increased from SAR 495.3 million as at 31 December 2022G to SAR 618.4 million as at 31 December 2023G due to an increase in trade and other receivables.

Current assets increased from SAR 618.4 million as at 31 December 2023G to SAR 735.9 million as at 30 September 2024G due to an increase in trade and other receivables.

### Shareholders' Equity

Shareholders' equity consists of capital, statutory reserve and retained earnings.

Shareholders' equity increased from SAR 684.2 million as at 31 December 2021G to SAR 731.8 million as at 31 December 2022G due to an increase in retained earnings.

Shareholders' equity increased from SAR 731.8 million as at 31 December 2022G to SAR 845.0 million as at 31 December 2023G due to an increase in retained earnings.

Shareholders' equity increased from SAR 845.0 million as at 31 December 2023G to SAR 907.6 million as at 30 September 2024G as a result of additional capital contributions.

### Non-current liabilities

Non-current liabilities consist of the non-current portion of long-term loans, the non-current portion of a government loan, the non-current portion of lease liabilities, the non-current portion - deferred government grants, the non-current portion - trade payables and employee defined benefit obligations.

Non-current liabilities decreased from SAR 610.6 million as at 31 December 2021G to SAR 505.3 million as at 31 December 2022G, as a result of repayment of long-term loans.

Non-current liabilities increased from SAR 505.3 million as at 31 December 2022G to SAR 518.3 million as at 31 December 2023G, mainly due to the increase in lease liabilities.

Non-current liabilities decreased from SAR 518.3 million as at 31 December 2023G to SAR 467.1 million as at 30 September 2024G as a result of repayment of long-term loans.

### Current liabilities

Current liabilities consist of trade payables, related liabilities, short-term loans, current portion of long-term loans, current portion of lease liabilities, current portion of government loan, current portion - deferred government grants, accrued expenses and other liabilities and zakat provision.

Current liabilities increased from SAR 541.6 million as at 31 December 2021G to SAR 649.7 million as at 31 December 2022G due to the increase in short-term loans.

Current liabilities increased from SAR 649.7 million as at 31 December 2022G to SAR 710.9 million as at 31 December 2023G due to an increase in short-term loans.

Current liabilities increased from SAR 710.9 million as at 31 December 2023G to SAR 829.0 million as at 30 September 2024G due to an increase in short-term loans.

### 6.5.2.1 Non-current assets

**Table (81): Non-current assets as at 31 December 2021G, 2022G and 2023G and as at 30 September 2024G**

| SAR in 000s | As of 31 December 2021G (Audited) | As of 31 December 2022G (Audited) | As of 31 December 2023G (Audited) | As of 30 September 2024G (Unaudited) |
|---|---|---|---|---|
| Property and equipment | 1,021,530 | 1,213,086 | 1,226,578 | 1,260,011 |
| Right-of-use assets | 209,806 | 178,426 | 229,247 | 207,804 |
| **Total non-current assets** | **1,231,335** | **1,391,512** | **1,455,825** | **1,467,816** |

Source: Special purpose consolidated financial statements for the year ended 31 December 2022G, the reissued consolidated financial statements for the year ended 31 December 2023G and management information

### 6.5.2.2 Property and equipment

**Table (82): Net book value of property and equipment as at 31 December 2021G, 2022G and 2023G and as at 30 September 2024G.**

| SAR in 000s | As of 31 December 2021G (Audited) | As of 31 December 2022G (Audited) | As of 31 December 2023G (Audited) | As of 30 September 2024G (Unaudited) |
|---|---|---|---|---|
| Land | 121,034 | 326,550 | 337,583 | 337,583 |
| Building & Renovation | 595,329 | 580,661 | 575,033 | 611,011 |
| Medical Equipment | 167,353 | 151,944 | 141,692 | 149,617 |
| Furniture & fixtures | 48,671 | 47,843 | 82,813 | 48,799 |
| Computer & software | 18,004 | 13,377 | 11,874 | 12,745 |
| General equipment | 18,409 | 20,148 | 25,080 | 22,548 |
| Motor vehicles | 1,040 | 726 | 313 | 279 |
| Capital work in progress | 51,689 | 71,836 | 52,189 | 77,428 |
| **Total** | **1,021,530** | **1,213,086** | **1,226,578** | **1,260,011** |

Source: Special purpose consolidated financial statements for the year ended 31 December 2022G, the reissued consolidated financial statements for the year ended 31 December 2023G and management information

**Table (83): Additions to property and equipment for the period ended 31 December 2021G, 2022G and 2023G and as at September 2024G.**

| SAR in 000s | As of 31 December 2021G (Audited) | As of 31 December 2022G (Audited) | As of 31 December 2023G (Audited) | As of 30 September 2024G (Unaudited) |
|---|---|---|---|---|
| Land | - | 205,516 | 11,033 | - |
| Building & Renovation | 8,013 | 1,678 | 10,529 | 15,357 |
| Medical Equipment | 29,927 | 23,145 | 15,452 | 25,986 |
| Furniture & fixtures | 12,233 | 6,893 | 3,754 | 565 |
| Computer & software | 2,253 | 3,668 | 2,420 | 3,590 |
| General equipment | 3,832 | 5,119 | 2,109 | 5,185 |
| Motor vehicles | 372 | 104 | - | 136 |
| Capital work in progress | 18,508 | 20,280 | 27,544 | 25,239 |
| **Total** | **75,138** | **266,402** | **72,841** | **76,057** |

Source: Special purpose consolidated financial statements for the year ended 31 December 2022G, the reissued consolidated financial statements for the year ended 31 December 2023G and management information

**Table (84): Accumulated depreciation of property and equipment as at 31 December 2021G, 2022G and 2023G and as at 30 September 2024G.**

| SAR in 000s | As of 31 December 2021G (Audited) | As of 31 December 2022G (Audited) | As of 31 December 2023G (Audited) | As of 30 September 2024G (Unaudited) |
|---|---|---|---|---|
| Land | - | - | - | - |
| Building & Renovation | (92,950) | (109,296) | (126,467) | (146,414) |
| Medical Equipment | (213,092) | (251,645) | (274,365) | (294,414) |
| Furniture & fixtures | (54,040) | (61,891) | (69,454) | (64,357) |
| Computer & software | (63,075) | (70,731) | (74,708) | (78,857) |
| General equipment | (22,608) | (25,823) | (28,739) | (31,930) |
| Motor vehicles | (6,647) | (7,064) | (7,478) | (6,775) |
| Capital work in progress | - | - | - | - |
| **Total** | **(452,412)** | **(526,451)** | **(581,212)** | **(622,746)** |

Source: Special purpose consolidated financial statements for the year ended 31 December 2022G, the reissued consolidated financial statements for the year ended 31 December 2023G and management information

### Land

Lands owned by the Group such as SMC Hospital (1) – King Fahd Road and SMC Hospital (2) – King Abdullah Road along with central stores and staff accommodations.

Land value increased from SAR 121.0 million as at 31 December 2021G to SAR 326.6 million as at 31 December 2022G, mainly due to additions of SAR 205.5 million during the year in respect of the plot purchased after construction work from SMC Hospital (3) – Northern Ring Road which was reclassified from down payments as it was purchased in 2021G but transferred during 2022G and included in the additions during the year.

Land increased further to SAR 337.6 million as at 31 December 2023G and as at 30 September 2024G driven by additions of SAR 11.0 million during the year, including land purchased for the purpose of expanding the Central Store - Sulay 2, which is essentially a warehouse for medical supplies.

### Buildings & Renovation

Buildings and renovation are mainly related to the construction and improvement of various aspects of the buildings used such as renovations and systems used for operations such as lighting and security.

Net book value of buildings and renovation decreased from SAR 595.3 million as at 31 December 2021G to SAR 580.7 million as at 31 December 2022G, mainly due to annual depreciation (SAR 16.3 million), offset by additions (SAR 1.7 million) for the renewal of clinics.

Net book value of buildings and renovation decreased from SAR 580.7 million as at 31 December 2022G to SAR 575.0 million as at 31 December 2023G, driven by depreciation expenses during the period.

Net book value of buildings and renovation also increased from SAR 575.0 million as at 31 December 2023G to SAR 611.0 million as at 30 September 2024G driven by additions during the year (SAR 15.4 million) which include renovations to (1) Tower 1 - Level 7 (SAR 4.0 million), (2) Tower 1 – Level 3 (SAR 3.3 million), and (3) Tower 2 – Level 1 (SAR 3.1 million), among others. This was partially offset by depreciation expenses during the period (SAR 14.1 million).

### Medical Equipment

Medical equipment includes advanced medical devices such as surgical instruments, laboratory instruments, patient beds, and others.

The net book value of medical equipment decreased from SAR 167.4 million as at 31 December 2021G to SAR 151.9 million as at 31 December 2022G, mainly due to depreciation costs during the year (SAR 38.6 million), offset by additions of SAR 23.1 million in the same period.

The net book value of medical equipment decreased from SAR 151.9 million as at 31 December 2022G to SAR 141.7 million as at 31 December 2023G, mainly due to annual depreciation (SAR 25.6 million), offset by additions of SAR 15.5 million during the same period which includes liposuction equipment, ultrasound, and endoscopes, among others.

The net book value of medical equipment increased from SAR 141.7 million as at 31 December 2023G to SAR 149.6 million as at 30 September 2024G, mainly driven by additions during the period of SAR 26.0 million related to scanning systems, X-ray and laser equipment, among others, while this was offset by depreciation during the same period (by SAR 18.1 million).

### Furniture & Fixtures

Furniture and fixtures mainly relate to air conditioners, TVs, storage units, amongst others used in clinics and housing.

The net book value of furniture and fixtures decreased from SAR 48.7 million as at 31 December 2021G to SAR 47.8 million as at 31 December 2022G due to depreciation costs during the year (SAR 7.9 million), offset by additions during the year of SAR 6.9 million.

The net book value of furniture and fixtures increased from SAR 47.8 million as at 31 December 2022G to SAR 82.8 million as at 31 December 2023G, due to transfers during the year (SAR 40.2 million) of capital works in progress mainly related to the Central Kitchen Project – Ishbilia.

The net book value of furniture and fixtures decreased to SAR 48.8 million as at 30 September 2024G, mainly driven by depreciation during the period and exclusions, while this was offset by additions during the same period (SAR 565 thousand).

### Computer & Software

Computers and software relate to television systems, computers, software licenses, tablets, and others.

The net book value of computer and software decreased from SAR 18.0 million as at 31 December 2021G to SAR 13.4 million as at 31 December 2022G, mainly due to annual depreciation (SAR 8.3 million), offset by additions during the year (SAR 3.7 million).

Net book value of computer and software decreased from SAR 13.4 million as at 31 December 2022G to SAR 11.9 million as at 31 December 2023G, due to annual depreciation (SAR 4.0 million) and additions during the year (SAR 2.4 million).

Net book value of computer and software increased from SAR 11.9 million as at 31 December 2023G to SAR 12.8 million as at 30 September 2024G driven by additions during the period (SAR 3.6 million) related to software licenses and system maintenance, while this was offset by depreciation charges during the year (SAR 2.7 million).

### General equipment

General equipment consists of stalls, sofas, counters, among other things.

The net book value of general equipment increased from SAR 18.4 million as at 31 December 2021G to SAR 20.1 million as at 31 December 2022G, mainly related to kiosks, among other things the additions constituted (SAR 5.1 million in the same period), while this was offset by annual depreciation (by SAR 3.4 million).

Net book value of general equipment increased from SAR 20.1 million as at 31 December 2022G to SAR 25.1 million as at 31 December 2023G driven by transfers during the year (SAR 5.8 million) of capital business in progress upon completion, while offset by annual depreciation (SAR 2.9 million).

The net book value of general equipment decreased from SAR 25.1 million as at 31 December 2023G to SAR 22.5 million as at 30 September 2024G mainly due to depreciation during the period (SAR 7.0 million), offset by additions during the same period (SAR 5.2 million) mainly related to fitness equipment.

### Vehicles

Vehicles mainly consist of ambulances, buses, vans, cars, and others.

The net book value of vehicles decreased from SAR 1.0 million as at 31 December 2021G to SAR 726 thousand as at 31 December 2022G, due to annual depreciation (SAR 417 thousand), offset by additions during the same period (SAR 104 thousand).

The net book value of vehicles also decreased from SAR 726 thousand as at 31 December 2022G to 313 thousand as at 31 December 2023G due to annual depreciation (by SAR 414 thousand).

The net book value of vehicles decreased from SAR 313 thousand as at 31 December 2023G to SAR 279 thousand as at 30 September 2024G due to depreciation costs during the period (by SAR 169 thousand).

### Capital work in progress

The capital work in progress mainly relate to the capital cost incurred to date in the various hospital projects of the Group.

Capital work in progress increased from SAR 51.7 million as at 31 December 2021G to SAR 71.8 million as at 31 December 2022G, mainly due to additions during the year (SAR 20.3 million) related to (1) Nurses Housing Project - Ishbilia (SAR 8.5 million) in relation to nurses accommodation at SMC Hospital (2) – King Abdullah Road, SMC Hospital (3) – Northern Ring Road (SAR 7.3 million) Saudi) for the new hospital expected to be completed in October 2027, and (3) the Central Kitchen Project - Ishbilia (SAR 4.3 million).

Capital work in progress decreased from SAR 71.8 million as at 31 December 2022G to SAR 52.2 million as at 31 December 2023G, driven by transfers during the year (SAR 47.2 million) related to the completion of the Central Kitchen Project - Ishbilia. This was offset by additions during the year (SAR 27.5 million) which include (1) SMC Hospital (3) – Northern Ring Road (SAR 16.1 million), and (2) Nurses Housing Project - Ishbilia (SAR 10.2 million).

Capital work in progress increased from SAR 52.5 million as at 31 December 2023G to SAR 77.4 million as at 30 September 2024G driven by major additions during the period (SAR 25.2 million) mainly related to (1) SMC Hospital (3) – Northern Ring Road (SAR 21.6 million) and (2) Nurses Housing Project – Ishbilia (SAR 2.4 million).

It is worth mentioning that the construction contracts for the Ishbilia housing projects were signed with Abdul Rahman Saad Al-Rashed & Sons Company (one of the main shareholders of the Group).

### 6.5.2.3 Right-of-use assets

**Table (85): Right of Use assets as at 31 December 2021G, 2022G and 2023G and as at 30 September 2024G**

| SAR in 000s | As of 31 December 2021G (Audited) | As of 31 December 2022G (Audited) | As of 31 December 2023G (Audited) | As of 30 September 2024G (Unaudited) |
|---|---|---|---|---|
| **Cost** | | | | |
| As at 1 January | 311,521 | 320,484 | 315,023 | 395,114 |
| Additions during the year | 10,885 | - | 2,085 | - |
| Disposals during the year | (1,922) | (5,461) | 61,793 | - |
| As at 31 December | 320,484 | 315,023 | 378,901 | 395,114 |
| **Accumulated depreciation** | | | | |
| As at 1 January | 82,014 | 110,679 | 136,597 | 165,867 |
| Depreciation during the year | 30,586 | 29,093 | 29,270 | 21,442 |
| Disposals during the year | (1,922) | (3,175) | (16,213) | |
| As at 31 December | 110,679 | 136,597 | 149,654 | 187,310 |
| Net book value | 209,806 | 178,426 | 229,247 | 207,804 |

Source: Special purpose consolidated financial statements for the year ended 31 December 2022G, the reissued consolidated financial statements for the year ended 31 December 2023G and management information.

Right of use assets relate to long-term rented land, buildings and office equipment contracts in accordance with IFRS 16.

It is worth mentioning that the second tower (within the SMC Hospital Complex (1) - King Fahd Road) is rented from Saudi Bunyan Company - a one-person company and is considered a related party.

Right-of-use assets decreased from SAR 209.8 million as at 31 December 2021G to SAR 178.4 million as at 31 December 2022G, mainly due to depreciation during the year (by SAR 29.1 million).

Right-of-use assets increased from SAR 178.4 million as at 31 December 2022G to SAR 229.2 million as at 31 December 2023G, mainly due to modifications during the year (SAR 78.0 million) (in connection with the renovation of Tower 3 - SMC Hospital (1) - King Fahd Road, while this was offset by annual depreciation (SAR 29.3 million).

Right-of-use assets decreased from SAR 229.2 million as at 31 December 2023G to SAR 207.8 million as at 30 September 2024G due to amortization during the period (by SAR 21.4 million).

### 6.5.2.4 Current assets

**Table (86): Current assets as at 31 December 2021G, 2022G and 2023G and as at 30 September 2024G**

| SAR in 000s | As of 31 December 2021G (Audited) | As of 31 December 2022G (Audited) | As of 31 December 2023G (Audited) | As of 30 September 2024G (Unaudited) |
|---|---|---|---|---|
| Inventories | 19,261 | 20,056 | 25,948 | 23,954 |
| Trade and other receivables | 340,637 | 425,612 | 508,446 | 615,388 |
| Prepayments and other assets | 230,006 | 26,439 | 35,174 | 43,601 |
| Cash and cash equivalents | 12,816 | 21,783 | 47,823 | 51,950 |
| Due from related parties | 2,362 | 1,440 | 1,015 | 1,022 |
| **Total current assets** | **605,083** | **495,330** | **618,406** | **735,915** |

Source: Special purpose consolidated financial statements for the year ended 31 December 2022G, the reissued consolidated financial statements for the year ended 31 December 2023G and unaudited consolidated financial statements for the nine months ended 30 September 2024G

#### 6.5.2.4.1 Cash and cash equivalents

**Table (87): Cash and cash equivalents as at 31 December 2021G, 2022G and 2023G and as at 30 September 2024G**

| SAR in 000s | As of 31 December 2021G (Audited) | As of 31 December 2022G (Audited) | As of 31 December 2023G (Audited) | As of 30 September 2024G (Unaudited) |
|---|---|---|---|---|
| Cash at banks | 12,342 | 21,264 | 47,295 | 50,529 |
| Cash on hand | 474 | 519 | 528 | 1,421 |
| **Total** | **12,816** | **21,783** | **47,823** | **51,950** |

Source: Special purpose consolidated financial statements for the year ended 31 December 2022G, the reissued consolidated financial statements for the year ended 31 December 2023G and management information

* Cash and cash equivalents are subject to IFRS 9 impairment requirements, impairment loss is not material.

Cash and cash equivalents amounted to SAR 51.9 million as at 30 September 2024G, consisting mainly of cash at banks (SAR 50.5 million) and cash on hand (SAR 1.4 million).

Cash and cash equivalents increased from SAR 12.8 million as at 31 December 2021G to SAR 21.8 million as at 31 December 2022G, mainly due to an increase in cash at banks (by SAR 8.9 million).

Cash and cash equivalents increased from SAR 21.8 million as at 31 December 2022G to SAR 47.8 million as at 31 December 2023G after increasing cash at banks (by SAR 26.0 million).

Cash and cash equivalents increased from SAR 47.8 million as at 31 December 2023G to SAR 51.9 million as at 30 September 2024G, as a result of the increase in cash at banks (by SAR 3.2 million), offset by a decrease in cash on hand (by SAR 893 thousand).

#### 6.5.2.4.2 Trade and other receivables

**Table (88): Trade and other receivables as at 31 December 2021G, 2022G and 2023G and as at 30 September 2024G**

| SAR in 000s | As of 31 December 2021G (Audited) | As of 31 December 2022G (Audited) | As of 31 December 2023G (Audited) | As of 30 September 2024G (Unaudited) |
|---|---|---|---|---|
| Trade and other trade receivables | 391,957 | 510,502 | 595,100 | 722,042 |
| Provision of ECL | (51,320) | (84,891) | (86,654) | (106,654) |
| **Total** | **340,637** | **425,611** | **508,446** | **615,388** |

Source: Special purpose consolidated financial statements for the year ended 31 December 2022G, the reissued consolidated financial statements for the year ended 31 December 2023G and management information

**Table (89): Analysis of the ages of trade receivables as at 31 December 2021G, 31 December 2022G, 31 December 2023G and 30 September 2024G**

| SAR in 000s | Current | 1-90 days | 91-180 days | 181-360 days | Above 360 days | Total | Provision for expected credit losses | Net trade and other receivables |
|---|---|---|---|---|---|---|---|---|
| 31 December 2021G | 210,995 | 68,598 | 23,758 | 24,095 | 64,512 | 391,957 | (51,320) | 340,637 |
| As a percentage of total trade and other receivables | 53.8% | 17.5% | 6.1% | 6.1% | 16.5% | 100.0% | N.A | N.A |
| 31 December 2022G | 264,908 | 123,526 | 49,453 | 28,573 | 44,042 | 510,502 | (84,891) | 425,611 |
| As a percentage of total trade and other receivables | 51.9% | 24.2% | 9.7% | 5.6% | 8.6% | 100.0% | N.A | N.A |
| 31 December 2023G | 319,071 | 102,815 | 54,448 | 65,763 | 53,003 | 595,100 | (86,654) | 508,446 |
| As a percentage of total trade and other receivables | 53.6% | 17.3% | 9.1% | 11.1% | 8.9% | 100.0% | N.A | N.A |
| 31 September 2024G | 219,412 | 119,355 | 130,957 | 114,743 | 137,575 | 722,042 | (106,654) | 615,388 |
| As a percentage of total trade and other receivables | 30.4% | 16.5% | 18.1% | 15.9% | 19.1% | 100.0% | N.A | N.A |

Source Management Information

**Table (90): Provision movement for expected credit losses as at 31 December 2021G, 31 December 2022G, 31 December 2023G and 30 September 2024G**

| SAR in 000s | As of 31 December 2021G (Audited) | As of 31 December 2022G (Audited) | As of 31 December 2023G (Audited) | As of 30 September 2024G (Unaudited) |
|---|---|---|---|---|
| January 1 | 4,561 | 51,320 | 84,891 | 86,654 |
| Accumulated during the year | 51,320 | 36,126 | 6,214 | 20,000 |
| Write-off during the year | (4,561) | (2,555) | (4,451) | - |
| **Total** | **51,320** | **84,891** | **86,654** | **106,654** |

Source: Special purpose consolidated financial statements for the year ended 31 December 2022G, the reissued consolidated financial statements for the year ended 31 December 2023G and management information

Trade receivables consist mainly of total receivables (SAR 722.0 million as at 30 September 2024G) associated with (1) insurance companies (SAR 388.0 million) representing c. 54% of total receivables as at 30 September 2024G, and (2) government customers (SAR 296.9 million) representing c. 41% of total receivables as at 30 September 2024G. This was partially offset by the rejection provisions (deducted from insurance companies) of SAR 116.9 million as at 30 September 2024G, and the provision for expected credit losses of SAR 106.7 million during the same period.

The trade receivables and other receivables balance increased from SAR 340.6 million as at 31 December 2021G to SAR 425.6 million as at 31 December 2022G and further to SAR 508.4 million as at 31 December 2023G, in line with the increase in trade receivables from (1) insurance companies (SAR 125.7 million) and (2) government customers (SAR 72.8 million) on the back of the increase in revenues during the same period. It is worth noting that the days sales outstanding (DSO) increased from 118 to 125 days during the same period.

The trade and other receivables balance increased from SAR 508.4 million as at 31 December 2023G to SAR 615.4 million as at 30 September 2024G, in line with the increase in receivables from (1) government customers (by SAR 58.7 million). and (2) insurance customers (SAR 52.6 million).

Total trade receivables (SAR 722.0 million as at 30 September 2024G) consist mainly of the following:

- Insurance companies with the inclusion of the rejection provision (SAR 388.0 million as at 30 September 2024G), which represents c. 53.7% of the total trade receivables as at 30 September 2024G, and is mainly related to claims submitted, but not yet collected from insurance companies with major insurance companies distributed among the insurance company (1) (c. 23% of the total insurance receivables as at 30 September 2024G), and the insurance company (2) (c. 21% of the total insurance receivables as in 30 September 2024G), and Insurance Company (3) (c. 13% of total insurance receivables as at 30 September 2024G). It is worth noting that the contractual obligations allowance is mainly related to the expected contractual obligations of insurance customers.
- Government receivables (SAR 296.9 million as at 30 September 2024G), representing approximately 41.1% of the total trade receivables as at 30 September 2024G, mainly related to dues from Prince Sultan Military Medical City and GlobeMed / Ministry of Health.
- Other receivables consist mainly of corporate receivables (SAR 19.2 million as at 30 September 2024G), patient receivables (SAR 15.5 million during the same period) and clinics (SAR 2.4 million). The Group recognizes the expected credit loss during each reporting period, using a provision matrix derived from its historical credit loss history. It is understood from the administration that the credit policy usually extends from 60-90 days for insurance and non-insurance customers, 30 days for clinic customers, and one year for government customers.

### 6.5.2.4.3 Due from related parties

**Table (91): Due from related parties as at 31 December 2021G, 2022G and 2023G and as at 30 September 2024G**

| SAR in 000s | As of 31 December 2021G (Audited) | As of 31 December 2022G (Audited) | As of 31 December 2023G (Audited) | As of 30 September 2024G (Unaudited) |
|---|---|---|---|---|
| Family members of shareholders, board members, and those related them | 1,034 | 802 | 449 | 744 |
| Mr. Omran AbdulRahman Al-Rashid | 349 | 10 | 236 | 211 |
| Mr. Sulaiman Abdulrahman Al-Rashid | 399 | 72 | 30 | 11 |
| Mr. Abdulrahman Al-Rashid | 266 | 9 | 23 | 14 |
| Dr. Mohammad Saleh Al Konbaz | 100 | 95 | 2 | - |
| Saudi Bunyan Company | 69 | 381 | 125 | - |
| Mr. Rashid Saad Al-Rashid | 52 | 15 | 18 | 7 |
| Dr. Khalid Al Sebaiay | 46 | 32 | - | 15 |
| Rashid Saad Al Rashid & Sons Company | 30 | 7 | 4 | 5 |
| Mr. Yousef Rashid Al-Rashid | 17 | 7 | 79 | 9 |
| Mr. Abdallah A. Al-Twaijri | - | 12 | 1 | 5 |
| Code Invention Company | - | - | 49 | - |
| **Total** | **2,362** | **1,440** | **1,015** | **1,022** |

Source: Special purpose consolidated financial statements for the year ended 31 December 2022G, the reissued consolidated financial statements for the year ended 31 December 2023G and unaudited consolidated financial statements for the nine months ended 30 September 2024G

Due from related parties mainly include receivables from the members of the Board of Directors (SAR 744 thousand as at 30 September 2024G) and from Mr. Omran Al-Rashed (SAR 211 thousand). The balances due from related parties mainly relate to the services provided by the Group on behalf of the shareholders.

The due from related parties balance decreased from SAR 2.4 million as at 31 December 2021G to SAR 1.4 million as at 31 December 2022G and further to SAR 1.0 million as at 31 December 2023G and 30 September 2024G, mainly due to payment of (1) Mr. Sulaiman Abdulrahman Al-Rashed (SAR 388 thousand), Chairman of the Board of Directors, and (2) family members of shareholders, members of the Board of Directors and their associates (by SAR 290 thousand), (3) Mr. Abdul Rahman Al-Rashed (by SAR 251 thousand).

#### 6.5.2.4.4 Inventory

**Table (92): Inventory as at 31 December 2021G, 2022G and 2023G and as at 30 September 2024G**

| SAR in 000s | As of 31 December 2021G (Audited) | As of 31 December 2022G (Audited) | As of 31 December 2023G (Audited) | As of 30 September 2024G (Unaudited) |
|---|---|---|---|---|
| Medical and operating room supplies | 15,199 | 15,816 | 22,010 | 19,434 |
| Other inventories | 4,063 | 4,239 | 3,938 | 4,520 |
| **Total** | **19,261** | **20,056** | **25,948** | **23,954** |

Source: Special purpose consolidated financial statements for the year ended 31 December 2022G, the reissued consolidated financial statements for the year ended 31 December 2023G and unaudited consolidated financial statements for the nine months ended 30 September 2024G

The inventory balance increased from SAR 19.3 million as at 31 December 2021G to SAR 20.1 million as at 31 December 2022G, mainly due to a slight increase in medical and operating room supplies (SAR 617 thousand), due to the overall operational growth demonstrated by the Group. Other inventories (SAR 176 thousand) including laboratory supplies also increased.

The inventory balance subsequently increased from SAR 20.1 million as at 31 December 2022G to SAR 25.9 million as at 31 December 2023G, mainly driven by medical and operating room supplies (SAR 6.2 million), offset by other inventories (SAR 301 thousand) containing laboratory supplies.

The inventory balance decreased from SAR 25.9 million as at 31 December 2023G to SAR 24.0 million as at 30 September 2024G, due to the decrease in medical and operating room supplies (SAR 2.6 million), offset by other inventories (SAR 582 thousand).

#### 6.5.2.4.5 Prepayments and other assets

**Table (93): Prepaid Expenses and Other Assets as at 31 December 2021G, 2022G, 2023G and as at 30 September 2024G**

| SAR in 000s | As of 31 December 2021G (Audited) | As of 31 December 2022G (Audited) | As of 31 December 2023G (Audited) | As of 30 September 2024G (Unaudited) |
|---|---|---|---|---|
| Advance payments | 212,245 | 6,353 | 8,687 | 13,541 |
| Iqama fees | 8,935 | 11,137 | 11,470 | 11,566 |
| Prepaid expenses | 1,990 | 2,443 | 5,678 | 9,265 |
| Employee receivables | 1,973 | 2,672 | 3,450 | 3,176 |
| Advances to suppliers | 1,468 | 1,776 | 4,397 | 5,108 |
| Others | 3,395 | 2,059 | 1,493 | 945 |
| **Totals** | **230,006** | **26,439** | **35,174** | **43,601** |

Source: Special purpose consolidated financial statements for the year ended 31 December 2022G, the reissued consolidated financial statements for the year ended 31 December 2023G and management information

Prepayments and other assets consist of advance payments (31%), iqama fees (27%), prepaid expenses (21%), advance payments to suppliers (21%), and employee receivables (approximately 7%), among others.

The prepayments and other assets balance decreased from SAR 230.0 million as at 31 December 2021G to SAR 26.4 million as at 31 December 2022G, mainly due to a decrease in advance payments (by SAR 205.9 million) in line with the purchase of new land for the construction of the Group's new branch (SMC Hospital 3 – Northern Ring Road), which was transferred and registered under the Group's name in 2022G, offset by an increase in accommodation fees amounting to SAR 2.2 million.

The prepayment and other assets balance increased from SAR 26.4 million as at 31 December 2022G to SAR 35.2 million as at 31 December 2023G, mainly driven by an increase in: (1) prepaid expenses (SAR 3.2 million), (2) advances to suppliers (SAR 2.6 million), and (3) advance payments (SAR 2.3 million).

The prepayment and other assets balance increased from SAR 35.2 million as at 31 December 2023G to SAR 43.6 million as at 30 September 2024G, stemming from the increase in (1) advance payments (SAR 4.9 million), (2) prepaid expenses (SAR 3.6 million), offset by a decrease in other payments (SAR 548 thousand).

### Advance payments

The advance payments balance decreased from SAR 212.2 million as at 31 December 2021G to SAR 6.4 million as at 31 December 2022G as a result of the purchase of land related to the construction of SMC Hospital (3) – Northern Ring Road which was transferred into property and equipment (SAR 205.5 million) during the same period.

The advance payments balance increased from SAR 6.4 million as at 31 December 2022G to SAR 8.7 million as at 31 December 2023G and further to SAR 13.5 million as at 30 September 2024G, mainly due to the increase in equipment during the same period along with the deposit for equipment awaiting delivery.

### Iqama Fees

The iqama fee mainly pertained to iqamas provided for staff.

The iqama fees balance increased from SAR 8.9 million as at 31 December 2021G to SAR 11.1 million as at 31 December 2022G driven by growth in the number of employees in line with operational growth.

The iqama fees balance increased from SAR 11.1 million as at 31 December 2022G to SAR 11.5 million as at 31 December 2023G and SAR 11.6 million in September 2024G due to additional growth in the number of employees.

### Prepaid expenses

Prepaid expenses consist mainly of prepaid insurance (SAR 6.2 million as at 30 September 2024G), prepaid advertisements (SAR 843 thousand as of 30 September 2024G), prepaid subscriptions (SAR 508 thousand as of 30 September 2024G), and others.

The prepaid expenses balance increased from SAR 2.0 million as at 31 December 2021G to SAR 2.4 million as at 31 December 2022G as a result of an increase in prepaid insurance (SAR 590 thousand) provided to Group employees and their families, driven by an increase in the number of employees.

The prepaid expenses balance increased from SAR 2.4 million as at 31 December 2022G to SAR 5.7 million as at 31 December 2023G, driven by an increase in prepaid insurance (by SAR 3.0 million) due to the growth in the number of employees and the change of the insurance company from "**Arabian Insurance**" to "**Arabian Shield Insurance**" resulting in an increase in insurance premiums.

The prepaid expenses balance increased from SAR 5.7 million as at 31 December 2023G to SAR 9.3 million as at 30 September 2024G, mainly in line with the additional increase in prepaid insurance (SAR 1.5 million) driven by an increase in the number of employees in line with the Group's operational growth.

### Employee receivables

Employee receivables consist mainly of advances made to employees that will be settled within 12 months. It is worth noting that there is no official policy governing these developments.

The employee receivables balance increased from SAR 2.0 million as at 31 December 2021G to SAR 2.7 million as at 31 December 2022G driven by growth in the number of employees.

The employee receivables balance increased from SAR 2.7 million as at 31 December 2022 to SAR 3.4 million as at 31 December 2023 due to additional growth in the number of employees in line with operational growth.

The employee receivables balance decreased from SAR 3.4 million as at 31 December 2023 to SAR 3.2 million as at 30 September 2024, in line with the reconciliations made during the period.

### Advances to suppliers

Advances to suppliers mainly relate to payments for fixed-asset supplies and service contracts

The advances to suppliers balance increased from SAR 1.5 million as at 31 December 2021 to SAR 1.8 million as at 31 December 2022, driven by the expansion of operations during the same period.

The advances to suppliers balance increased from SAR 1.8 million as at 31 December 2022 to SAR 4.4 million as at December 2023 and further to SAR 5.1 million as at 30 September 2024, in line with the additional increase in advances related to (1) Economic Control Company (SAR 528.0 million), (2) Irteqaa Marketing Consulting (SAR 417 million) and (3) Dar International for Engineering Consultancy Co.(SAR 362 million).

### Others

Other payments consist mainly of prepaid accommodation rentals (SAR 859,000 as at 30 September 2024) and deposits with suppliers (SAR 86,000 as at 30 September 2024).

The other payments balance decreased from SAR 3.4 million as at 31 December 2021 to SAR 2.1 million as at 31 December 2022 and further to SAR 1.5 million as at 31 December 2023 and SAR 945 thousand as at 30 September 2024, in line with the decrease in prepaid rent due to the closure of two clinics leased to Diet World in Jeddah and Al Khobar.

## 6.5.2.5 Shareholders’ Equity

**Table (94): Shareholders’ Equity as at 31 December 2021G, 2022G and 2023G and as at 30 September 2024G**

| SAR in 000s | As of 31 December 2021G (Audited) | As of 31 December 2022G (Audited) | As of 31 December 2023G (Audited) | As of 30 September 2024G (Unaudited) |
|---|---|---|---|---|
| Share capital | 85,000 | 85,000 | 85,000 | 85,000 |
| Additional equity contributions | - | - | - | 165,000 |
| Statutory reserve | 49,653 | 49,653 | 49,653 | 49,653 |
| Retained earnings | 549,592 | 597,181 | 710,396 | 607,984 |
| **Total Shareholders’ Equity** | **684,246** | **731,835** | **845,049** | **907,637** |

Source: Special purpose consolidated financial statements for the year ended 31 December 2022G, the reissued consolidated financial statements for the year ended 31 December 2023G and unaudited consolidated financial statements for the nine months ended 30 September 2024G

#### 6.5.2.5.1 Share capital and additional equity contribution to share capital

**Table (95): Share capital and additional contribution to share capital as at 31 December 2021G, 2022G and 2023G and as at 30 September 2024G**

| SAR in 000s | As of 31 December 2021G (Audited) | As of 31 December 2022G (Audited) | As of 31 December 2023G (Audited) | As of 30 September 2024G (Unaudited) |
|---|---|---|---|---|
| Share capital | 85,000 | 85,000 | 85,000 | 85,000 |
| Additional contributions to share capital | - | - | - | 165,000 |

Source: Special purpose consolidated financial statements for the year ended 31 December 2022G, the reissued consolidated financial statements for the year ended 31 December 2023G and unaudited consolidated financial statements for the nine months ended 30 September 2024G

The Company's share capital as at 30 September 2024: SAR 85 million (December 2023: SAR 85 million) distributed over 8.5 million ordinary shares (December 2023: 8.5 million ordinary shares), fully paid up with a nominal value of SAR 10, during the period, the company decided to increase the capital by SAR 165 million through the capitalization of retained earnings with a total value of SAR 165 million based on the approval of the Board of Directors on August 27, 2024, and the approval of the Extraordinary General Assembly in its meeting held on 15 September 2024. The increase was recorded as an additional share capital and the company obtained the approval of the Ministry of Commerce and updated the Commercial Register on November 19, 2024.

#### 6.5.2.5.2 Statutory reserve

**Table (96): Statutory reserve as at 31 December 2021G, 2022G and 2023G and as at 30 September 2024G**

| SAR in 000s | As of 31 December 2021G (Audited) | As of 31 December 2022G (Audited) | As of 31 December 2023G (Audited) | As of 30 September 2024G (Unaudited) |
|---|---|---|---|---|
| Statutory reserve | 49,653 | 49,653 | 49,653 | 49,653 |

Source: Special purpose consolidated financial statements for the year ended 31 December 2022G, the reissued consolidated financial statements for the year ended 31 December 2023G and unaudited consolidated financial statements for the nine months ended 30 September 2024G

The statutory reserve balance stood at SAR 49.7 million as at 31 December 2021, 31 December 2022, 31 December 2023 and 30 September 2024, as the Group is required to set aside 10% of its yearly net income until it has built a reserve equal to 30% of the share capital.

#### 6.5.2.5.3 Retained earnings

**Table (97): Retained earnings as at 31 December 2021G, 2022G, 2023G and as at 30 September 2024G**

| SAR in 000s | As of 31 December 2021G (Audited) | As of 31 December 2022G (Audited) | As of 31 December 2023G (Audited) | As of 30 September 2024G (Unaudited) |
|---|---|---|---|---|
| Retained earnings | 549,592 | 597,181 | 710,396 | 607,984 |

Source: Special purpose consolidated financial statements for the year ended 31 December 2022G, the reissued consolidated financial statements for the year ended 31 December 2023G and unaudited consolidated financial statements for the nine months ended 30 September 2024G

Retained earnings increased from SAR 549.6 million as at 31 December 2021 to SAR 597.2 million as at 31 December 2022 as a result of comprehensive income (SAR 97.6 million), offset by dividends paid (SAR 50.0 million).

Retained earnings increased from SAR 597.2 million as at 31 December 2022 to SAR 710.4 million as at 31 December 2023 mainly due to comprehensive income (SAR 173.2 million), offset by dividends paid (SAR 60.0 million).

Retained earnings subsequently retained earnings decreased from SAR 710.4 million as at 31 December 2023 to SAR 608.0 million as at 30 September 2024 following the transfer of (1) additional equity contributions (SAR 165.0 million) and (2) dividends paid (SAR 100.0 million), while this was offset by the company's comprehensive income for the period (SAR 162.6 million).

#### 6.5.2.5.4 Non-current liabilities

**Table (98): Retained earnings as at 31 December 2021G, 2022G, 2023G and as at 30 September 2024G**

| SAR in 000s | As of 31 December 2021G (Audited) | As of 31 December 2022G (Audited) | As of 31 December 2023G (Audited) | As of 30 September 2024G (Unaudited) |
|---|---|---|---|---|
| Long-term loans | 282,750 | 198,704 | 143,878 | 100,714 |
| Government loan | 7,968 | 5,403 | 2,838 | - |
| Lease liabilities | 179,511 | 152,416 | 214,746 | 204,551 |
| Deferred government grant | 564 | 285 | 96 | - |
| Trade payables | 5,524 | 1,107 | 769 | - |
| Employees defined benefits liabilities | 134,285 | 147,367 | 155,939 | 161,859 |
| **Total non-current liabilities** | **610,602** | **505,283** | **518,266** | **467,124** |

Source: Special purpose consolidated financial statements for the year ended 31 December 2022G, the reissued consolidated financial statements for the year ended 31 December 2023G and unaudited consolidated financial statements for the nine months ended 30 September 2024G and management information.

#### 6.5.2.5.5 Long term loans

**Table (99): Long term loans as at 31 December 2021G, 2022G and 2023G and as at 30 September 2024G**

| SAR in 000s | As of 31 December 2021G (Audited) | As of 31 December 2022G (Audited) | As of 31 December 2023G (Audited) | As of 30 September 2024G (Unaudited) |
|---|---|---|---|---|
| Balance at the beginning of the year | 255,036 | 302,750 | 235,000 | 201,429 |
| Additions during the year | 280,000 | - | - | - |
| Reclassification to short term loans | - | (45,000) | - | - |
| Amounts paid during the year | (232,286) | (22,750) | (33,571) | (43,163) |
| **Balance at the ending of the year** | **302,750** | **235,000** | **201,429** | **158,265** |
| Current portion of long-term loans | 20,000 | 36,296 | 57,551 | 57,551 |
| Non-current portion of long-term loans | 282,750 | 198,704 | 143,878 | 100,714 |
| **Balance at the ending of the year** | **302,750** | **235,000** | **201,429** | **158,265** |

Source: Special purpose consolidated financial statements for the year ended 31 December 2022G, the reissued consolidated financial statements for the year ended 31 December 2023G and unaudited consolidated financial statements for the nine months ended 30 September 2024G and management information

**Table (100): Movement of Short-Term Loans as at 31 December 2021G, 2022G and 2023G and as at 30 September 2024G**

| SAR in 000s | As of 31 December 2021G (Audited) | As of 31 December 2022G (Audited) | As of 31 December 2023G (Audited) | As of 30 September 2024G (Unaudited) |
|---|---|---|---|---|
| Balance at the beginning of the year | 165,000 | 335,000 | 395,000 | 415,000 |
| Additions during the year | 515,000 | 652,000 | 730,000 | 660,000 |
| Reclass from Long term loans | - | 45,000 | - | - |
| Amounts paid during the year | (345,000) | (637,000) | (710,000) | (535,000) |
| **Balance at the ending of the year** | **335,000** | **395,000** | **415,000** | **540,000** |

Source: Special purpose consolidated financial statements for the year ended 31 December 2022G, the reissued consolidated financial statements for the year ended 31 December 2023G and unaudited consolidated financial statements for the nine months ended 30 September 2024G and management information

**Table (101): Government Loan Movement as at 31 December 2021G, 2022G and 2023G and as at 30 September 2024G**

| SAR in 000s | As of 31 December 2021G (Audited) | As of 31 December 2022G (Audited) | As of 31 December 2023G (Audited) | As of 30 September 2024G (Unaudited) |
|---|---|---|---|---|
| Balance at the beginning of the year | 14,663 | 10,447 | 7,968 | 5,403 |
| Amounts paid during the year | (4,216) | (2,479) | (2,565) | (2,655) |
| **Balance at the ending of the year** | **10,447** | **7,968** | **5,403** | **2,748** |

Source: Special purpose consolidated financial statements for the year ended 31 December 2022G, the reissued consolidated financial statements for the year ended 31 December 2023G and unaudited consolidated financial statements for the nine months ended 30 September 2024G and management information

**Table (102): Total loans as at 31 December 2021G, 2022G and 2023G and as at 30 September 2024G**

| SAR in 000s | As of 31 December 2021G (Audited) | As of 31 December 2022G (Audited) | As of 31 December 2023G (Audited) | As of 30 September 2024G (Unaudited) |
|---|---|---|---|---|
| **Total Loans** | **648,197** | **637,968** | **621,832** | **701,013** |

Source: Special purpose consolidated financial statements for the year ended 31 December 2022G, the reissued consolidated financial statements for the year ended 31 December 2023G and unaudited consolidated financial statements for the nine months ended 30 September 2024G

The Loan balance decreased from SAR 648.2 million as at 31 December 2021G to SAR 638.0 million as at 31 December 2022G in line with the increase in repayment during the same period in respect of Banque Saudi Fransi (Short Term Loan) by SAR 165 million, Riyad Bank by SAR 90 million and Saudi National Bank by SAR 50 million. The purpose of the new loans obtained during the period from 31 December 2021G to December 2022G is (1) Refinancing outstanding loans, (2) financing the construction of SMC Hospital (3) – Northern Ring Road and (3) financing the renovation of Tower 1 at SMC Hospital (1) – King Fahd Road.

The loan balance decreased from SAR 638.0 million as at 31 December 2022G to SAR 621.8 million as at 31 December 2023G, in line with the increase in repayment during the same period in respect of Al Rajhi Bank (short-term loan) by SAR 290 million. This was partially offset by additional loans received by the Group during the same period. The primary purpose of these loans was to finance the construction of the SMC Hospital Complex (3) – Northern Ring Road and to refinance outstanding loans.

The loan balance increased from SAR 621.8 million as at 31 December 2023G to SAR 701.0 million as at 30 September 2024G, in line with the additional loans obtained during the period (SAR 433.3 million) consisting mainly of (1) Banque Saudi Fransi (SAR 158.3 million), (2) Al Rajhi Bank (SAR 145 million), First Saudi Bank (SAR 80 million) and National Bank of Kuwait (SAR 50 million). The main purpose of these loans was to finance working capital needs and refinance outstanding loans.

Total loans as at 30 September 2024G are linked with the following banks:

1- Al Rajhi Bank is secured by a corporate guarantee in respect of the Group's obligations issued by: (1) Abdul Rahman Bin Saad Al-Rashed & Sons Company, (2) Abdullah Bin Saad Al-Rashed & Sons Company, (3) Al Thamad Trading & Contracting Company, (4) Rashid Bin Saad Al-Rashed & Sons Company, Personal Guarantee: (5) Khalid bin Makaiman bin Duwaihis Al-Enezi, (6) Mohammed Saleh Mohammed Al-Qanbaz. These loans are obtained to refinance loans at maturity.
2- Banque Saudi Fransi (BSF) is secured by (a) corporate guarantees (1) Abdul Rahman bin Saad Al-Rashed & Sons Company: SAR 254,536,490 (2) Rashid Bin Saad Al-Rashed & Sons Company: SAR 82,031,315; (3) Al Thamad Trading & Contracting Company: SAR 127,268,245; (4) Abdullah bin Saad Al-Rashed & Sons Company SAR 130,040,425 and (b) Personal Guarantees (Dr. Mohammed Saleh Mohammed Al-Qunbaz: SAR 12,096,784, Dr. Khalid Makiman Duwaihs Al-Enezi: SAR 24,067,560)
3- National Bank of Kuwait (NBK) is secured by a corporate guarantee in respect of the Group's obligations issued by (1) Abdulrahman Bin Saad Al-Rashed & Sons Company - 40.40%; (2) Abdullah bin Saad Al-Rashed & Sons Company - 20.64%; (3) Al Thamad Trading & Contracting Company - 20.20%; (4) Rashid Bin Saad Al-Rashed & Sons Company - 13.02%. In addition, these loans are guaranteed by personal guarantees issued by Dr. Khalid Makiman Duwaihs Al-Enezi - 3.82%, and Dr. Mohammed Saleh Mohammed Al-Qunbaz - 1.92%.
4- Saudi Awal Bank (SAB) is secured by a personal guarantee issued in respect of the Group's obligations consisting of: Khalid Al-Subaie (3.8%), Mohammed Saleh Mohammed Al-Qunbaz (1.92%) / Founders Guarantee Abdullah Bin Saad Al-Rashed & Sons Company (20.64%), Closed Joint Stock Company, Abdul Rahman Bin Saad Al-Rashed & Sons Company (40.4%), Al Thummad Trading & Contracting Company (20.2%) and Rashid Bin Saad Al-Rashed & Sons Company (13.02%). This loan was issued to support the company's working capital, trade finance and risk mitigation through various financial facilities such as letters of credits, guarantees and hedging.

#### 6.5.2.5.6 Deferred Government Grants

**Table (103): Long term loans as at 31 December 2021G, 2022G and 2023G and as at 30 September 2024G**

| SAR in 000s | As of 31 December 2021G (Audited) | As of 31 December 2022G (Audited) | As of 31 December 2023G (Audited) | As of 30 September 2024G (Unaudited) |
|---|---|---|---|---|
| Balance at the beginning of the year | 1,443 | 930 | 564 | 285 |
| Amortization for the year | (513) | (366) | (279) | (189) |
| **Total** | **930** | **564** | **285** | **96** |
| Deferred income current portion | 366 | 279 | 189 | (96) |
| Deferred income non-current portion | 564 | 285 | 96 | - |
| **Total** | **930** | **564** | **285** | **-** |

Source: Special purpose consolidated financial statements for the year ended 31 December 2022G, the reissued consolidated financial statements for the year ended 31 December 2023G and unaudited consolidated financial statements for the nine months ended 30 September 2024G and management information

The deferred government grant represents the difference between the fair value and the book value of the interest-free loan granted by the Ministry of Finance and is amortized during the loan period.

#### 6.5.2.5.7 Lease liabilities

**Table (104): Lease liabilities as at 31 December 2021G, 2022G and 2023G and as at 30 September 2024G**

| SAR in 000s | As of 31 December 2021G (Audited) | As of 31 December 2022G (Audited) | As of 31 December 2023G (Audited) | As of 30 September 2024G (Unaudited) |
|---|---|---|---|---|
| Balance at the beginning of the year | 211,804 | 201,069 | 177,051 | 239,833 |
| Additions during the year | 10,885 | - | 2,085 | - |
| Disposals during the year | - | (2,286) | - | - |
| Finance cost during the year | 6,060 | 5,519 | 8,673 | 6,924 |
| Paid during the year | (27,680) | (27,250) | (25,982) | (19,259) |
| Modification during the year | - | - | 78,006 | - |
| **Balance at the ending of the year** | **201,069** | **177,051** | **239,833** | **227,499** |
| Current portion of lease liabilities | 21,558 | 24,634 | 25,087 | 22,948 |
| Non-current portion of lease liabilities | 179,511 | 152,416 | 214,746 | 204,551 |
| **Balance at the ending of the year** | **201,069** | **177,051** | **239,833** | **227,499** |

Source: Special purpose consolidated financial statements for the year ended 31 December 2022G, the reissued consolidated financial statements for the year ended 31 December 2023G and management information

Lease liabilities represent the corresponding liability for the Group's various right-of-use assets recognized under IFRS 16.

The lease liabilities balance decreased from SAR 201.1 million as at 31 December 2021G to SAR 177.1 million as at 31 December 2022G, in line with the amounts paid during the year (SAR 27.3 million).

The lease liabilities balance subsequently increased from SAR 177.1 million as at 31 December 2022G to SAR 239.8 million as at 31 December 2023G, as a result of amendments and additions during the year (by SAR 80.1 million).

The lease liabilities balance subsequently decreased from SAR 239.8 million as at 31 December 2023G to SAR 227.5 million as at 30 September 2024G mainly due to the amounts paid during the period (SAR 19.3 million), while this was offset by financing costs during the same period (SAR 6.9 million).

#### 6.5.2.5.8 Trade payables

Trade payables (current and non-current) increased from SAR 95.9 million as at 31 December 2021G to SAR 110.8 million as at 31 December 2022G, mainly due to an increase in balances due to (1) Alhumaid Medical and Trading Company (by SAR 16.9 million), mainly related to pharmaceuticals in line with the growth in operations from SMC Hospital (2) – King Abdullah Road, and (2) Arabian Shield Cooperative Insurance Company (SAR 3.7 million) for employee medical insurance in line with the growth in the number of employees. This was offset by a decrease in the payables of Philips Healthcare Saudi Limited (SAR 6.4 million).

The trade payables balance increased from SAR 110.8 million as at 31 December 2022G to SAR 115.5 million as at 31 December 2023G, mainly due to increased balances due to (1) United Medical Laboratories (by SAR 3.2 million) in relation to diagnostic services and laboratory tests. This was offset by the settlement of payables from (1) Philips Saudi Healthcare Limited related to medical equipment, and (2) Medtronic Mediterranean s.a.l. related to a hybrid operating room and catheterization laboratory (SAR 3.7 million).

The trade payables balance decreased from SAR 115.5 million as at 31 December 2023G to SAR 99.2 million as at 30 September 2024G, following a decrease in balances due to (1) United Medical Laboratories (SAR 3.7 million) related to testing services, and (2) Al-Mafsal Medical Co. (SAR 1.7 million) related to medical equipment and services. This was offset by an increase in balances due to (1) Icon Construction for Contracting Co. (SAR 4.6 million) and (2) Islamic Financial Services Fund (SAR 3.3 million) related to the fixed assets supplier.

#### 6.5.2.5.9 Employees defined benefits liabilities

**Table (105): Employees defined benefits liabilities as at 31 December 2021G, 2022G and 2023G and as at 30 September 2024G**

| SAR in 000s | As of 31 December 2021G (Audited) | As of 31 December 2022G (Audited) | As of 31 December 2023G (Audited) | As of 30 September 2024G (Unaudited) |
|---|---|---|---|---|
| Balance at the beginning of the year | 125,612 | 134,285 | 147,367 | 155,939 |
| Current service cost | 14,899 | 15,928 | 17,895 | 18,838 |
| Interest cost | 3,175 | 3,108 | 6,380 | 4,976 |
| Benefits paid | (11,549) | (11,326) | (11,185) | (14,370) |
| Remeasurement of EOSB | 2,147 | 5,372 | (4,519) | (3,525) |
| **Balance at the end of the year** | **134,285** | **147,367** | **155,939** | **161,859** |

Source: Special purpose consolidated financial statements for the year ended 31 December 2022G, the reissued consolidated financial statements for the year ended 31 December 2023G and management information

Employee benefits represent the estimated remuneration due to employees under local regulations and contractual arrangements.

The Employees defined benefits liabilities balance increased from SAR 134.3 million as at 31 December 2021G to SAR 147.4 million as at 31 December 2022G, to SAR 156.0 million as at 31 December 2023G, and further to SAR 161.9 million as at 30 September 2024G, mainly driven by the increase in current service costs during the period (by SAR 3.9 million) and interest costs (by SAR 1.8 million) in line with the increase in the number of employees over the same period, offset by paid benefits (SAR 2.8 million).

#### 6.5.2.5.10 Current liabilities

**Table (106): Current liabilities as at 31 December 2021G, 2022G, 2023G and as at 30 September 2024G**

| SAR in 000s | As of 31 December 2021G (Audited) | As of 31 December 2022G (Audited) | As of 31 December 2023G (Audited) | As of 30 September 2024G (Unaudited) |
|---|---|---|---|---|
| Trade payables | 90,409 | 109,695 | 114,709 | 99,234 |
| Due to related parties | 450 | 925 | 896 | 977 |
| Short-term loans | 335,000 | 395,000 | 415,000 | 540,000 |
| Long-term loans | 20,000 | 36,296 | 57,551 | 57,551 |
| Lease liabilities | 21,558 | 24,634 | 25,087 | 22,948 |
| Government loan | 2,479 | 2,565 | 2,565 | 2,748 |
| Deferred government grant | 366 | 279 | 189 | 96 |
| Accrued expenses and other liabilities | 67,988 | 76,373 | 89,204 | 99,296 |
| Zakat payable | 3,321 | 3,957 | 5,715 | 6,120 |
| **Total current liabilities** | **541,570** | **649,725** | **710,915** | **828,970** |

Source: Special purpose consolidated financial statements for the year ended 31 December 2022G, the reissued consolidated financial statements for the year ended 31 December 2023G and unaudited consolidated financial statements for the nine months ended 30 September 2024G

#### 6.5.2.5.11 Due to related party

**Table (107): Due to related parties as at 31 December 2021G, 2022G and 2023G and as at 30 September 2024G**

| SAR in 000s | As of 31 December 2021G (Audited) | As of 31 December 2022G (Audited) | As of 31 December 2023G (Audited) | As of 30 September 2024G (Unaudited) |
|---|---|---|---|---|
| Snow Bright Laundry Co. | 181 | 198 | 377 | 198 |
| Abdulrahman Saad Al-Rashid & Sons Co. | - | - | - | 468 |
| Al-Thomad Travel and Tourism Co. | 173 | 437 | 327 | 169 |
| Code Invention Co. | 97 | 290 | - | 20 |
| Cotton Experts | - | - | 132 | 85 |
| Adeem Al Sahra Trading Co. | - | - | 59 | 38 |
| **Total** | **450** | **925** | **896** | **977** |

Source: Special purpose consolidated financial statements for the year ended 31 December 2022G, the reissued consolidated financial statements for the year ended 31 December 2023G and unaudited consolidated financial statements for the nine months ended 30 September 2024G

The due to related parties balance increased from SAR 450 thousand as at 31 December 2021G to SAR 925,000 as at 31 December 2022G, due to an increase in the balance to Al Thamad Travel & Tourism Company (SAR 265,000) and Code Invention Company (by SAR 193,000).

The due to related parties balance decreased to SAR 896 thousand as at 31 December 2023G, due to the payment of the outstanding balance to Code Invention Company and the decrease in the balance of Al Thummad Travel and Tourism Company (by SAR 110 thousand).

The due to related parties balance increased to SAR 977 thousand as at 30 September 2024G mainly due to increases in amounts due to (1) Abdul Rahman Saad Al-Rashed & Sons Company (SAR 468 thousand), a major shareholder in the Group, and (2) cotton experts (SAR 85 thousand) related to laundry services provided to the Group, offset by a decrease in the amounts due to the Code Invention Company (by SAR 77 thousand). These balances mainly included purchases on behalf of the Group.

#### 6.5.2.5.12 Accrued expenses and other liabilities

**Table (108): Accrued expenses and other current liabilities as at 31 December 2021G, 2022G, 2023G and as at 30 September 2024G**

| SAR in 000s | As of 31 December 2021G (Audited) | As of 31 December 2022G (Audited) | As of 31 December 2023G (Audited) | As of 30 September 2024G (Unaudited) |
|---|---|---|---|---|
| Employees' salaries and benefits | 41,873 | 41,509 | 47,102 | 44,236 |
| Value added tax | 8,370 | 9,618 | 13,600 | 8,254 |
| Advances from customers | 7,273 | 9,454 | 10,629 | 11,036 |
| General organization for social insurance | 1,582 | 2,093 | 2,353 | 2,501 |
| Unearned other revenue | 1,908 | 2,335 | 1,158 | 893 |
| Accrued expenses | 528 | 1,645 | 1,541 | 22,074 |
| Provision for contingent liabilities | 1,200 | 3,300 | 3,300 | 7,096 |
| Other payables | 5,255 | 6,419 | 9,521 | 3,205 |
| **Ending balance at year end** | **67,988** | **76,373** | **89,204** | **99,296** |

Source: Special purpose consolidated financial statements for the year ended 31 December 2022G, the reissued consolidated financial statements for the year ended 31 December 2023G and management information

### Employees' salaries and benefits payable

Employees' salaries and benefits payable consist mainly of (1) accrued leave payments (SAR 13.8 million as at 30 September 2024G), (2) patient deposits (SAR 11.0 million), (3) part-time doctors' share due (SAR 5.3 million) and (4) leave allowance (SAR 13.8 million).

The employees' salaries and benefits payable balance decreased from SAR 41.9 million as at 31 December 2021G to SAR 41.5 million as at 31 December 2022G as a result of the resignation of certain employees from the Group at the end of the year.

The employees' salaries and benefits payable balance subsequently increased from SAR 41.5 million as at 31 December 2022G to SAR 47.1 million as at 31 December 2023G, driven by the expansion of SMC Hospital (2) – King Abdullah Road and the growth in the number of employees.

The employees' salaries and benefits payable balance subsequently decreased to SAR 44.2 million as at 30 September 2024G in line with the increase in the number of employees who resigned, with the Group preparing to compensate for this by hiring new employees in January 2025G.

### Value Added Tax (VAT)

The VAT balance increased from SAR 8.4 million as at 31 December 2021G to SAR 9.6 million as at 31 December 2022G, driven by increased revenues and expanded operations during the period.

The VAT balance increased from SAR 9.6 million as at 31 December 2022G to SAR 13.6 million as at 31 December 2023G, driven by a further increase in revenue.

The VAT balance decreased from SAR 13.6 million as at 31 December 2023G to SAR 8.3 million as at 30 September 2024G as a result of comparing the nine months ended 30 September 2024G with the fiscal year 2023G (tax balance as at 30 September 2023G is SAR 14.1 million).

### Advances from customers

The advance from customers balance increased from SAR 7.3 million as at 31 December 2021G to SAR 9.5 million as at 31 December 2022G and further to SAR 10.6 million in December 2023G, as a result of increased payments before services were provided, in line with operational growth, along with the increasing growth in demand for surgeries, especially related to plastic surgery and orthopedics.

The advance from customers balance increased from SAR 10.6 million in December 2023G to SAR 11.0 million as at 30 September 2024G, due to the increase in the Group's operations during this period.

### General organization for social insurance

The General organization for social insurance balance increased from SAR 1.6 million as at 31 December 2021G to SAR 2.1 million as at 31 December 2022G, mainly due to the increase in the number of Saudi and non-Saudi employees.

The General organization for social insurance balance subsequently increased from SAR 2.1 million as at 31 December 2022G to SAR 2.4 million as at 31 December 2023G, driven by the additional increase in the number of Saudi and non-Saudi employees, respectively.

The General organization for social insurance balance increased from SAR 2.4 million as at 31 December 2023G to SAR 2.5 million as at 30 September 2024G, in line with the growth in the number of employees.

### Unearned other revenue

Unearned other revenue mainly relates to rental income from small retail space leased to other companies adjacent to the Group's premises.

The unearned other revenue balance increased from SAR 1.9 million at 31 December 2021G to SAR 2.3 million as at 31 December 2022G, driven by the expansion of the Group's available space.

The unearned other revenue balance decreased from SAR 2.3 million as at 31 December 2022G to SAR 1.2 million as at 31 December 2023G, due to the Group leasing less space and utilizing it for its own operations.

The unearned other revenue balance decreased from SAR 1.2 million as at 31 December 2023G to SAR 893 thousand as at 30 September 2024G, in line with the Group's shift to reduce rental rents and utilizing the space for its own operations.

### Accrued expenses

Accrued expenses relate to accrued unpaid employee bonus.

The accrued expenses balance increased from SAR 528 thousand as at 31 December 2021G and remained stable at approximately SAR 1.6 million as at 31 December 2022G and 31 December 2023G.

The accrued expenses balance subsequently increased from SAR 1.6 million as at 31 December 2023G to SAR 22.1 million as at 30 September 2024G, mainly driven by an increase in employee incentives in the form of bonuses (SAR 16.1 million) mostly related to the Chairman and CEO, which will be paid at the end of the year.

### Provision for contingent liabilities

Provision for contingent liabilities relates to medical legal issues and improvement responsibilities in the SMC Hospital (1) – King Fahd Road.

The provision for contingent liabilities balance increased from SAR 1.2 million as at 31 December 2021G to SAR 3.3 million as at 31 December 2022G and 31 December 2023G related to legal issues.

The provision for contingent liabilities balance increased from SAR 3.3 million as at 31 December 2023G to SAR 7.1 million as at 30 September 2024G in line with the restoration obligations of Tower 2 and 3.

### Other Payables

Other payables relate to accrued interest and government subsidies among others

The other payables balance increased from SAR 5.3 million as at 31 December 2021G to SAR 6.4 million as at 31 December 2022G due to the increase in the Human Resources Development Fund (by SAR 2.9 million). This was offset by a decrease in the monthly provision for utilities (SAR 1.0 million).

The other payables balance increased from SAR 6.4 million as at 31 December 2022G to SAR 9.5 million as at 31 December 2023G in line with the increase in non-bank expenses in respect of November and December bills (by SAR 1.8 million) and monthly provisions (by SAR 957 thousand) in respect of utility expenses.

The other payables balance decreased from SAR 9.5 million as at 31 December 2023G to SAR 3.2 million as at 30 September 2024G, in line with the significant decrease in the Human Resources Development Fund (SAR 2.9 million), monthly provisions for utilities (SAR 2.3 million) and non-bank expenses (SAR 1.8 million).

### 6.5.2.5.13 Zakat payable

**Table (109): Zakat payable as at 31 December 2021G, 2022G, 2023G and as at 30 September 2024G**

| SAR in 000s | As of 31 December 2021G (Audited) | As of 31 December 2022G (Audited) | As of 31 December 2023G (Audited) | As of 30 September 2024G (Unaudited) |
|---|---|---|---|---|
| Balance at the beginning of the year | 1,768 | 3,321 | 3,957 | 5,715 |
| Zakat for the year | 3,321 | 4,155 | 6,004 | 6,204 |
| Paid during the year | (1,768) | (3,519) | (4,246) | (5,799) |
| **Ending balance at year end** | **3,321** | **3,957** | **5,715** | **6,120** |

Source: Special purpose consolidated financial statements for the year ended 31 December 2022G, the reissued consolidated financial statements for the year ended 31 December 2023G and management information

The Zakat payable balance increased from SAR 3.3 million as at 31 December 2021G to SAR 4.0 million as at 31 December 2022G, to SAR 5.7 million as at 31 December 2023G, and to SAR 6.1 million on 30 September 2024G, in line with the increase in the Group's profits during the period and consequently the increase in the Group's Zakat base.

It is worth mentioning that Zakat returns have been submitted to the Zakat, Tax and Customs Authority (ZATCA) for all years up to 31 December 2023G. The Group obtained the final assessment up to the year ended 2018 and is still, awaiting the final assessments for the years from 2019 up to 2023 from ZATCA.

### 6.5.3 Statement of cash flows

**Table (110): Statement of cash flows for the financial years ended 31 December 2021G, 2022G, 2023G and the nine months ended 30 September 2024G**

| SAR in 000s | As of 31 December 2021G (Audited) | As of 31 December 2022G (Audited) | As of 31 December 2023G (Audited) | As of 30 September 2023G (Unaudited) | As of 30 September 2024G (Unaudited) |
|---|---|---|---|---|---|
| **Operating activities** | | | | | |
| **Profit before zakat** | **59,288** | **107,116** | **174,700** | **114,132** | **165,268** |
| Depreciation of Property and equipment | 72,350 | 74,845 | 58,493 | 47,752 | 42,620 |
| Depreciation of Right of use | 30,586 | 29,093 | 29,270 | 17,397 | 21,442 |
| Expected credit loss charged for the year | 51,320 | 36,126 | 6,214 | - | 20,000 |
| Amortization of government grant | (513) | (366) | (279) | (279) | (189) |
| Employees defined benefits liabilities | 14,899 | 15,928 | 17,895 | 14,305 | 18,838 |
| Finance costs | 18,886 | 29,821 | 48,459 | 35,864 | 39,487 |
| Loss / (gain) from disposal property and equipment | (53) | (64) | 19 | 1 | (23) |
| **Changes in working capital** | | | | | |
| Trade and other receivables | (111,958) | (121,100) | (89,048) | 105,777 | (126,942) |
| Due from related parties | (243) | 921 | 426 | (2,892) | (7) |
| Inventories | 4,560 | (794) | (5,893) | (3,227) | 1,994 |
| Prepayments and other assets | (196,225) | (1,949) | (8,734) | (17,922) | (4,868) |
| Trade payables | (32,126) | 14,869 | 4,676 | 56,483 | (16,245) |
| Due to related parties | (650) | 475 | (30) | 6,232 | 77 |
| Accrued expenses and other liabilities | 18,950 | 7,406 | 12,636 | 19,744 | 6,538 |
| **Cash from operational activities** | | | | | |
| Zakat paid | (1,768) | (3,519) | (4,246) | (4,245) | (5,799) |
| Employees defined benefits liabilities paid | (11,549) | (11,326) | (11,185) | (5,847) | (14,370) |
| **Net cash flows generated from / (used in) from operating activities** | **(84,245)** | **177,482** | **233,371** | **171,720** | **147,821** |
| **Cash flows from investing activities** | | | | | |
| Purchase of property and equipment | (56,630) | (40,606) | (45,297) | (25,631) | (51,170) |
| Proceeds from disposal of property and equipment | 196 | 65 | 838 | 599 | 24 |
| Additions on projects under progress | (18,508) | (20,280) | (27,544) | (19,689) | (24,888) |

| SAR in 000s | As of 31 December 2021G (Audited) | As of 31 December 2022G (Audited) | As of 31 December 2023G (Audited) | As of 30 September 2023G (Unaudited) | As of 30 September 2024G (Unaudited) |
|---|---|---|---|---|---|
| **Net cash flows (used in) investing activities** | **(74,942)** | **(60,821)** | **(72,003)** | **(44,722)** | **(76,033)** |
| **Financing activities** | | | | | |
| Dividends paid | (35,000) | (50,000) | (60,000) | (60,000) | (100,000) |
| Proceeds from short term loans - net | 170,000 | 15,000 | 20,000 | 55,000 | 125,000 |
| Repayment of long-term loans – net | 47,714 | (22,750) | (33,571) | (19,184) | (43,163) |
| Repayment of government loan | (4,216) | (2,479) | (2,565) | (2,565) | (2,655) |
| Payment of lease liabilities | (21,620) | (21,732) | (17,308) | (18,850) | (19,259) |
| Finance cost paid | (16,342) | (25,733) | (41,883) | (29,473) | (27,583) |
| **Net cash flows (used in) / generated from financing activities** | **140,536** | **(107,694)** | **(135,328)** | **(75,072)** | **(67,661)** |
| **Net change in cash and cash equivalents** | **(18,652)** | **8,967** | **26,040** | **51,927** | **4,127** |
| Cash and cash equivalents at the beginning of the year | 31,468 | 12,816 | 21,783 | 21,783 | 47,823 |
| **Cash and cash equivalents at the end of the year** | **12,816** | **21,783** | **47,823** | **73,710** | **51,950** |
| **Non-cash items** | | | | | |
| Re-measurement of employees defined benefits liabilities | (2,147) | (5,372) | 4,519 | (3,389) | (3,525) |
| Transfer from a long-term loan to a short-term loan | - | 45,000 | - | - | - |
| Transfer from projects under progress to property and equipment | 73 | 132 | 47,191 | - | - |
| Additions to right-of-use assets | 10,885 | - | - | - | - |
| Additions of right-of-use assets and lease liabilities | - | - | 2,085 | - | - |
| Addition of land adjusted with advances | - | 205,516 | - | - | - |
| Modification of Right of Use Assets and Lease Liabilities | - | - | 78,006 | - | - |

Source: Special purpose consolidated financial statements for the year ended 31 December 2022G, the reissued consolidated financial statements for the year ended 31 December 2023G and unaudited consolidated financial statements for the nine months ended 30 September 2024G

### Net cash (used)/generated from operating activities

Cash flow used in operating activities increased from SAR (-84.2) million in fiscal year 2021 to cash flow generated from operating activities amounting to SAR 177.5 million in fiscal year 2022 and SAR 233.4 million in fiscal year 2023, mainly due to (1) increase in profit for the year by SAR 111.9 million, (2) change in advance paid expenses and other assets by SAR 187.5 million, and (3) change in trade payables by SAR (-36.8) million.

Cash flow generated from operating activities decreased from SAR 171.7 million for the nine months ended 30 September 2023G to SAR 147.8 million for the nine months ended 30 September 2024G mainly due to (1) change in trade receivables by (-21.2) million SAR and change in trade payables by SAR (-72.7) million, partially offset by an increase in expected credit losses charged for the year by SAR 20.0 million.

### Net cash used in investment activities

Cash flows used in investment activities amounted to SAR (-74.9) million in the 2021G and decreased to SAR (-60.8) million in 2022G, mainly due to the decrease in property and equipment additions during the period by SAR 16.0 million.

Cash flow used in investment activities increased from SAR (-60.8) million in 2022G to SAR (-72.0) million in 2023G, mainly due to additions to (1) property and equipment by SAR 4.7 million in addition to (2) additions to projects under progress by SAR 7.3 million.

Cash flows used in investment activities increased from SAR (-44.7 million) in the nine-month period ended 30 September 2023G to SAR (-76.0) million in the nine months ended 30 September 2024G, mainly due to (1) an increase in the purchase of property and equipment by SAR 25.5 million and (2) an increase in additions to projects under progress by SAR 5.2 million.

### Net cash generated from/(used) in financing activities

Cash flow generated from financing activities amounted to SAR 140.5 million in 2021G and decreased to cash flow used in financing activities amounting to SAR (-107.7) million in 2022G, mainly due to (1) decrease in short-term loan yields by SAR 150.0 million, (2) repayment of long-term loans by SAR 81.3 million, and (3) financing costs paid by SAR 31.6 million, offset by a decrease in lease liabilities payments by SAR 10.4 million.

Cash flow used in financing activities increased from SAR (-107.7) million in 2022G to SAR (-135.3) million in 2023G due to (1) financing costs paid by SAR 16.2 million and (2) repayment of long-term loans by SAR 10.8 million during the same period.

Cash flow used in financing activities decreased from SAR (-75.1) million for the nine months ended 30 September 2023G to SAR (-67.7) million for the nine months ended 30 September 2024G, mainly driven by an increase in short-term loan proceeds by SAR 70.0 million. This was partially offset by an increase in dividends paid by SAR 40.0 million.

## 6.5.4 Commitments and contingencies

### Capital Commitments

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

| SAR | As of 31 December 2022G | As of 31 December 2023G |
|---|---|---|
| Capital commitments * | 24,403,826 | 23,544,956 |

Source: The reissued consolidated financial statements for the year ended 31 December 2023G

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

### Letter of guarantees

The Group has guarantees related to, as follows:

| SAR | As of 31 December 2022G | As of 31 December 2023G |
|---|---|---|
| Letter of guarantees | 23,840,745 | 25,307,591 |

Source: The reissued consolidated financial statements for the year ended 31 December 2023G

## 6.5.5 Comparative information

The consolidated financial statements for the years ended 31 December 2022G and 2021G have been restated due to errors identified in the classification and adjustments of certain balances and expenses. In accordance with the requirements of IAS 1 Presentation of Financial Statements and IAS 8 Accounting policies, Changes in Estimates and Errors, the below items have been corrected retrospectively and accordingly balances in the consolidated statement of financial position as of 01 January 2022G and 31 December 2022G have been restated and the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2022G has been reclassified/restated as follows:

| 31 December 2022G | Notes | As previously reported SAR | Reclassification SAR | Restatement SAR | Restated Amount SAR |
|---|---|---|---|---|---|
| **Statement of financial position** | | | | | |
| Property and equipment | 1 | 1,391,512,189 | (178,426,063) | - | 1,213,086,126 |
| Right-of-use assets | 1 | - | 178,426,063 | - | 178,426,063 |
| Trade and other receivables | 4 to 7 | 512,024,033 | 1,912,980 | (88,325,374) | 425,611,639 |
| Due from related parties | 5 | - | 1,440,489 | - | 1,440,489 |
| Prepayments and other assets | 3 & 4 | 30,312,152 | (3,872,782) | - | 26,439,370 |
| Cash and cash equivalents | 3 | 21,263,774 | 519,313 | - | 21,783,087 |
| Retained earnings | 6 | 685,506,658 | - | (88,325,374) | 597,181,284 |
| Non-current portion of long-term loans | 12 | 243,703,704 | (45,000,000) | - | 198,703,704 |
| Non-current portion of lease liabilities | 1 | 156,087,803 | (3,671,611) | - | 152,416,192 |
| Non-current portion of deferred income government grant | 8 | 564,176 | (278,892) | - | 285,284 |
| Long term trade payables | 9 | - | 1,106,909 | - | 1,106,909 |
| Trade payables | 7 & 9 to 11 | 111,437,647 | (1,742,183) | - | 109,695,464 |
| Due to related parties | 11 | - | 925,274 | - | 925,274 |
| Short-term loans | 12 | 350,000,000 | 45,000,000 | - | 395,000,000 |
| Current portion of lease liabilities | 1 | 19,680,485 | 4,953,868 | - | 24,634,353 |
| Current portion of deferred income government grant | 8 | - | 278,892 | - | 278,892 |
| Current portion of finance lease liabilities | 1 | 1,282,257 | (1,282,257) | - | - |
| Accrued expenses and other liabilities | 10 | 76,662,530 | (290,000) | - | 76,372,530 |
| **Statement of profit or loss and other comprehensive income for the year ended December 31, 2022** | | | | | |
| Revenue | 6 & 16 | 1,212,154,039 | - | (3,500,000) | 1,208,654,039 |
| Cost of revenue | 13 | (907,425,122) | (15,553,646) | - | (922,978,768) |
| General and administrative expenses | 6 & 13 to 15 | (137,626,059) | 20,806,861 | (32,660,472) | (149,479,670) |
| Expected credit loss on trade and other receivables | 6 | (3,280,955) | 3,280,955 | | - |
| Finance cost | 15 | (26,759,549) | (3,061,445) | - | (29,820,994) |
| Net profit for the year before Zakat | | 137,803,259 | 5,472,725 | (36,160,472) | 107,115,512 |
| Re measurement of employees defined benefits liabilities | 14 | 100,887 | (5,472,725) | - | (5,371,838) |
| **Statement of cash flows** | | | | | |
| Net cash generated from operating activities | | 178,430,612 | (948,699) | - | 177,481,913 |
| Net cash used in financing activities | | (108,687,687) | 993,968 | - | (107,693,719) |

Source: The reissued consolidated financial statements for the year ended 31 December 2023G

| 31 December 2021G | Notes | As previously reported SAR | Reclassification SAR | Restatement SAR | Restated Amount SAR |
|---|---|---|---|---|---|
| **Statement of financial position** | | | | | |
| Property and equipment | 1 & 2 | 1,436,851,319 | (415,321,635) | - | 1,021,529,684 |
| Right of use assets | 1 | - | 209,805,591 | - | 209,805,591 |
| Trade and other receivables | 5 to 7 | 398,241,470 | (5,439,088) | (52,164,902) | 340,637,480 |
| Due from related parties | 5 | - | 2,361,914 | - | 2,361,914 |
| Prepayments and other assets | 2 & 3 | 24,963,897 | 205,042,000 | - | 230,005,897 |
| Cash and cash equivalents | 3 | 12,342,062 | 474,044 | - | 12,816,106 |
| Retained earnings | 6 | 601,757,356 | - | (52,164,902) | 549,592,454 |
| Non-current portion of lease liabilities | 1 | 177,863,469 | 1,647,129 | - | 179,510,598 |
| Non-current portion of deferred income government grant | 8 | 929,816 | (365,640) | - | 564,176 |
| Long term trade payable | 9 | - | 5,524,097 | - | 5,524,097 |
| Non-current portion of finance lease liabilities | 1 | 1,647,129 | (1,647,129) | - | - |
| Trade payables | 6 & 9 to 11 | 99,460,809 | (9,051,521) | - | 90,409,288 |
| Due to related parties | 11 | - | 450,250 | - | 450,250 |
| Current portion of lease liabilities | 1 | 19,204,845 | 2,353,526 | - | 21,558,371 |
| Current portion of deferred income government grant | 8 | - | 365,640 | - | 365,640 |
| Current portion of finance lease liabilities | 1 | 2,353,526 | (2,353,526) | - | - |

Source: The reissued consolidated financial statements for the year ended 31 December 2023G

### Reissued consolidated statement of financial position reclassifications:

1- As of 31 December 2022G and 01 January 2022G, building and renovation, medical equipment, and furniture and fixtures included amounts of SAR 16,087,068 and SAR 21,884,181 respectively, representing right-of-use assets that were incorrectly classified under property and equipment. Consequently, management reclassified these amounts to right-of-use assets, resulting in total right-of-use assets of SR 178,426,063 and SR 209,805,591 as of 31 December 2022G, and 01 January 2022G, respectively. Management identified the right-of-use asset amount as material and accordingly reclassified it as a separate line item in the reissued consolidated financial statements. Additionally, management reclassified related amounts of SAR 1,282,257 and SAR 2,353,526 from current portions of finance lease liabilities to current portions of lease liabilities as of 31 December 2022G and 01 January2022G, respectively, and amounts of nil and SAR 1,647,129 from non-current portions of finance lease liabilities to non-current portions of lease liabilities as of 31 December 2022G and 01 January 2022G, respectively, and amount of SAR 3,671,611 from non-current portion of lease liability to current portion of lease liability as of 31 December2022G.

2- In 2021G, the Company paid an advance of SAR 205,516,044 for the purchase of land, which was recorded under property and equipment as of 01 January 2022G. However, the title deed of the land was transferred to the Company in 2022G. Accordingly, the Company reclassified the advance paid from property and equipment to Prepayments and other assets as of 01 January 2022G, and recorded the land under property and equipment in 2022G.

3- During the year, the Company identified that as of 31 December 2022G, and 01 January2022G, petty cash amounts of SAR 519,313 and SAR 474,044 respectively, previously included under Prepayments and other assets, which should have been classified under Cash and cash equivalents. Consequently, the Company reclassified these amounts from Prepayments and other assets to Cash and cash equivalents as of 31 December 2022G, and 01 January 2022G. This reclassification has been made to present the liquidity of these funds more accurately in accordance with the Company's accounting policies.

4- As of 31 December 2022G, Prepayments and other assets included trade and other receivables amounting to SAR 3,353,469. As a result, the Company has reclassified this amount as of 31 December 2022G from prepayment and other assets to trade and other receivables.

5- As of 31 December 2022G, and 01 January 2022G, trade and other receivables included related party balances amounting to SAR 1,440,489 and SAR 2,361,914 respectively. As a result, the Company has reclassified the amount of SAR 1,440,489 and SAR 2,361,914 on 31 December 2022G, and 01 January 2022G from trade and other receivables to due from related parties, respectively.

6- During the year, the Company identified that adequate expected credit loss allowance on trade and other receivables was not recognised as of 31 December 2022G, and 01 January 2022G. Consequently, the Company has recognised the required allowances for expected credit loss amounting to SAR 81,325,374 and SAR 48,664,902 as of 31 December 2022G, and 01 January 2022G, respectively. Accordingly, an additional amount of SAR 32,660,472 has been recognised under general and administrative expenses during the year ended 31 December 2022G. Furthermore, an amount of SAR 3,280,955, previously recognised on the face of the statement of profit or loss and other comprehensive income, has also been reclassified to general and administrative expenses during the year ended 31 December 2022G.

The Company identified that trade and other receivables in previously issued consolidated financial statements for the year ended 31 December 2021G and 2022G included an amount of SAR 3.5 million and 3.5 million respectively related to insurance claims which was rejected. Accordingly, trade and other receivables and retained earnings has been decreased by SAR 7 million in these reissued consolidated financial statements.

7- As of 31 December 2021G, the trade payable included an amount of 3,077,174 payable to wholly owned subsidiary and trade and other receivables included same amount as receivable in subsidiary account. This balance should be eliminated from consolidated financial statements, accordingly, the company eliminated SAR 3,077,174 from trade and other receivables and trade payable as of 31 December 2021G.

8- During the year, the Company classify current and non-current portion of deferred income government grant separately, as a result, the Company has reclassified SAR 278,892 and SAR 365,640 as of 31 December 2022G and 01 January 2022G, respectively, from non-current portion of deferred income government grant to current portion of deferred income government grant.

9- During the year, the Company identified that trade payables include long term payables of SAR 1,106,909 and SAR 5,524,097 as of 31 December 2022G and 01 January 2022G respectively. As a result, the Company has reclassified SAR 1,106,909 and SAR 5,524,097 as of 31 December 2022G, and 01 January 2022G, from trade payables to long term trade payables.

10- During the year, the Company identified that accrued expenses and other credit liabilities include trade payables balance of SAR 290,000 as of 31 December 2022G. As a result, the Company has reclassified SAR 290,000 as of 31 December 2022G, from accrued expenses and other credit liabilities to trade payables.

11- As of 31 December 2022G, and 01 January 2022G, trade payables included related party balances amounting to SAR 925,274 and SAR 450,250 respectively. As a result, management has reclassified the amount of SAR 925,274 and SAR 450,250 from trade payables to due to related parties.

12- During the year, the Company identified that short term loan of SAR 45,000,000 was classified as long term loan as of 31 December 2022G. As a result, the Company has classified SAR 45,000,000 from long term loan to short term loan.

13- During the year ended 31 December 2022G, management identified that certain cost of sales expenses amounting to SAR 15,553,646 was classified in general and administrative expenses. Accordingly, these expenses have been reclassified to cost of sales.

14- During the year ended 31 December 2022G, the re-measurement loss on of employees defined benefits liabilities amounting SAR 5,472,725 was included under general and administrative expenses. Accordingly, these losses have been reclassified to re-measurement of employees defined benefits liabilities.

15- During the year ended 31 December 2022G, management classified interest cost associated with end of service balance from General and administrative expenses to finance cost amounting to SAR 3,061,445.

16- In addition, the Company identified that trade and other receivables in previously issued consolidated financial statements for the year ended 31 December 2021G and 2022G included an amount of SAR 3.5 million and SAR3.5 million, respectively, related to insurance claims which was rejected. Accordingly, trade and other receivables and retained earnings has been decreased by SAR 7 million in these reissued consolidated financial statements.

### 6.5.6 Reissued consolidated financial statements adjustments

The Group has reissued consolidated financial statements for current year to replace the consolidated financial statements that were approved on 28 Dhul-Qidah 1445 (Corresponding 5 June, 2024G), the details of adjustments made on the consolidated statement of financial position, the consolidated statement of profit or loss and other comprehensive income and the consolidated statement of cash flows are as follows:

- **Reissued consolidated statement of financial position:**

| | Notes | Before reissuance December 31, 2023 SAR | Adjustments | After reissuance December 31, 2023 SAR |
|---|---|---|---|---|
| **Assets** | | | | |
| **Current assets** | | | | |
| Cash and cash equivalents | 6 | 47,295,219 | 527,766 | 47,822,985 |
| Trade and other receivables | 4 & 5 | 635,602,392 | (127,156,394) | 508,445,998 |
| Due from related parties | | 1,014,532 | - | 1,014,532 |
| Inventories | | 25,948,321 | - | 25,948,321 |
| Prepayments and other assets | 6 & 7 | 36,051,253 | (877,427) | 35,173,826 |
| **Total current assets** | | **745,911,717** | **(127,506,055)** | **618,405,662** |
| **Non-current assets** | | | | |
| Property and equipment | 1 & 3 | 1,363,241,968 | (136,664,295) | 1,226,577,673 |
| Right-of-use assets | 1 & 2 | - | 229,246,911 | 229,246,911 |
| **Total non-current assets** | | **1,363,241,968** | **92,582,616** | **1,455,824,584** |
| **Total assets** | | **2,109,153,685** | **(34,923,439)** | **2,074,230,246** |
| **Liabilities and Equity** | | | | |
| **Current liabilities** | | | | |
| Trade payables | 8 & 9 | 114,460,690 | 248,308 | 114,708,998 |
| Due to related parties | 8 | 704,251 | 191,273 | 895,524 |
| Short-term loans | | 415,000,000 | - | 415,000,000 |
| Long-term loans | | 57,551,020 | - | 57,551,020 |
| Lease liabilities | | 25,086,962 | - | 25,086,962 |
| Government loans | | 2,565,278 | - | 2,565,278 |
| Deferred government grant | | 189,107 | - | 189,107 |
| Current portion of letter of credit | 9 | 439,581 | (439,581) | - |
| Accrued expenses and other liabilities | 7 | 89,553,420 | (349,661) | 89,203,759 |
| Zakat Payable | | 5,714,642 | - | 5,714,642 |
| **Total current liabilities** | | **711,264,951** | **(349,661)** | **710,915,290** |
| **Non-current liabilities** | | | | |
| Long-term loans | | 143,877,551 | - | 143,877,551 |
| Government loan | | 2,837,777 | - | 2,837,777 |
| Lease liabilities | 2 | 133,030,596 | 81,715,663 | 214,746,259 |
| Deferred government grant | | 96,180 | - | 96,180 |

| | Notes | Before reissuance December 31, 2023 SAR | Adjustments | After reissuance December 31, 2023 SAR |
|---|---|---|---|---|
| Trade payables | | 769,267 | - | 769,267 |
| Employees defined benefits liabilities | | 155,938,697 | - | 155,938,697 |
| **Total non-current liabilities** | | **436,550,068** | **81,715,663** | **518,265,731** |
| **Total liabilities** | | **1,147,815,019** | **81,366,002** | **1,229,181,021** |
| **Equity** | | | | |
| Share capital | | 85,000,000 | - | 85,000,000 |
| Statutory reserve | | 49,653,238 | - | 49,653,238 |
| Retained earnings | 4 & 5 | 826,685,428 | (116,289,441) | 710,395,987 |
| **Total equity** | | **961,338,666** | **(116,289,441)** | **845,049,225** |
| **Total Liabilities and equity** | | **2,109,153,685** | **(34,923,439)** | **2,074,230,246** |

Source: The reissued consolidated financial statements for the year ended 31 December 2023G

- **Reissued consolidated statement of profit or loss and other comprehensive income:**

| | Notes | Before reissuance December 31, 2023 SAR | Adjustments | After reissuance December 31, 2023 SAR |
|---|---|---|---|---|
| Revenue | 5 | 1,404,152,040 | (36,222,473) | 1,367,929,567 |
| Cost of revenue | 2 & 3, 10 & 12 | (1,010,981,945) | (498,382) | (1,011,480,327) |
| **Gross profit** | | **393,170,095** | **(36,720,855)** | **356,449,240** |
| General and administrative expenses | 4, 11 & 13 | (141,004,308) | 8,352,963 | (132,651,345) |
| Selling and marketing expenses | | (9,215,406) | - | (9,215,406) |
| Expected credit loss on account receivables | 4 | (3,605,476) | 3,605,476 | - |
| **Operating profit** | | **239,344,905** | **(24,762,416)** | **214,582,489** |
| Finance costs | 2 & 11 | (42,952,951) | (5,505,845) | (48,458,796) |
| Other income | 13 | 10,212,778 | (1,636,883) | 8,575,895 |
| **Profit for the year before zakat** | | **206,604,732** | **(31,905,144)** | **174,699,588** |
| **Zakat** | | **(6,003,547)** | **-** | **(6,003,547)** |
| **Profit for the year** | | **200,601,185** | **(31,905,144)** | **168,696,041** |
| **Other comprehensive income:** | | | | |
| **Items which will not be reclassified to profit or loss:** | | | | |
| Re-measurement of employees defined benefits liabilities | 10 | 577,585 | 3,941,077 | 4,518,662 |
| **Total other comprehensive loss for the year** | | **577,585** | **3,941,077** | **4,518,662** |
| **Total comprehensive income for the year** | | **201,178,770** | **(27,964,067)** | **173,214,703** |
| **Earnings per share (EPS)** | | **23.60** | **(3.75)** | **19.85** |

Source: The reissued consolidated financial statements for the year ended 31 December 2023G

1- As of 31 December 2023G, building and renovation included amounts of SAR 10,289,951 representing right-of-use assets that were incorrectly classified under property and equipment, Consequently, management reclassified this amount to right-of-use assets, resulting in total right-of-use assets of SAR 152,296,184 as of 31 December 2023G. Management identified the right-of-use asset amount as material and accordingly reclassified it as a separate line item in these reissued consolidated financial statements.

2- In 2023G, lease term of a building was increased by way of lease modification which was not accounted for by the Company in previously issued financial statements. This modification results in increase of right of use of assets and lease liability by SAR 78,005,617 at modification date, and addition of cost of revenue and finance costs of SAR 1,054,890 and SAR 3,710,046 respectively. Accordingly, right of use of assets and lease liability as of 31 December 2023G have been increased by SAR 76,950,727 and SAR 81,715,663 respectively, and cost of revenue and finance costs has been increased by SAR 1,054,890, and SAR 3,710,046 respectively in these reissued consolidated financial statements.

3- In 2023G, the Company revised estimated total useful lives of certain property and equipment which result in decrease in depreciation for the year by SAR 15,631,889. Accordingly, property and equipment was increased and cost of revenue was decreased by SAR 15,631,889 in these reissued consolidated financial statements.

4- The Company identified that expected credit loss allowance on trade and other receivables was not recognised as of 31 December 2023G, 31 December 2022G, and 31 December 2021G. Consequently, the Company has recognised the required allowances for expected credit loss on trade and other receivables amounting to SAR 2,608,547, and SAR 32,660,472, and SAR 48,664,902 as of 31 December 2023G, 31 December 2022G, and 31 December 2021G, respectively in these reissued consolidated financial statements. Accordingly, general and administrative expenses for the year was increased by SAR 2,608,547 and retained earnings was decreased by SAR 81,325,374 as of 31 December 2023G, in these reissued consolidated financial statements. Furthermore, expected credit loss amounting to SAR 3,605,476, previously recognised on the face of the consolidated statement of profit or loss and other comprehensive income, has also been reclassified to general and administrative expenses in these reissued consolidated financial statements.

5- The Company identified that trade and other receivables in previously issued consolidated financial statements included an amount of SAR 36,222,473 related to insurance claims which was rejected. Accordingly, trade and other receivables and revenue was decreased by SAR 36,222,473 in these reissued consolidated financial statements.

The Company identified that trade and other receivables in previously issued consolidated financial statements for the year ended 31 December 2021G and 2022G included an amount of SAR 3.5 million and SAR 3.5 million respectively related to insurance claims which was rejected. Accordingly, trade and other receivables and retained earnings has been decreased by SAR 7 million in these reissued consolidated financial statements.

6- The Company identified that prepayment and other assets in previously issued consolidated financial statements included petty cash amount of SAR 527,766 which should have been classified under Cash and cash equivalents. Consequently, the Company reclassified this amount from Prepayments and other assets to Cash and cash equivalents in these reissued consolidated financial statements.

7- The Company identified that prepayment and other assets in previously issued consolidated financial statements included an amount of SAR 349,661 related to accrued expenses and other liabilities which should have been classified under accrued expenses and other liabilities. Consequently, the Company reclassified this amount from Prepayments and other assets to accrued expenses and other liabilities in these reissued consolidated financial statements.

8- The Company identified that trade payables in previously issued consolidated financial statements included an amount of SAR 191,273 which was due to related parties which should have been classified under due to related parties. Consequently, the Company reclassified this amount from trade payables to due to related parties in these reissued consolidated financial statements.

9- The Company presented liabilities of SAR 439,581 related to letter of credits on the face consolidated statement of financial position in previously issued consolidated financial statements which should have been classified under trade payables. Consequently, the Company reclassified this amount from letter of credits to trade payables in these reissued consolidated financial statements.

10- The Company identified that the re-measurement gain on of employees defined benefits liabilities amounting SAR 3,941,077 was offset under cost of revenue in previously issued consolidated financial statements which should have been classified under other comprehensive income. Accordingly, this gain has been reclassified to Re-measurement of employees defined benefits liabilities under other comprehensive income in these reissued consolidated financial statements.

11- The Company identified that interest cost of SAR 1,795,799 associated with end of service benefit was classified under general and administrative expenses in previously issued consolidated financial statements which should have been classified under finance costs. Accordingly, interest cost has been reclassified to finance costs in these reissued consolidated financial statements.

12- The Company identified that depreciation for the year was not allocated correctly in previously issued consolidated financial statements. Accordingly, depreciation expense of SAR 11,134,304 has been reclassified from general and administrative expense to cost of revenue in these reissued consolidated financial statements.

13- The Company identified that other income includes rental income of SAR 1,636,883 earned from wholly owned subsidiary which was recorded in general and administrative expenses in subsidiary account in previously issued consolidated financial statements. This balance should be eliminated from consolidated financial statements. Accordingly, the Company eliminated SAR 1,636,883 from general and administrative expenses and other income in these reissued consolidated financial statements.

14- Based on the adjustments above, the consolidated statement of cash flows for the year ended 31 December 2023G has been adjusted as follows:

| | As previously reported SR | Restatements and Reclassifications SR | Restated amounts SR |
|---|---|---|---|
| Cash flows from operating activities | 231,364,254 | 2,007,192 | 233,371,446 |
| Cash flows from investing activities | (71,165,201) | (838,020) | (72,003,221) |
| Cash flows from financing activities | (134,167,608) | (1,160,719) | (135,328,327) |

Source: The reissued consolidated financial statements for the year ended 31 December 2023G

## 6.6 Capitalization and indebtedness

Major shareholders directly and indirectly owned 94.2530% of the Company's shares prior to the offering. Upon completion of the offering, they will collectively own 65.97710% of the Company's shares.

The following table shows the company's capitalization as it appears in the company's financial statements for the financial years ended 31 December 2021G, 2022G and 2023G and the nine-month period ended 30 September 2024G. Note that you should read the following table with the relevant financial statements, including the accompanying notes contained in section 18 "**Financial Statements and Auditor's Report**" of this prospectus.

**Table (111): Capitalization and indebtedness for the years ended 31 December 2021G, 2022G and 2023G and the nine-month period ended 30 September 2024G.**

| SAR in 000s | 2021G (Audited) | 2022G (Audited) | 2023G (Audited) | 30 September 2024G (Unaudited) |
|---|---|---|---|---|
| Current portion of short-term loans | 335,000 | 395,000 | 415,000 | 540,000 |
| Current portion of long-term loans | 20,000 | 36,296 | 57,551 | 57,551 |
| Current portion government loans | 2,479 | 2,565 | 2,565 | 2,748 |
| Non-current portion of long-term loans | 282,750 | 198,704 | 143,878 | 100,714 |
| Non-current portion of government loans | 7,968 | 5,403 | 2,838 | - |
| **Total loans** | **648,197** | **637,968** | **621,832** | **701,013** |

| SAR in 000s | 2021G (Audited) | 2022G (Audited) | 2023G (Audited) | 30 September 2024G (Unaudited) |
|---|---|---|---|---|
| **Shareholder rights** | | | | |
| Share capital | 85,000 | 85,000 | 85,000 | 85,000 |
| Additional equity contributions | - | - | - | 165,000 |
| Statutory reserve | 49,653 | 49,653 | 49,653 | 49,653 |
| Retained earnings | 549,592 | 597,181 | 710,396 | 607,984 |
| **Total shareholder rights** | **684,245** | **731,834** | **845,049** | **907,637** |
| Total capitalization (total loans + total shareholders' equity) | 1,332,442 | 1,369,802 | 1,466,881 | 1,608,650 |
| **Total Loans / Total Capitalization** | **48.6%** | **46.6%** | **42.4%** | **43.6%** |

Source: Special purpose consolidated financial statements for the year ended 31 December 2022G, the reissued consolidated reissued financial statements for the year ended 31 December 2023G and reviewedunaudited consolidated financial statements for the nine months ended 30 September 2024G and management information

The members of the Board of Directors acknowledge the following:

1- None of the Company's shares are subject to any option rights.

2- The Company does not have any debt instruments as at the date of this prospectus.

3- The Company's balance and cash flows are sufficient to cover its anticipated working capital and capital expenditure cash needs for at least twelve (12) months from the date of publication of this prospectus, subject to any negative and material change in the Company's business.

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# 7. Dividend Distribution Policy

Pursuant to Article 107 of the Companies Law, each Shareholder shall acquire all of the rights and obligations related to the shares, including in particular the right to receive a portion of dividends to be distributed. The distribution of any dividends will be recommended by the Board of Directors within its annual report before being approved by the Shareholders at a General Assembly meeting. However, there are no guarantees as to the actual distribution of dividends. Any decision to distribute dividends shall depend on a number of factors, including the Company's historic and anticipated earnings and cash flows, financing and capital requirements, market data and general economic factors, Zakat, and other factors that the Board of Directors deems significant, in addition to other legal and regulatory considerations. The Company's expectations with respect to such factors are subject to numerous assumptions and risks that may fall outside the Company's control (for a discussion of the risks related to the distribution of dividends, please refer to Section 2.3.5 "**Risks Related to the Company's Ability to Distribute Dividends**" of this Prospectus).

The Company intends to distribute dividends to its Shareholders with the aim of enhancing the value of their investments in it based on the profits achieved by the Company in proportion to its financial position, capital expenditures, investment requirements, the restrictions to which dividend distributions are subject under financing and debt agreements, the results of the Company's activities, the Company's current and future cash needs and expansion plans, in addition to other factors including market conditions, analysis of investment opportunities, reinvestment requirements, cash and capital requirements and business forecasts, as well as the impact of any such distributions on any legal and regulatory considerations.

In addition, investors wishing to invest in the Offer Shares should be aware that the Dividend Distribution Policy may change from time to time.

Although the Company intends to distribute dividends to its Shareholders, there is no guarantee of the actual distribution of dividends or the amounts of such dividends that it intends to distribute in any given year.

In accordance with the Company's Bylaws, a certain percentage of the net profits may be set aside to form a reserve allocated for specific purposes. When determining the portion of the shares in the net profits, the Ordinary General Assembly may decide to form additional reserves to the extent that serves the Company's interest or ensures the distribution of fixed dividends as much as possible to Shareholders. The General Assembly may utilize retained earnings and distributable reserves to pay the remaining balance of a share's value or part thereof, provided that this does not prejudice fairness between Shareholders in accordance with the provisions of the Companies Law.

The Board of Directors may decide to distribute interim dividends to the Company's Shareholders in accordance with the controls stipulated in Article 38 of the Regulations for Unlisted Joint-Stock Companies and the Company's Bylaws.

Shareholders shall be entitled to their share of dividends in accordance with the General Assembly resolution issued in this regard. The General Assembly resolution shall indicate the date of entitlement and the distribution date. Entitlement to dividends shall be for Shareholders registered in the Shareholders register at the end of the day specified for entitlement.

The Company's Bylaws stipulate that the Board of Directors has the right to decide to distribute interim dividends (quarterly or semi-annually) to its Shareholders in accordance with the controls set by the competent authority.

The following table sets out a summary of the dividends distributed by the Company during the previous three years and the nine-month period ended 30 September 2024G:

**Table (112): Cash Dividends During the Financial Years Ended 31 December 2021G, 2022G and 2023G and the Nine-Month Period Ended 30 September 2024G**

| SAR | 2021G (Audited) | 2022G (Audited) | 2023G (Audited) | Nine-Month Period Ended 30 September 2024G (Unaudited) |
|---|---|---|---|---|
| Dividends declared during the period | 35,000,000 | 50,000,000 | 60,000,000 | 100,000,000 |
| Dividends distributed during the period | 35,000,000 | 50,000,000 | 60,000,000 | 100,000,000 |
| Net income | 55,967,019 | 102,960,688 | 168,696,041 | 159,063,466 |
| Dividend payout ratio | 62.5% | 48.6% | 35.6% | 62.9% |

Source: The special-purpose consolidated financial statements for the financial year ended 31 December 2022G, the reissued consolidated financial statements for the financial year ended 2023G and the unaudited consolidated financial statements for the nine-month period ended 30 September 2024G.

The Extra-Ordinary General Assembly approved, in its meeting of 15/12/2024G, on all annual dividends distributed to the Shareholders during the financial years 2021G, 2022G and 2023G and the interim dividends distributed during the nine-month period ending 30 September 2024G.

The shares grant their holders the right to receive dividends announced by the Company from the date of this Prospectus and for subsequent financial years. The Offer Shares shall not be entitled to any dividends announced before the date of this Prospectus. The first entitlement of the Offer Shares to dividends announced by the Company shall be from the date of this Prospectus and for subsequent financial years.

# 8. Use of Offering Proceeds

## 8.1 Offering Proceeds

The total Offering Proceeds amount to SAR 1,875,000,000, of which SAR 41 million (inclusive of VAT) will be allocated to settle all expenses related to the Offering, including the fees of the Financial Advisors, Lead Manager, Bookrunners, Underwriters, Legal Advisors, Financial Due Diligence Advisor, Auditor, Receiving Agents and the Market Consultant, as well as marketing and distribution fees and other fees and expenses related to the Offering.

The Offering expenses will be deducted from the Offering Proceeds and the Net Offering Proceeds will be distributed to the Selling Shareholders on a pro-rata basis according to the number of Offer Shares sold by each Selling Shareholder.

## 8.2 Use of Net Offering Proceeds

The Net Offering Proceeds amounting to approximately SAR 1,834,000,000 (after deduction of the Offering expenses) will be distributed to the Selling Shareholders in proportion to the number of Offer Shares that will be sold by them within the Offering. The Company will not receive any part of the Offering Proceeds, and the Selling Shareholders will bear all fees, expenses and costs related to the Offering.

## 9. Expert Statements

As of the date of this Prospectus, all of the Advisors and the Auditor, whose names appear on pages (viii) to (ix), have given and have not withdrawn their written consent to the publication of and reference to their names, addresses, logos and the statements attributed to each of them in the context in which they appear in this Prospectus, and do not, themselves, nor their employees forming part of the team providing services to the Company, or any of their relatives, have any shareholding or interest of any kind in the Company or its Subsidiaries as of the date of this Prospectus which would impair their independence.

# 10. Declarations

The Directors declare that:

1- There has been no interruption in the business of the Company or its Subsidiaries that may have or has had a significant impact on its financial position during the previous 12 months.

2- No commissions, discounts, brokerage fees or other non-cash compensation have been granted within the three years immediately preceding the application for the registration and offer of securities that are the subject of this Prospectus in connection with the issue or offer of any securities by the Company or its Subsidiaries.

3- There has been no material adverse change in the financial or trading position of the Company or its Subsidiaries during the three years immediately preceding the application for the registration and offer of securities that are subject to this Prospectus, in addition to the period covered by the Auditor's report up to and including the date of approval of this Prospectus.

4- Except as disclosed in Section 5.7 "**Direct and Indirect Interests of the Directors and Executive Management**" of this Prospectus, neither the Directors nor any of their relatives have any shareholding or interest of any kind in the Company or its Subsidiaries.

5- The Company, individually or jointly with its Subsidiaries, has working capital sufficient for at least twelve (12) months immediately following the date of publication of this Prospectus.

6- None of the Directors, proposed Directors, Senior Executives or the Board Secretary has ever been declared bankrupt or been subject to bankruptcy proceedings.

7- No insolvency has been declared during the previous five years for a company in which any of the Directors, proposed Directors, Senior Executives or the Board Secretary was appointed to a managerial or supervisory position.

8- Except as disclosed in Section 11.11 "**Related Party Transactions**" none of the Directors, Senior Executives, Board Secretary or any of their relatives or affiliates have any interest in any existing written or oral contract or arrangement or contracts under consideration or to be concluded by the Company or its Subsidiaries up to the date of this Prospectus.

9- Except as disclosed in the Section 11.11 "**Related Party Transactions**", there are no conflicts of interest related to the Directors regarding contracts or transactions concluded with the Company.

10- There is no intention to make any material changes in the nature of the business of the Company or its Subsidiaries.

11- The Directors will refrain from voting on resolutions related to business and contracts in which they have a direct or indirect interest.

12- Except as disclosed in Section 5.9 "**Employee Share Scheme**", as of the date of this Prospectus, there are no share schemes for the Company's employees involving the Company's employees in its share capital, nor are any other similar arrangements in place.

13- The Company does not have any securities (contractual or otherwise) or any assets that are subject to fluctuation which would materially and adversely affect its financial position.

14- Except as disclosed in Section 2 "**Risk Factors**", the Company is not aware of any information regarding any governmental, economic, financial, monetary or political policies or any other factors that have affected or could materially impact (directly or indirectly) its operations.

15- Except as disclosed in Section 2 "**Risk Factors**", the Company is not aware of any seasonal factors or economic cycles related to its business that may have an effect on its business or financial position or that of its Subsidiaries.

16- The statistical information included in Section 3 "**Market and Industry Information**" which was obtained from external sources represents the latest information available from the relevant source.

17- Except as disclosed in Section 2 "**Risk Factors**", the insurance policies of the Company and its Subsidiaries sufficiently cover the Company's performance of its business, and the Company and its Subsidiaries periodically renew their insurance policies and contracts in order to ensure continued insurance coverage.

18- This Prospectus includes all of the information required to be included in accordance with the OSCOs, and there are no other facts that may affect the application for the registration and offer of securities that have not been included in this Prospectus.

19- All contracts and agreements that the Company believes to be significant or material or which may affect investors' decisions to invest in the Offer Shares have been disclosed, and there are no other material agreements that have not been disclosed.

20- All terms and conditions that may affect investors' decisions to invest in the Offer Shares have been disclosed.

21- All terms and conditions that may affect the decisions of Subscribers for the Company's shares have been disclosed.

22- They have developed procedures, controls and systems to enable the Company to meet the requirements of the relevant laws, regulations and directives, including the Companies Law, the Capital Market Law and its Implementing Regulations, the OSCOs and the Listing Rules.

23- All of the Company's non-Saudi staff is under its sponsorship.

24- The direct and indirect legal and beneficial ownership of the Company's shares as of the date of this Prospectus belongs to the persons whose names appear in the Section 4.1.1 "**Ownership Structure of the Company Pre- and Post-Offering**".

25- The issuance does not violate the relevant laws and regulations in the Kingdom.

26- All of the increases in the Company's share capital are in compliance with the laws and regulations in force in the Kingdom.

27- Except as disclosed in Section 2 "**Risk Factors**", and to the best of their knowledge and belief, there are no other material risks that may affect the decision of prospective investors to invest in the Offer Shares.

28- Except as disclosed in Section 2.1.16 "**Risks Related to the Expiration, Suspension and Non-Renewal of Licenses, Permits and Regulatory and Operational Approvals**" and Section 11.6 "**Key Licenses, Approvals and Permits Obtained by the Company**" of this Prospectus, the Company has obtained all of the necessary licenses and approvals required to conduct its activities.

29- Except as disclosed in Section 11.8 "**Financing Agreements**", the Company and its Subsidiaries have not issued any debt instruments or obtained any term loans, nor do they have any outstanding loans or debts.

30- Except as disclosed in Section 11.8 "**Financing Agreements**", the Board of Directors declares that there are no mortgages, rights or encumbrances on the property of the Company or its Subsidiaries as of the date of this Prospectus.

31- None of the Company's shares or the stocks and shares of its Subsidiaries are subject to any mortgages or option rights.

32- The Company and its Subsidiaries do not have a research and development policy and the Company does not produce any products.

33- The Company is capable of preparing the necessary reports in a timely manner in accordance with the Implementing Regulations issued by the CMA.

34- All of the necessary approvals for the Offering and listing of the Company's shares on the Exchange have been obtained and for it to become a listed joint-stock company.

35- Except as disclosed in Section 11.11 "**Related Party Transactions**", neither the Directors nor any of their relatives have shareholding or interest of any kind in the Issuer or any of its Subsidiaries.

36- The information and data contained in this Prospectus which has been obtained from third parties, including information obtained from the market study report prepared by the Market Consultant, can be relied upon and there is no reason for the Company to believe that such information is fundamentally inaccurate.

37- The internal control systems and internal controls have been prepared by the Company on a sound basis, including a written policy to regulate and address any potential conflicts of interest, which include misuse of the Company's assets and misconduct resulting from dealings with Related Parties. In addition, the Company has verified the integrity of its financial and operational systems and the application of appropriate risk management controls in accordance with the requirements of Chapter 5 of the CGRs. The Directors also review the Company's internal control procedures on an annual basis.

38- The accounting, internal control and information technology systems are adequate and appropriate.

39- Except as disclosed in Section 5.6 "**Conflicts of Interest**", none of the Directors participate in any activities similar to or competitive with those of the Company or its Subsidiaries, and the Directors undertake to abide by this statutory requirement in the future in accordance with Articles 27 and 71 of the Companies Law and Chapter 6 of Part 3 of the CGRs.

40- The Directors are not permitted to have any direct or indirect interest in the business and contracts concluded for the benefit of the Company except with authorization from the General Assembly.

41- The Directors shall notify the Board of any direct or indirect personal interests they have in the transactions and contracts entered into by the Company, and this notification will be recorded in the Board of Directors' meeting minutes.

42- All transactions with Related Parties described in Section 11.11 "**Related Party Transactions**", including determination of the financial consideration for each contract, have been conducted in a regular and legal manner and on appropriate and fair commercial bases, consistent with transactions involving other third parties.

43- All transactions with Related Parties will be carried out on an arm's length basis and all business and contracts with Related Parties will be voted on at the meetings of the Board of Directors, and if required by law, the Company's General Assembly. Furthermore, the Directors shall abstain from voting on resolutions related to the business and contracts of the Company in which they hold a direct or indirect interest, whether at the level of the Board of Directors or the General Assembly, in accordance with Article 71 of the Companies Law and Chapter 6 of Part 3 of the CGRs.

44- As of the date of this Prospectus, there are no material contracts or transactions with Related Parties that have a significant impact on the Company's business other than as disclosed in Section 11.11 "**Related Party Transactions**" of this Prospectus, and the Company has no intention of concluding any new agreements with Related Parties.

45- Neither the Directors nor the CEO have the right to vote on the fees and remuneration granted to them.

46- Neither the Directors nor the CEO have the right to vote on a contract or proposal in which they have an interest.

47- Neither the Directors nor any of the Senior Executives may borrow from the Company or its Subsidiaries and the Company may not guarantee any loan obtained by any of the Directors.

48- The Company is committed to all of the terms and conditions under the agreements concluded with financiers for all loans, facilities and financing.

49- As of the date of this Prospectus, there is no breach of the contractual terms and conditions under the agreements with the entities grating all loans, facilities and financing, and the Company is committed to all such terms and conditions.

50- All documents required pursuant to the CML and the OSCOs have been submitted or will be submitted to the CMA.

51- The issuance does not violate the relevant laws and regulations in the Kingdom.

52- The issuance does not constitute a breach of any contract or agreement to which the Issuer is a party.

53- All material legal information relating to the Issuer has been disclosed within this Prospectus.

54- Except as disclosed in Section 11.15 "**Litigations, Disputes and Regulatory Compliance**" of this Prospectus, the Issuer and its Subsidiaries are not subject to any claims, lawsuits or legal procedures that may individually or collectively have a material effect on the business of the Issuer or its Subsidiaries or their financial position.

55- The Directors are not subject to any lawsuits or legal procedures that may individually or collectively have a material effect on the business of the Issuer or its Subsidiaries or their financial position.

The Directors undertake to:

1- Record all Board resolutions and deliberations in the form of written meeting minutes to be signed by them.

2- Disclose the details of any transactions with Related Parties in accordance with the requirements of the Companies Law and the CGRs.

3- The Company undertakes to submit the latest interim financial statements to the CMA, to be included in the preliminary Prospectus prior to the commencement of the Offering of the Company's shares or within the final Prospectus before the listing of the Company's shares (as applicable), in accordance with the periods stipulated in Article 66 of the OSCOs (Disclosure of Financial Information), and in accordance with the relevant continuing obligations of listed companies.

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# 11. Legal Information

## 11.1 Declarations relating to the Legal Information

The directors declare that, as at the date of the Prospectus:

1- the Offering does not violate the relevant laws and regulations in the Kingdom;

2- the Offering does not constitute a breach of any of the contracts or agreements to which the Issuer is a party;

3- all material information relating to the Issuer has been disclosed in the Prospectus;

4- except as disclosed in Section 11.15 ("**Litigations, Disputes and Regulatory Compliance**") of this Prospectus, neither the Issuer, nor its Subsidiary, is subject to any lawsuits or legal proceeding that may, individually or collectively, have a material effect on the business of the Issuer or its Subsidiary or their financial position; and

5- the directors are not involved in any lawsuits or legal proceedings that may, individually or collectively, have a material effect on the business of the Issuer or its Subsidiary or their financial position.

## 11.2 The Company

Specialized Medical Company is a closed joint-stock company established pursuant to the Ministry of Commerce Decision No. 30/G dated 29/01/1437H (corresponding to 11/11/2015G), and registered in Riyadh under Commercial Registration No. 1010123832 dated 13/11/1414H (corresponding to 24/04/1994G). Its registered address is Al Olaya District, King Fahd Road, P.O. Box 66548, Riyadh 12311, Kingdom of Saudi Arabia.

Pursuant to its bylaws, the Company's activities are: (a) retail sale of pharmaceutical and medical products, cosmetics, and beauty tools in specialized stores; (b) storage; (c) other food service activities; (d) hospitals; and (e) other human health activities.

In accordance with its commercial registration the Company's activities are: (a) pharmaceutical warehouses; (b) general warehouses that store a variety of goods; (c) catering services; (d) hospitals; (e) extended medical care and convalescence hospitals; (f) medical operation of hospitals; (g) nutrition centers; and (h) pharmacy activities.

## 11.3 Ownership Structure

The Company's share capital is two hundred and fifty million (250,000,000) Saudi Riyals, fully paid-up up and divided into fifty million (250,000,000) ordinary shares with a nominal value of one (1) Saudi Riyal per Share.

The following table sets out the ownership structure pre-Offering and post-Offering:

**Table (113): Ownership Structure of the Company Pre-Offering and Post-Offering**

| No. | Shareholder | Pre-Offering | | | Post-Offering | | |
|---|---|---|---|---|---|---|---|
| | | Number of Shares | Total Nominal Value (SAR) | Ownership Percentage (%) | Number of Shares | Total Nominal Value (SAR) | Ownership percentage (%) |
| 1. | Abdul Rahman Saad AlRashid and Sons Company | 100,985,250 | 100,985,250 | 40.3941% | 70,689,675 | 70,689,675 | 28.27587% |
| 2. | Abdullah Saad AlRashid and Sons Company | 51,602,500 | 51,602,500 | 20.6410% | 36,121,750 | 36,121,750 | 14.4487% |
| 3. | Al-Thomad Trading Company | 50,492,750 | 50,492,750 | 20.1971% | 35,344,925 | 35,344,925 | 14.13797% |
| 4. | Rashid Saad AlRashid and Sons Co. | 32,552,000 | 32,552,000 | 13.0208% | 22,786,400 | 22,786,400 | 9.11456% |
| 5. | Khaled Mokaimen Duwaihes Al-Anzi | 9,558,750 | 9,558,750 | 3.8235% | 6,691,125 | 6,691,125 | 2.67645% |
| 6. | Mohammed Saleh Mohammed AlQanbaz | 4,808,750 | 4,808,750 | 1.9235% | 3,366,125 | 3,366,125 | 1.34645% |
| | Public (through the Offer) [(1)] | - | - | - | 75,000,000 | 75,000,000 | 30.0% |
| | **Total** | **250,000,000** | **250,000,000** | **100%** | **250,000,000** | **250,000,000** | **100%** |

Source: The Company

(1) The public's ownership as at the Listing Date will be 30.0% of the Company's share capital as a result of the Offering. However, the aggregate public ownership will amount to 34.0229% of the Company's share capital, given that the Company's ownership structure includes public ownership on the basis that Mohammed Saleh AlQanbaz and Khaled Mokaimen Duwaihes Al-Anzi do not fall within the categories excluded from the definition of "public" as per the Glossary of Defined Terms Used in the Regulations and Rules of the CMA, which include: (1) Affiliates of the Issuer; (2) Substantial Shareholders of the Issuer; (3) Directors and Senior Executives of the Issuer; (4) Directors and Senior Executives of Affiliates of the Issuer; (5) Directors and Senior Executives of the Substantial Shareholders of the Issuer; (6) any Relatives of the persons referred to in (1), (2), (3), (4) or (5) above; (7) any company controlled by any of the persons referred to in (1), (2), (3), (4), (5) or (6) above; and (8) persons acting in concert with a collective shareholding of 5% or more of the class of shares to be listed.

## 11.4 Subsidiaries

The Company has two non-material subsidiaries:

- International Specialized Food Co., a wholly owned limited liability company registered under Commercial Registration No. 1010402336, dated 21/03/1435H (corresponding to 23/01/2014G); and
- Al-Mukhtas Al-Sehhi Medical Co. LLC, a limited liability company in which the Company owns 51% of the capital, registered under Commercial Registration No. 1009176637, dated 15/07/1446H (corresponding to 15/01/2025G).

The company relied on measuring the materiality of its subsidiary based on whether it represents 5% or more of the company's assets, liabilities, revenues, or consolidated profits as of December 31, 2023G.

The following table sets out the details of the Subsidiaries as at the date of this Prospectus:

**Table (114): The Subsidiaries**

| No. | Subsidiary | Country of Incorporation | Commercial Registration No. | Date of Registration in the Commercial Register | Nature of Business | Share Capital | Company's Ownership Percentage (%) | Revenues for the year 2023G |
|---|---|---|---|---|---|---|---|---|
| 1. | International Specialized Food Co. | The Kingdom | 1010402336 | 21/03/1435H (corresponding to 23/01/2014G) | • Restaurants with service.<br>• Services of Contractors that provide food services.<br>• Operating food service facilities in sports venues and similar establishments under a specific franchise.<br>• Operating canteens and cafeterias under a specific franchise, including those in factories, offices, hospitals, schools, etc.<br>• Nutrition centers. | SAR 5,000,00 | 100% | 44,826,452 |
| 2. | Al-Mukhtas Al-Sehhi Medical Co. LLC | The Kingdom | 1009176637 | 15/07/1446H (corresponding to 15/01/2025G) | • General construction of non-residential buildings (such as schools, hospitals, hotels, etc.).<br>• Operating canteens and cafeterias under a specific franchise, including those in factories, offices, hospitals, schools, etc.<br>• Coordinating medical treatment services between patients and hospitals within and outside the Kingdom<br>• Hospitals<br>• Extended medical care and convalescence hospitals.<br>• Hospitals for treating and rehabilitating addicts. | SAR 10,000,000 | 51% | - |

## 11.5 Company's Branches

The Company has five (5) Branches, all of which are in Riyadh.

The following table sets out the details of the Company's registered branches:

**Table (115): The Branches**

| No. | Branch | Commercial Registration No. | Issue Date | Expiration Date |
|---|---|---|---|---|
| 1. | Specialized Medical Center Hospital (branch of Specialized Medical Company) | 1010150227 | 30/02/1419H (corresponding to 25/06/1998G) | 29/02/1449H (corresponding to 02/08/2027G) |
| 2. | Specialized Medical Center Hospital (branch of Specialized Medical Company) | 1010413585 | 09/07/1435H (corresponding to 08/05/2014G) | 24/08/1449H (corresponding to 21/01/2028G) |
| 3. | Specialized Medical Center Hospital (branch of Specialized Medical Company) | 1010431691 | 03/06/1436H (corresponding to 23/03/2015G) | 03/06/1447H (corresponding to 24/11/2025G) |
| 4. | Specialized Medical Center Hospital (branch of Specialized Medical Company) | 1010851377 | 04/06/1444H (corresponding to 28/12/2022G) | 04/06/1449H (corresponding to 03/11/2027G) |
| 5. | Diet World (branch of Specialized Medical Company) | 1010156585 | 26/08/1420H (corresponding to 04/12/1999G) | 24/08/1448H (corresponding to 01/02/2027G) |

Source: The Company

## 11.6 Key Licenses, Approvals, and Permits Obtained by the Company

The following is a summary of the key licenses, approvals, and permits obtained by the Company as issued by different authorities in the Kingdom, which are necessary for the business activities of the Company:

**Table (116): Key Licenses, Approvals, and Permits Obtained by the Company**

| No. | Type of License/Approval/Permit | License no. | Issue Date | Expiration Date | Issuing Authority |
|---|---|---|---|---|---|
| **(1)** | **The Company: Specialized Medical Company** | | | | |
| 1. | Commercial Registration Certificate | 1010123832 | 13/11/1414H (corresponding to 24/04/1994G) | 12/11/1449H (corresponding to 07/04/2028G) | Ministry of Commerce |
| 2. | Chamber of Commerce Registration Certificate | 60290 | 14/11/1414H (corresponding to 25/04/1994G) | 12/11/1449H (corresponding to 07/04/2028G) | Chamber of Commerce |
| 3. | Saudization Certificate | 79987494-329419 | 18/03/1445H (corresponding to 03/10/2023G) | 14/10/1446H (corresponding to 12/04/2025G) | Ministry of Human Resources and Social Development |
| 4. | Ministry of Municipal and Rural Affairs License | 40092175613 | - | 06/07/1447H (corresponding to 26/12/2025G) | Riyadh Municipality |
| 5. | Civil Defense Certificate | 1-001609028-46 | 02/03/1446H (corresponding to 05/09/2024G) | 02/03/1447H (corresponding to 25/08/2025G) | General Directorate of Civil Defense |
| 6. | License to use the Australian International Classification of Diseases (ICD10-AM/ACHI) 10th Edition | URH-07547 | 16/09/1445H (corresponding to 26/03/2024G) | 26/09/1446H (corresponding 26/03/2025G) | Saudi Health Council |
| 7. | Accreditation certificate from the Saudi Central Board for Accreditation of Healthcare Institutions | - | 17/07/1445H (corresponding to 29/01/2024G) | 20/08/1448H (corresponding to 28/01/2027G) | Saudi Central Board for Accreditation of Healthcare Institutions |
| 8. | Certificate of good practice for blood establishment | 24/GP/2024 | 11/08/1445H (corresponding to 21/02/2024G) | Valid for three years from the issuing date | Saudi Food & Drug Authority |

| No. | Type of License/Approval/Permit | License no. | Issue Date | Expiration Date | Issuing Authority |
|---|---|---|---|---|---|
| 9. | ZATCA Certificate | 1112229214 | 18/06/1445H (corresponding to 31/12/2023G | 02/11/1446H (corresponding to 30/04/2025G) | Zakat, Tax and Customs Authority |
| 10. | Accreditation certificate from the College of American Pathologists | 8238687 | - | 19/09/1446H (corresponding to 19/03/2025G) | College of American Pathologists |
| **(2)** | **SMC 2 Hospital – King Abdullah Road** | | | | |
| 1. | Commercial Registration Certificate | 1010413585 | 09/07/1435H (corresponding to 08/05/2014G) | 24/08/1449H (corresponding to 28/01/2028G) | Ministry of Commerce |
| 2. | Ministry of Municipal and Rural Affairs License | 41052686940 | - | 26/05/1447H (corresponding to 17/11/2025G) | Riyadh Municipality |
| 3. | Private Healthcare Institution Certificate | 014-101-010-097-00058 | 22/06/1435H (corresponding to 22/04/2014G) | 09/09/1451H (corresponding to 13/01/2030G) | Ministry of Health |
| 4. | Civil Defense Certificate | 45-00048640-5 | 13/10/1445H (corresponding to 22/04/2024G) | 13/10/1446H (corresponding to (11/04/2025G) | General Directorate of Civil Defense |
| **(3)** | **SMC 1 Hospital – King Fahd Road** | | | | |
| 1. | Commercial Registration Certificate | 1010150227 | 30/02/1419H (corresponding to 25/06/1998G) | 29/02/1449H (corresponding to 02/08/2027G) | Ministry of Commerce |
| 2. | Ministry of Municipal and Rural Affairs License | 40092175613 | - | 06/07/1447H (corresponding to 26/12/2025G) | Riyadh Municipality |
| 3. | Saudization Certificate | 35272081-164347 | 05/12/1445H (corresponding to 11/06/2024G) | 14/10/1446H (corresponding to (12/04/2025G) | Ministry of Human Resources and Social Development |
| 4. | Private Healthcare Institution Certificate | 1410101001200015 | 26/01/1420H (corresponding to 12/05/1999G) | 12/07/1450H (corresponding to 29/11/2028G) | Ministry of Health |
| 5. | Civil Defense Certificate | 1-001609028-46 | 02/03/1446H (corresponding to 05/09/2024G) | 02/03/1447H (corresponding to 25/08/2025G) | General Directorate of Civil Defense |
| **(4)** | **SMC 3 Hospital – Northern Ring Road** | | | | |
| 1. | Commercial Registration Certificate | 1010851377 | 04/06/1444H (corresponding to 28/12/2022G) | 04/06/1449H (corresponding to 03/11/2027G) | Ministry of Commerce |
| 2. | Private Healthcare Institution Certificate (initial approval) | 1400064014 | 11/02/1446H (corresponding to 15/08/2024G) | 21/02/1447H (corresponding to 15/08/2025G) | Ministry of Health |
| **(5)** | **Operation and Maintenance Branch** | | | | |
| 1. | Commercial Registration Certificate | 1010431691 | 03/06/1436H (corresponding to 23/03/2015G) | 03/06/1447H (corresponding to 24/11/2025G) | Ministry of Commerce |
| **(6)** | **Diet World** | | | | |
| 1. | Commercial Registration Certificate | 1010156585 | 26/08/1420H (corresponding to 04/12/1999G) | 25/08/1448H (corresponding to 02/02/2027G) | Ministry of Commerce |
| 2. | Private Healthcare Institution Certificate | 141010640800004 | 28/11/1429H (corresponding to 26/11/2008G) | 18/04/1450H (corresponding to 26/11/2028G) | Ministry of Health |

## 11.7 Material Agreements

This section contains the material agreements and contracts entered into by the Company.

### 11.7.1 Agreement for the Provision of Services for Long-Term Patients

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|---|---|
| **Parties** | Prince Sultan Military Medical City (the "**First Party**")<br>SMC 1 Hospital – King Fahd Road (the "**Second Party**") |
| **Execution Date** | 21/12/1445H (corresponding to 27/06/2024G) |
| **Effective Date** | 21/12/1445H (corresponding to 27/06/2024G) |
| **Term & Renewal Mechanism** | This agreement shall come into force on the Effective Date and will remain valid for three years thereafter. The agreement may be extended in the following events:<br>• If the Second Party is assigned additional tasks;<br>• If the annual financial allocations for the project are insufficient to complete the work on time;<br>• If the delay is attributable to the First Party or unforeseen circumstances;<br>• If the Second Party is delayed in executing the contract due to reasons beyond its control; or<br>• If an order is issued by the First Party to stop the work, or part of it, for reasons not attributable to the Second Party. |
| **Subject Matter** | The Second Party shall provide nursing and therapeutic care services across all specialties for long-term patients (adults and children) referred by the First Party, in accordance with the specifications and standards implemented by the First Party. This includes patients requiring parenteral nutrition, dialysis, antibiotic treatments (both routine and specialized), palliative care, and those with bedsores. |
| **Pricing & Adjustments** | The First Party shall pay the Second Party's fees according to the prices stated in the contract.<br>The prices set out in the agreement are subject to increase or decrease subject to changes in the actual items and materials supplied by the Second Party. |
| **Exclusivity** | This agreement does not include any provisions relating to exclusivity of dealings between the parties with respect to the services it covers. |
| **Termination** | • The First Party must terminate the contract in the following cases:<br>– If it is found that the Second Party has, directly or indirectly, either personally or through an intermediary, attempted to bribe any employee of the entities governed by the Government Tenders and Procurement Law, or was awarded the agreement through bribery, fraud, deception, forgery, manipulation, or engaged in any such activities during the execution of the contract.<br>– If the Second Party becomes bankrupt, files for bankruptcy, is proven insolvent, is placed under receivership, has a judicial custodian appointed over its assets, or is dissolved or liquidated.<br>– If the Second Party assigns the agreement without the consent of the First Party.<br>• The Second Party may terminate the agreement in the following cases:<br>– If the Second Party delays the commencement of work, slows down its execution, or breaches any term of the agreement and does not rectify the situation within 15 days from the date of being notified in writing.<br>– If the Second Party subcontracts the execution of the agreement without the approval of the First Party.<br>– If required by the public interest. In this case, the Second Party undertakes to notify the First Party, and the termination will be effective after 30 days from the date of such notification.<br>• The contract may be terminated by mutual agreement of both parties in the following cases:<br>– If (i) the Second Party continues to suspend all the services for a period exceeding 180 days from the date of the order to stop the services due to reasons unrelated to the First Party; and (ii) the Second Party has notified the First Party to approve the resumption of the works; and (iii) a period of thirty (30) days has passed from the date of notification without (a) the Second Party being permitted to resume services, or (b) appropriate measures being taken to allow the Second Party to work.<br>– If the execution of the works becomes impossible due to the continuation of a force majeure in accordance with the terms and conditions of the agreement. |

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| **Assignment/ Change of Control** | The Second Party may subcontract works and procurements up to 30% of the agreement's value provided that it obtains the First Party's approval. Any subcontracting of works or procurements exceeding 30% of the agreement's value and up to 50% of such value will be subject to the prior approval of the (i) Expenditure Efficiency and Projects Authority; and (ii) the First Party.<br>The Second Party may not assign the agreement without obtaining First Party's and the MoF's approval. |
| **Governing Law and Jurisdiction** | • This contract is governed by the Government Tenders and Procurement Law issued by Royal Decree No. (M/128) dated 13/11/1440H, and its implementing regulations issued by the Minister of Finance's Decision No. (1242) dated 21/03/1441H, as amended by Ministerial Decision (3479) dated 11/08/1441H, and any amendments or regulations that replace them.<br>• This agreement is also subject to the applicable laws in the Kingdom, and it is executed, interpreted, and any claims arising from it are adjudicated accordingly.<br>• Subject to the jurisdiction of the committees formed under the Government Tenders and Procurement Law and any applicable or related regulations, any dispute, disagreement, or claim arising from or related to this agreement, including its breach, termination, or invalidity, shall be resolved through arbitration at the Saudi Center for Commercial Arbitration in accordance with its arbitration rules, as follows:<br>– The seat of arbitration shall be Riyadh;<br>– Arbitration sessions shall be held in Riyadh; and<br>– The language of arbitration shall be Arabic. |
| **Other unusual, onerous or noteworthy provisions** | • The Second Party is prohibited from referring to the First Party, the agreement, or the services in any announcement, statement, disclosure, or presentation without the prior approval of the First Party.<br>• All intellectual property rights provided by the Second Party or its contractors under this agreement, such as deliverables or documents, whether invented, developed, or created, shall be owned by the First Party. This does not apply to intellectual property rights related to the Second Party's business which is created before the date of this agreement or independently of it, as well as all intellectual property rights that are not related to the contract.<br>• The Second Party undertakes to give priority to national products when purchasing the required materials or equipment.<br>• The First Party reserves the right to suspend the works under the agreement by issuing a suspension order to the Second Party. The Second Party will be notified of the decision to resume work once the reasons for suspension are resolved. The Second Party shall be compensated for a suspension of works in accordance with the terms of the agreement.<br>• If the Second Party defaults under the execution of any part of the works and does not rectify such default within 15 days from the date of receiving a notice, the First Party may execute such works at the Second Party's expense and withhold such expenses from amounts due to the Second Party.<br>• The First Party has the unilateral right to increase or decrease the obligations of the Second Party, provided that the change orders do not exceed a 10% increase or a 20% decrease in the agreement's value, subject to the provisions relating to the amendment of obligations set out in the agreement.<br>• The Second Party has provided a bank guarantee for an amount equal 5% of the agreement value.<br>• If the Second Party delays in fulfilling its obligations, it shall be subject to a penalty of 1% of the value of the delayed part of the works for each week of delay, provided that such penalty shall not exceed 20% of the agreement's value.<br>• The Second Party shall be subject to a penalty amounting to 30% of the value of the non-compliant purchases if it or its subcontractors fail to give preference to national products when purchasing materials or equipment.<br>• In the event the Second Party fails to meet the local content percentage, it shall be subject to a penalty of up to 10% of the agreement's value. |

### 11.7.2 Agreement with DAR-International for Engineering Consultancy Company

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|---|---|
| **Parties** | Company (the "**First Party**")<br>DAR-International for Engineering Consultancy Company (the "**Second Party**") |
| **Execution Date** | 19/02/1444H (corresponding to 15/09/2022G) |
| **Effective Date** | Date of Award. |
| **Term & Renewal Mechanism** | Three years from the award date. |
| **Subject Matter** | Design and engineering services. |
| **Pricing & Adjustments** | The First Party shall pay the Second Party the design and supervision service fees in accordance with the rates agreed upon in the agreement. |
| **Exclusivity** | None stated. |
| **Termination** | • The First Party may, at any time and as its sole discretion, terminate this Agreement or any part of the work by giving written notice of fourteen (14) days to the Second Party specifying the work to be terminated and the effective date of termination.<br>• Should the First Party terminate this agreement or any portion of the work, the Second Party shall stop the performance of the work involved on the effective date of termination. Upon receipt and verification of the Second Party's invoice, the First Party shall in full and final settlement of the Second Party's obligations, pay the Second Party, all amounts payable pursuant to this agreement for work performed upon the effective date of termination. |
| **Assignment/ Change of Control** | None Stated. |
| **Governing Law and Jurisdiction** | The agreement is subject to the laws of the Kingdom of Saudi Arabia, and any dispute arising from the agreement shall be referred to the competent judicial courts in the Kingdom. |
| **Other unusual, onerous or noteworthy provisions** | In case the Second Party fails to execute its responsibilities in accordance with this agreement, a fine equal to 0.5% of the contract value shall be applied for each week of delay. The maximum penalty shall not exceed five percent (5%) of the contract value. Such deductions are not applicable to the delays resulting from Force Majeure, the First Party or third parties. |

### 11.7.3 Services Agreement with Support Services Union Contracting Company (NASCOM)

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|---|---|
| **Parties** | Company (the "**First Party**")<br>United Support Services Contracting Company (Nascom) (the "**Second Party**") |
| **Execution Date** | 03/01/1444H (corresponding to 01/08/2022G) |
| **Effective Date** | 03/01/1444H (corresponding to 01/08/2022G) |
| **Term & Renewal Mechanism** | This agreement is valid from the effective date until 03/01/1445H (corresponding to 31/07/2023G).<br>The agreement may be renewed upon either party notifying the other of their desire to renew, and the other party's consent to such renewal, no later than sixty (60) days prior to the end of the agreement. As of this date, this agreement remains valid pursuant to its terms, as it was renewed pursuant to the renewal mechanism provided therein. |
| **Subject Matter** | The Second Party shall provide internal cleaning services, which includes supplying the necessary labour, equipment, and materials. |
| **Pricing & Adjustments** | The First Party shall pay the Second Party fees according to the bill of quantities and prices specified in the contract. |
| **Exclusivity** | None stated. |

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| **Termination** | • The contract shall terminate in the event of a force majeure beyond the control of the parties which renders the fulfilment of obligations under the contract impossible.<br>• The Second Party has the right to terminate the contract if the First Party fails to pay the amounts of the last two monthly invoices without notifying the First Party. The Second Party reserves the right to claim all outstanding amounts owed by the first Party.<br>• The First Party must notify the Second Party in writing of its desire to terminate the contract at least 60 days prior to the intended termination date, stating the reasons. In such cases, the First Party shall bear the payment of all outstanding fees for the prior period, in addition to the costs of residency permits, work permits, and any other government fees due for the entire contract period or the renewed period, as well as fifty percent (50%) of the monthly fees for the remaining contract duration, the cost of a return flight ticket, and any amounts previously deducted from return ticket costs through monthly payments up to the early termination date, which are considered non-refundable and not included in the final financial settlement of the contract.<br>• If the First Party does not provide written notice of its intention to terminate the contract within the period specified above, it shall bear all costs due for the prior period, in addition to the full monthly fees for the remaining contract duration, residency permit fees, work permit fees, and any other government fees for the entire contract period or the renewed period. Furthermore, the First Party shall cover the cost of the return flight ticket and two months' salary for each worker. |
| **Assignment/ Change of Control** | None stated. |
| **Governing Law and Jurisdiction** | • This agreement is subject to the laws of the Kingdom.<br>• In the event of any dispute or disagreement of any kind between the two Parties regarding this agreement, it shall be resolved amicably. If an amicable resolution is not possible, the matter shall be referred to the competent courts in the city of Riyadh, Kingdom of Saudi Arabia. |
| **Other unusual, onerous or noteworthy provisions** | The First Party shall pay the dues of the Second Party under this contract on a monthly basis, upon an invoice submitted by the Second Party at the end of each Gregorian month, which shall include the actual number as detailed in the attendance record. |

### 11.7.4 Service Contract with Draeger Arabia Co Ltd.

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|---|---|
| **Parties** | Draeger Arabia Co. Ltd (the "**First Party**")<br>SMC 1 Hospital – King Fahd Road (the "**Second Party**") |
| **Execution Date** | 22/12/1444H (corresponding to 10/07/2023G) |
| **Effective Date** | 22/12/1444H (corresponding to 10/07/2023G) |
| **Term & Renewal Mechanism** | This contract is valid for a period of three years and may be renewed on the same terms and conditions if mutually agreed by the parties thirty (30) days before its expiry. |
| **Subject Matter** | The First Party will perform planned preventive maintenance services for certain equipment of the Second Party as listed in the contract. |
| **Pricing & Adjustments** | The Second Party shall pay the contract value to the First Party in accordance with the terms of the agreement. |
| **Exclusivity** | This agreement does not include any provisions relating to exclusivity of dealings between the parties with respect to the services it covers. |
| **Termination** | The agreement does not contain any provisions relating to the parties' termination rights. |
| **Assignment/ Change of Control** | The agreement does contain any restrictions relating to change of ownership or the assignment to third parties. |
| **Governing Law and Jurisdiction** | This agreement does not specify the governing law or the courts that shall have jurisdiction over disputes arising from it. |
| **Other unusual, onerous or noteworthy provisions** | If the First Party fails to perform maintenance within the agreed-upon times, it shall pay a penalty of 1% of the maintenance value of the relevant equipment for each day such equipment is out of service. The total penalty shall not exceed 10% of the agreed-upon maintenance value of the relevant equipment as specified in the contract. |

### 11.7.5 Customer Support Agreement with Philips Medical Systems

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|---|---|
| **Parties** | SMC 1 Hospital – King Fahd Road (the "**First Party**")<br>Philips Medical Systems (the "**Second Party**") |
| **Execution Date** | 03/03/1445H (corresponding to 18/09/2023G) |
| **Effective Date** | 12/11/1444H (corresponding to 01/06/2023G) |
| **Term & Renewal Mechanism** | The term of this agreement is five years commencing on the Effective Date and expiring on 06/01/1450H (corresponding to 30/05/2028G) and does not provide for a renewal mechanism. |
| **Subject Matter** | The Second Party undertakes to perform the periodic maintenance works set out in the agreement which relate to, among other things, cyber security, software updates, operating system updates, and computer hardware upgrades to support the software updates. |
| **Pricing & Adjustments** | First Party shall pay the fees in in accordance with prices set out in the Agreement.<br>The Second Party reserves the right to adjust the pricing during the term in accordance with the Customer Price Index published by the Netherlands Agency (Statistics Netherlands), provided that (i) it shall give the First Party a 30 days' prior written notice before implementing such adjustment; and (ii) such increase does not exceed 5% change annually. |
| **Exclusivity** | This agreement does not include any provisions relating to exclusivity of dealings between the parties with respect to the services it covers. |
| **Termination** | • Second Party may terminate the agreement if the equipment, subject matter of the agreement, is not available at the agreed upon times.<br>• If the First Party defaults under its payment obligations, the Second Party may terminate the agreement upon a ten (10) days' written notice.<br>• In addition, this agreement will be terminated:<br>– upon the expiry of its term;<br>– if either party becomes bankrupt or is deemed to be insolvent; or<br>– if a party commits a material breach of its contractual obligations. |
| **Assignment/ Change of Control** | The Second Party may subcontract its service obligations under this agreement to third parties.<br>The First Party may not assign the agreement, or its payment obligations thereunder, without the prior written consent of the Second Party, such consent not to be unreasonably withheld. |
| **Governing Law and Jurisdiction** | This agreement is governed by the Laws of the Kingdom. The competent courts of the Kingdom shall have the exclusive jurisdiction over any dispute arising from this agreement. |
| **Other unusual, onerous or noteworthy provisions** | • The First Party shall be deemed to have waived its right to the services provided under this agreement if it defaults on its responsibilities under the agreement.<br>• The Second Party's total lability is limited to the total value of the agreement. However, this limitation of liability will not apply to third party claims resulting from bodily injury or death caused by its negligence.<br>• The Second Party shall not be liable for any indirect, punitive or similar damage including, without limitations, loss of revenues or profit, business interruption, or loss of data.<br>• The Second Party shall not be responsible for any assistance it provides which is not required under the agreement.<br>• This agreement contains customary confidentiality provisions which restricts the parties from disclosing any confidential information, including the existence of the Agreement.<br>• The Second Party may use any data, except for personal data, generated by the equipment and/or provided by the First Party for its legitimate business purposes. |

### 11.7.6 Comprehensive Maintenance Agreement with Siemens Healthcare Limited Company

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|---|---|
| **Parties** | SMC 1 Hospital – King Fahd Road (the "**First Party**")<br>Siemens Healthcare Limited Company (the "**Second Party**") |
| **Execution Date** | 25/04/1445H (corresponding to 09/11/2023G) |
| **Effective Date** | 30/03/1445H (corresponding to 15/10/2023G) |
| **Term & Renewal Mechanism** | This agreement is valid for three years commencing on 30/03/1445H (corresponding to 15/10/2023G) and expiring on 22/07/1448H (corresponding to 31/12/2026G). |
| **Subject Matter** | The Second Party shall provide maintenance services for the First Party's equipment as identified in the agreement. The maintenance services shall include, among other things, preventive maintenance, corrective maintenance, and coverage to breakdown and equipment malfunction callouts. Consumables and spare parts are not included within the scope of services. |
| **Pricing & Adjustments** | The First Party shall pay the service fees in accordance with the terms of the agreement.<br>The Second Party shall be entitled to charge the Second Party any additional costs resulting from an increase in custom duties or taxes imposed by the competent authorities in the Kingdom or any costs resulting from the currency exchange rate or devaluation of the currency. |
| **Exclusivity** | This agreement does not include any provisions relating to exclusivity of dealings between the parties with respect to the services it covers. |
| **Termination** | • Either party may terminate this agreement in the following events:<br>– if the other party breaches its material obligations;<br>– if the other party becomes bankrupt, insolvent, or unable to pay its debts as they fall due;<br>– the other party's intentional or gross negligence;<br>– the assignment of the agreement.<br>• The Second Party may terminate this agreement if the First Party defaults under two consecutive payments.<br>• This agreement may be terminated in cases where an event or circumstance occurs due to reasons beyond the control of both parties, such as fires, strikes, and other instances of force majeure, for a period exceeding three (3) months.<br>• The Second Party may terminate this agreement at any time with immediate effect, whether for cause or without cause, without incurring any liability. |
| **Assignment/ Change of Control** | Neither party shall have the right to assign this agreement, or any of its obligations under it, without the prior written consent of the other party. |
| **Governing Law and Jurisdiction** | This agreement is governed in accordance with the applicable arbitration laws in the Kingdom.<br>The parties shall use their best efforts to resolve any disputes within 15 days from receipt a notice from the claimant. In the event the parties fail to resolve such dispute within the prescribed time, such dispute shall be referred to arbitration in accordance with the arbitration laws in the Kingdom. The seat of arbitration shall be the Riyadh Chamber. The arbitral tribunal's award shall be final and not subject to appeal. |
| **Other unusual, onerous or noteworthy provisions** | • The Second Party warrants that the services shall be performed with reasonable care and skill. The First Party's remedies for any breach of this warranty shall be limited to its right to demand the Second Party to perform the services again in a satisfactory manner.<br>• The Second Party shall indemnify the First Party for the expenses incurred to rectify any damage to the First Party's equipment while it is in the Second Party's care and custody, if such damage results from the Second Party's gross negligence or unintentional actions.<br>• This agreement contains customary confidentiality provisions which restricts the parties from disclosing confidential information to third parties. |

### 11.7.7 Agreement with Beckman Coulter Saudi Arabia

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|---|---|
| **Parties** | Beckman Coulter Saudi Arabia (the "**First Party**")<br>SMC 2 Hospital – King Abdullah Road (the "**Second Party**") |
| **Execution Date** | 10/10/1439H (corresponding to 24/06/2018G) |
| **Effective Date** | 10/10/1439H (corresponding to 24/06/2018G) |
| **Term & Renewal Mechanism** | This agreement shall be valid for a period of seven (7) years from the date the First Party completes the setup of the Second Party's laboratory. |
| **Subject Matter** | The First Party shall fully equip the Second Party's laboratory and assist it in its operations. This includes, among other things, (i) supplying the First Party with the medical equipment listed in the agreement; (ii) training the Second Party's staff and technicians; and (iii) maintenance and spare parts. |
| **Pricing & Adjustments** | The Second Party shall pay the First Party the fees for the services in accordance with the terms of the agreement.<br>The First Party will provide the Second Party with agreed-upon discounts, subject to the Second Party purchasing the minimum committed consumables. |
| **Exclusivity** | Second Party undertakes to only utilize the First Party's products for the equipment throughout the term of the agreement. |
| **Termination** | • The Second Party may terminate this agreement in the event the First Party materially breaches the agreement and fails to rectify such breach within 14 days of receiving notice from the Second Party.<br>• Either party may terminate this agreement if the other party becomes insolvent or bankrupt. |
| **Assignment/ Change of Control** | This agreement does not contain any restrictions on change of control or the assignment of the agreement. |
| **Governing Law and Jurisdiction** | • This agreement shall be governed by the laws of the Kingdom.<br>• Any dispute, claim, or controversy arising out of or in connection with this agreement shall be settled through the amicable negotiations within thirty (30) days of the date of notification of a dispute by one party to another.<br>• If the parties fail to resolve such dispute, controversy, or claim through amicable negotiations, such claim, dispute, or controversy shall be finally settled by arbitration administered by the Saudi Center for Commercial Arbitration.<br>• The arbitral tribunal shall consist of three arbitrators, with an arbitrator appointed by each party. The third arbitrator shall be appointed by the two arbitrators appointed by the parties.<br>• The arbitration proceedings shall be in English. |
| **Other unusual, onerous or noteworthy provisions** | • The parties shall maintain the confidentiality of the terms, conditions, and pricing disclosed during the execution of the agreement and its performance.<br>• The equipment shall remain under the First Party's ownership throughout the duration of the agreement and will only be transferred to the Second Party at the expiry of the agreement, provided that it has purchased the agreed quantity of reagents. |

### 11.7.8 Ophthalmology Center Operation and Management Agreement with Tawaqa Trading Company

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|---|---|
| **Parties** | The Company (as the "**First Party**")<br>Tawaqa Trading Company (as the "**Second Party**") |
| **Execution Date** | 11/10/1444H (corresponding to 01/05/2023G) |
| **Effective Date** | 11/10/1444H (corresponding to 01/05/2023G) |
| **Term & Renewal Mechanism** | The agreement shall be effective for a period of ten (10) years starting from the effective date and ending on 01/02/1455H (corresponding to 30/04/2033G). |
| **Subject Matter** | The Second Party shall fully manage the ophthalmology center, including physicians, technicians, opticians and employees working in the center, in coordination with all supervisors and department heads of the Company. |
| **Pricing & Adjustments** | • The Second Party shall be entitled to a management fee determined as a percentage of the net revenues of the invoices generated by the ophthalmology center according to the percentages agreed upon in the tables attached to the agreement.<br>• The Second Party shall obtain the prior written approval of the First Party to amend the price list approved by the Second Party. If either party wishes to amend the prices, it shall provide written notice to the other party at least two years prior to such amendment.<br>• In addition, any new prices shall be mutually agreed upon between the parties. |

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| **Exclusivity** | The Second Party has the right to open and operate similar facilities provided that it does not employ any of the doctors working for the First Party and specified in the agreement without the written consent of the First Party. |
| **Termination** | Either party may terminate the agreement by giving at least two years' written notice to the other party. In addition, either party may terminate the agreement if the other party violates the confidentiality provisions thereunder. |
| **Assignment/ Change of Control** | The agreement does not contain any restrictions relating change of control or transfer. |
| **Governing Law and Jurisdiction** | The agreement is subject to the regulations, rules, orders, circulars and any instructions issued by the competent authorities in the Kingdom, and the courts of the Kingdom shall have jurisdiction to adjudicate any dispute or claim arising from its implementation. |
| **Other unusual, onerous or noteworthy provisions** | • The First Party shall cover the costs associated with medical malpractice insurance. The Second Party may obtain any additional insurance it deems appropriate.<br>• The Second Party shall be responsible for all doctors in the ophthalmology center, including, basic salary, transportation, allowances, housing/allowances, doctors' incentives, and accommodation.<br>• The First Party shall not employ any ophthalmologists without the Second Party's written consent.<br>• The Second Party shall be responsible for any medical error arising from the services it provides and undertakes to compensate the First Party for all liabilities, damages, injuries, costs, fees, expenses, direct losses, and others incurred by the First Party as a result of the Second Party's actions.<br>• Both parties agree to maintain the confidentiality of the terms and conditions of this agreement. |

### 11.7.9 Shareholder Agreement with Dr. Ebel Kliniken International GMBH and Health Gates

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|---|---|
| **Parties** | Company (the "**First Party**")<br>Dr. Ebel Kliniken International GMBG (as the "**Second Party**")<br>Health Gates (as the "**Third Party**") |
| **Execution Date** | 27/02/1445H (corresponding to 13/09/2023G) |
| **Effective Date** | 27/02/1445H (corresponding to 13/09/2023G) |
| **Term & Renewal Mechanism** | This agreement will come into force upon the incorporation of the company subject matter of the agreement. |
| **Subject Matter** | The Parties are entering into this agreement to set out their definitive agreement as to the terms on which they will incorporate a company amongst themselves. The objectives of the company shall include engaging in the management and operations of healthcare, rehabilitation, and mental care facilities. |
| **Pricing & Adjustments** | None stated. |
| **Exclusivity** | None stated. |
| **Termination** | This agreement shall remain in full force and effect until the dissolution and liquidation of the company to be established under its terms, for any reason. Furthermore, this agreement shall be considered terminated with respect to any party that ceases to be a partner in the company established under this agreement. |
| **Assignment/ Change of Control** | Except for the sale or transfer of shares as provided in the agreement, or otherwise agreed by the Parties, no party shall have the right to assign its rights and/or obligations under the agreement to any third party. |
| **Governing Law and Jurisdiction** | This agreement shall be governed by the laws of the Kingdom of Saudi Arabia. Any dispute arising out of or in connection with the agreement, including any question regarding the existence, validity, or termination, shall be referred to the courts of the Kingdom. |
| **Other unusual, onerous or noteworthy provisions** | N/A |

### 11.7.10 Reagent Rental Contract with Roche Diagnostics Saudi Arabia Limited

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|---|---|
| **Parties** | Roche Diagnostics Saudi Arabia Limited (as the "**First Party**")<br>SMC 2 Hospital – King Abdullah Road (as the "**Second Party**") |
| **Execution Date** | 19/08/1445H(corresponding to 29/02/2024G) |
| **Effective Date** | This agreement shall come into force on the date of installation of the equipment that are being provided by the First Party under this agreement. |
| **Term & Renewal Mechanism** | This agreement shall come into force on the Effective Date and remain valid for five years thereafter. |
| **Subject Matter** | First Party shall supply reagents and disposables, test strips, chemicals and electrodes, cleaning and calibration solutions designed for use to support tests under the reagent rental model. |
| **Pricing & Adjustments** | Second Party undertakes to purchase the products in accordance with the agreed upon volumes and prices as set out in the agreement. |
| **Exclusivity** | None stated. |
| **Termination** | This agreement may be terminated by either party upon a one year's notice to the other party, provided that the effective date of termination does not fall within the first three years following the Effective Date. |
| **Assignment/ Change of Control** | • Neither party shall have the right to assign this agreement without the prior written approval of the other party.<br>• First Party may terminate this agreement unilaterally if, among other things, the Second Party changes or transfers its ownership whereby essential business interests of Roche are affected. |
| **Governing Law and Jurisdiction** | • This agreement shall be governed and construed pursuant to the laws of the Kingdom.<br>• Any dispute, controversy, or claim arising under, out of or pursuant to this agreement shall be referred to the competent courts in Riyadh. |
| **Other unusual, onerous or noteworthy provisions** | • All the instruments provided under this agreement shall remain under the ownership of the First Party until = the Second Party has fulfilled all its contractual obligations, including payment obligations.<br>• Both parties agree to keep the terms of this agreement confidential. |

### 11.7.11 Catering Services Agreement with International Specialized Food Company – Gourmet 360

| | |
|---|---|
| **Parties** | International Specialized Food Company – Gourmet 360 (the "**First Party**")<br>SMC 1 Hospital – King Fahad Road (the "**Second Party**") |
| **Execution Date** | 20/07/1445H (corresponding to 01/02/2024G) |
| **Effective Date** | 20/07/1445H (corresponding to 01/02/2024G) |
| **Term & Renewal Mechanism** | This agreement is valid for one (1) Gregorian year starting on the Effective Date and shall be automatically renewed on the same terms and conditions unless either party notifies the other party in writing of its intention not to renew at least sixty (60) days prior to the expiry of the original term or any renewed term thereafter. As at the date of this Prospectus, this agreement is still valid pursuant to its terms and conditions as it was renewed in accordance with the renewal mechanism set out therein. |
| **Subject Matter** | Pursuant to this agreement, the First Party undertakes to prepare, package and deliver food (daily meals) and beverage to the Second Party, on a daily basis in accordance with the menus mutually agreed between the parties. The Second Party shall also provide the First Party with administrative, executive and other related technical assistance to support the First Party's food service operation. |
| **Pricing and Adjustments** | Pricing for all services provided by the First Party under this agreement shall be determined pursuant to the price list that is appended to the agreement.<br>The First Party shall receive additional compensation, the mechanism of which is not set out in the agreement, for any services it renders to the Second Party which are out of scope of the services provided pursuant to the agreement or that are provided outside of regular working hours. |
| **Exclusivity** | The First Party has the exclusive right to provide catering services to the Second Party during the term of the agreement. The Second Party is restricted from dealing with any third party for the provision of the services contemplated under this agreement. |
| **Termination** | This agreement may be terminated for convenience at any time by either party upon a six (6) months' written notice to the other party. |

| | |
|---|---|
| **Assignment/ Change of Control** | While the agreement does not include specific provisions relating to the assignment of the agreement or any of the rights or obligations contemplated thereunder, it should be noted that the indemnification provisions refer to liabilities, losses, damages, etc. arising from the default of subcontractors or assignees of the parties. |
| **Governing Law and Jurisdiction** | This agreement is subject to the laws of the Kingdom. Any dispute or claim arising from this agreement is subject to the exclusive jurisdiction of the competent courts in the Kingdom. |
| **Other unusual, onerous or noteworthy provisions** | • The First Party shall have the right of first refusal for the (i) preparation, service and sale of food, beverage and other related merchandise, including in the cafeteria, vending machines or other; (ii) catering; (iii) special event services; and (iv) operation of employee convenience stores of the Second Party.<br>• This agreement contains non-solicitation provisions that prohibit the Company from hiring or contracting any person who is, or who had, been employed by the First Party during the term of this agreement and for a period of one (1) year after its termination. |

### 11.7.12 Catering Services Agreement with International Specialized Food Company – Gourmet 360

| | |
|---|---|
| **Parties** | International Specialized Food Company – Gourmet 360 (the "**First Party**")<br>SMC 2 Hospital – King Abdullah Road (the "**Second Party**") |
| **Execution Date** | 20/07/1445H (corresponding to 01/02/2024G) |
| **Effective Date** | 20/07/1445H (corresponding to 01/02/2024G) |
| **Term & Renewal Mechanism** | This agreement is valid for one (1) Gregorian year starting on the Effective Date and shall be automatically renewed on the same terms and conditions unless either party notifies the other party in writing of its intention not to renew at least sixty (60) days prior to the expiry of the original term or any renewed term thereafter. As at the date of this Prospectus, this agreement is still valid pursuant to its terms and conditions as it was renewed in accordance with the renewal mechanism set out therein. |
| **Subject Matter** | Pursuant to this agreement, the First Party undertakes to prepare, package and deliver food (daily meals) and beverage to the Second Party, on a daily basis in accordance with the menus mutually agreed between the parties. The Second Party shall also provide the First Party with administrative, executive and other related technical assistance to support the First Party's food service operation. |
| **Pricing and Adjustments** | Pricing for all services provided by the First Party under this agreement shall be determined pursuant to the price list that is appended to the agreement.<br>The First Party shall receive additional compensation, the mechanism of which is not set out in the agreement, for any services it renders to the Second Party which are out of scope of the services provided pursuant to the agreement or that are provided outside of regular working hours. |
| **Exclusivity** | The First Party has the exclusive right to provide catering services to the Second Party during the term of the agreement. The Second Party is restricted from dealing with any third party for the provision of the services contemplated under this agreement. |
| **Termination** | This agreement may be terminated for convenience at any time by either party upon a six (6) months' written notice to the other party. |
| **Assignment/ Change of Control** | While the agreement does not include specific provisions relating to the assignment of the agreement or any of the rights or obligations contemplated thereunder, it should be noted that the indemnification provisions refer to liabilities, losses, damages, etc. arising from the default of subcontractors or assignees of the parties. |
| **Governing Law and Jurisdiction** | This agreement is subject to the laws of the Kingdom. Any dispute or claim arising from this agreement is subject to the exclusive jurisdiction of the competent courts in the Kingdom. |
| **Other unusual, onerous or noteworthy provisions** | • The First Party shall have the right of first refusal for the (i) preparation, service and sale of food, beverage and other related merchandise, including in the cafeteria, vending machines or other; (ii) catering; (iii) special event services; and (iv) operation of employee convenience stores of the Second Party.<br>• This agreement contains non-solicitation provisions that prohibit the Company from hiring or contracting any person who is, or who had, been employed by the First Party during the term of this agreement and for a period of one (1) year after its termination. |

### 11.7.13 Medical Services Agreement with Al-Etihad Cooperative Insurance Company

| | |
|---|---|
| **Parties** | Al-Etihad Cooperative Insurance Company (as the "**First Party**")<br>Company (as the "**Second Party**") |
| **Execution Date** | 19/02/1445H (corresponding to 04/09/2023G) |
| **Effective Date** | 19/06/1445H (corresponding to 01/01/2024G) |
| **Term & Renewal Mechanism** | The agreement is valid for a period of two years commencing on 19/06/1445H (corresponding to 01/01/2024G) and the parties may agree for it to automatically renew for a similar term or terms unless either party expresses in writing its desire not to renew the agreement at least 60 days before the end of the initial term or any subsequent renewed term. |
| **Subject Matter** | The Second Party is required to provide various healthcare services such as urgent medical assistance, medical review and prescription of medication to the beneficiaries insured by the First Party. |
| **Pricing & Adjustments** | • The agreement sets out the prices mutually agreed by the parties in respect of the provision of the medical services.<br>• If either party wishes to review the agreed upon prices for any service or wishes to include new services, it shall notify the other party at least 45 days prior to the expiry of the agreement. In such an event, the parties will negotiate the prices, provided that (i) they are technically justified; (ii) they are based on objective grounds; and (iii) their value is no way less than the real cost of the service. |
| **Exclusivity** | The agreement does not impose any exclusivity restrictions on either party. |
| **Termination** | • Either party may terminate this agreement if the other party defaults on its obligations under the agreement and fails to cure such default within 60 days from the date of receiving notice from the non-defaulting party.<br>• Further, either party may terminate this agreement if:<br>– the other party becomes bankrupt, or is proven to be insolvent or is placed under receivership; or<br>– the other party's qualification or accreditation from the Council of Cooperative Health Insurance is cancelled or not renewed. |
| **Assignment/ Change of Control** | With the exception of delegating certain tasks to a revenue cycle management company or a claims management company, neither party may assign or transfer its rights and obligations under this agreement without the prior written consent of the other party. |
| **Governing Law and Jurisdiction** | • This agreement is subject to the applicable laws in the Kingdom of Saudi Arabia.<br>• Any dispute arising out of this agreement shall be first referred to the Council's dispute conciliation center for amicable resolution. If the parties fail to reach an amicable resolution through the Council, then either party may refer the dispute to the competent judicial authority in the Kingdom. |
| **Other unusual, onerous or noteworthy provisions** | • The agreement contains standard confidentiality obligations prohibiting the parties from divulging any confidential information unless such information is available to the public or mandated by the Council or any other competent authority.<br>• In the event it is proven that a party has (a) engaged in practices that result in unauthorized access to benefits or advantages; or (b) committed fraud, this agreement will be automatically revoked. As such, the defaulting party shall indemnify the non-defaulting party for all damages incurred by the non-defaulting party. |

### 11.7.14 Health Care Provision Agreement with Al Rajhi Cooperative Company for Insurance

| | |
|---|---|
| **Parties** | Al Rajhi Cooperative Company for Insurance (as the "**First Party**")<br>Company (as the "**Second Party**") |
| **Execution Date** | 19/06/1445H (corresponding to 01/01/2024G) |
| **Effective Date** | 19/06/1445H (corresponding to 01/01/2024G) |
| **Term & Renewal Mechanism** | The agreement is valid for a period of two years commencing on 19/06/1445H (corresponding to 01/01/2024G) and the parties may agree for it to automatically renew for a similar term or terms unless either party expresses in writing its desire not to renew the agreement at 60 days before the end of the initial term or any subsequent renewed term. |
| **Subject Matter** | Same terms and conditions as the medical services Agreement with Al-Etihad Cooperative Insurance Company as set out in the unified contract for medical services agreements issued by the Council of Cooperative Health Insurance. |
| **Pricing & Adjustments** | |
| **Exclusivity** | |
| **Termination** | |
| **Assignment/ Change of Control** | |
| **Governing Law and Jurisdiction** | |
| **Other unusual, onerous or noteworthy provisions** | |

### 11.7.15 Health Care Provision Agreement with Arabian Shield Insurance Company

| | |
|---|---|
| **Parties** | Arabian Shield Insurance Company (as the "**First Party**")<br>Company (as the "**Second Party**") |
| **Execution Date** | 19/02/1445H (corresponding to 04/09/2023G) |
| **Effective Date** | 19/06/1445H (corresponding to 01/01/2024G) |
| **Term & Renewal Mechanism** | The agreement is valid for a period of two years commencing on 19/06/1445H (corresponding to 01/01/2024G) and the parties may agree for it to automatically renew for a similar term or terms unless either party expresses in writing its desire not to renew the agreement at least 60 days before the end of the initial term or any subsequent renewed term. |
| **Subject Matter** | Same terms and conditions as the medical services Agreement with Al-Etihad Cooperative Insurance Company as set out in the unified contract for medical services agreements issued by the Council of Cooperative Health Insurance. |
| **Pricing & Adjustments** | |
| **Exclusivity** | |
| **Termination** | |
| **Assignment/ Change of Control** | |
| **Governing Law and Jurisdiction** | |
| **Other unusual, onerous or noteworthy provisions** | |

### 11.7.16 Health Care Provision Agreement with Bupa Arabia for Cooperative Insurance

| | |
|---|---|
| **Parties** | Bupa Arabia for Cooperative Insurance (as the "**First Party**")<br>Company (as the "**Second Party**") |
| **Execution Date** | 06/05/1441H (corresponding to 01/02/2020G) |
| **Effective Date** | 06/05/1441H (corresponding to 01/02/2020G) |
| **Term & Renewal Mechanism** | The agreement is valid for a period of three years commencing on 06/05/1441H (corresponding to 01/02/2020G) and the parties may agree for it to automatically renew for a similar term or terms unless either party expresses in writing its desire not to renew the agreement at least 60 days before the end of the initial term or any subsequent renewed term. |
| **Subject Matter** | Same terms and conditions as the medical services Agreement with Al-Etihad Cooperative Insurance Company as set out in the unified contract for medical services agreements issued by the Council of Cooperative Health Insurance. |
| **Pricing & Adjustments** | |
| **Exclusivity** | |
| **Termination** | |
| **Assignment/ Change of Control** | |
| **Governing Law and Jurisdiction** | |
| **Other unusual, onerous or noteworthy provisions** | |

### 11.7.17 Health Care Provision Agreement with Globemed Saudi

| | |
|---|---|
| **Parties** | Globemed Saudi (as the "**First Party**")<br>Company (as the "**Second Party**") |
| **Execution Date** | 26/02/1445H (corresponding to 11/09/2023G) |
| **Effective Date** | 19/06/1445H (corresponding to 01/01/2024G) |
| **Term & Renewal Mechanism** | The agreement is valid for a period of two years commencing on 19/06/1445H (corresponding to 01/01/2024G) and the parties may agree for it to automatically renew for a similar term or terms unless either party expresses in writing its desire not to renew the agreement at least 60 days before the end of the initial term or any subsequent renewed term. |
| **Subject Matter** | Same terms and conditions as the medical services Agreement with Al-Etihad Cooperative Insurance Company as set out in the unified contract for medical services agreements issued by the Council of Cooperative Health Insurance. |
| **Pricing & Adjustments** | |
| **Exclusivity** | |
| **Termination** | |
| **Assignment/ Change of Control** | |
| **Governing Law and Jurisdiction** | |
| **Other unusual, onerous or noteworthy provisions** | |

### 11.7.18 Medical Services Agreement with Gulf Insurance Group

| | |
|---|---|
| **Parties** | Gulf Insurance Group (as the "**First Party**")<br>Company (as the "**Second Party**") |
| **Execution Date** | 17/03/1445H (corresponding to 02/10/2023G) |
| **Effective Date** | 19/06/1445H (corresponding to 01/01/2024G) |
| **Term & Renewal Mechanism** | The agreement is valid for a period of two years commencing on 19/06/1445H (corresponding to 01/01/2024G) and the parties may agree for it to automatically renew for a similar term or terms unless either party expresses in writing its desire not to renew the agreement at least 60 days before the end of the initial term or any subsequent renewed term. |
| **Subject Matter** | Same terms and conditions as the medical services Agreement with Al-Etihad Cooperative Insurance Company as set out in the unified contract for medical services agreements issued by the Council of Cooperative Health Insurance. |
| **Pricing & Adjustments** | |
| **Exclusivity** | |
| **Termination** | |
| **Assignment/ Change of Control** | |
| **Governing Law and Jurisdiction** | |
| **Other unusual, onerous or noteworthy provisions** | |

### 11.7.19 Medical Services Agreement with Gulf Union Cooperative Insurance Company

| | |
|---|---|
| **Parties** | Gulf Union Cooperative Insurance Company (as the "**First Party**")<br>Company (as the "**Second Party**") |
| **Execution Date** | 07/09/1445H (corresponding to 17/03/2024G) |
| **Effective Date** | 07/09/1445H (corresponding to 17/03/2024G) |
| **Term & Renewal Mechanism** | The agreement is valid for a period of two years commencing on 07/09/1445H (corresponding to 17/03/2024G) and the parties may agree for it to automatically renew for a similar term or terms unless either party expresses in writing its desire not to renew the agreement at least 60 days before the end of the initial term or any subsequent renewed term. |
| **Subject Matter** | Same terms and conditions as the medical services Agreement with Al-Etihad Cooperative Insurance Company as set out in the unified contract for medical services agreements issued by the Council of Cooperative Health Insurance. |
| **Pricing & Adjustments** | |
| **Exclusivity** | |
| **Termination** | |
| **Assignment/ Change of Control** | |
| **Governing Law and Jurisdiction** | |
| **Other unusual, onerous or noteworthy provisions** | |

### 11.7.20 Medical Services Agreement with Malath Insurance & Reinsurance Company

| | |
|---|---|
| **Parties** | Malath Insurance & Reinsurance Company (as the "**First Party**")<br>Company (as the "**Second Party**") |
| **Execution Date** | 12/03/1445H (corresponding to 27/09/2023G) |
| **Effective Date** | 19/06/1445H (corresponding to 01/01/2024G) |
| **Term & Renewal Mechanism** | The agreement is valid for a period of two years commencing on 19/06/1445H (corresponding to 01/01/2024G) and the parties may agree for it to automatically renew for a similar term or terms unless either party expresses in writing its desire not to renew the agreement at least 60 days before the end of the initial term or any subsequent renewed term. |
| **Subject Matter** | Same terms and conditions as the medical services Agreement with Al-Etihad Cooperative Insurance Company as set out in the unified contract for medical services agreements issued by the Council of Cooperative Health Insurance. |
| **Pricing & Adjustments** | |
| **Exclusivity** | |
| **Termination** | |
| **Assignment/ Change of Control** | |
| **Governing Law and Jurisdiction** | |
| **Other unusual, onerous or noteworthy provisions** | |

### 11.7.21 Medical Services Agreement with Mediterranean and Gulf Insurance and Reinsurance

| | |
|---|---|
| **Parties** | Mediterranean and Gulf Insurance and Reinsurance Company (as the "**First Party**")<br>Company (as the "**Second Party**") |
| **Execution Date** | 20/07/1445H (corresponding to 01/02/2024G) |
| **Effective Date** | 20/07/1445H (corresponding to 01/02/2024G) |
| **Term & Renewal Mechanism** | The agreement is valid for a period of two years commencing on 20/07/1445H (corresponding to 01/02/2024G) and the parties may agree for it to automatically renew for a similar term or terms unless either party expresses in writing its desire not to renew the agreement at least 60 days before the end of the initial term or any subsequent renewed term. |
| **Subject Matter** | Same terms and conditions as the medical services Agreement with Al-Etihad Cooperative Insurance Company as set out in the unified contract for medical services agreements issued by the Council of Cooperative Health Insurance. |
| **Pricing & Adjustments** | |
| **Exclusivity** | |
| **Termination** | |
| **Assignment/ Change of Control** | |
| **Governing Law and Jurisdiction** | |
| **Other unusual, onerous or noteworthy provisions** | |

### 11.7.22 Medical Services Agreement with Saudi Arabian Insurance Company

| | |
|---|---|
| **Parties** | Saudi Arabian Insurance Company (as the "**First Party**")<br>Company (as the "**Second Party**") |
| **Execution Date** | 29/05/1445H (corresponding to 13/12/2023G) |
| **Effective Date** | 19/06/1445H (corresponding to 01/01/2024G) |
| **Term & Renewal Mechanism** | The agreement is valid for a period of two years commencing on 19/06/1445H (corresponding to 01/01/2024G) and the parties may agree for it to automatically renew for a similar term or terms unless either party expresses in writing its desire not to renew the agreement at least 60 days before the end of the initial term or any subsequent renewed term. |
| **Subject Matter** | Same terms and conditions as the medical services Agreement with Al-Etihad Cooperative Insurance Company as set out in the unified contract for medical services agreements issued by the Council of Cooperative Health Insurance. |
| **Pricing & Adjustments** | |
| **Exclusivity** | |
| **Termination** | |
| **Assignment/ Change of Control** | |
| **Governing Law and Jurisdiction** | |
| **Other unusual, onerous or noteworthy provisions** | |

### 11.7.23 Medical Services Agreement with Tawuniya Insurance Company

| | |
|---|---|
| **Parties** | Tawuniya Insurance Company (as the "**First Party**")<br>Company (as the "**Second Party**") |
| **Execution Date** | 28/07/1443H (corresponding to 01/03/2022G) |
| **Effective Date** | 28/07/1443H (corresponding to 01/03/2022G) |
| **Term & Renewal Mechanism** | The agreement is valid for a period of two years commencing on 28/07/1443H (corresponding to 01/03/2022G) and the parties may agree for it to automatically renew for a similar term or terms unless either party expresses in writing its desire not to renew the agreement at least 60 days before the end of the initial term or any subsequent renewed term. |
| **Subject Matter** | Same terms and conditions as the medical services Agreement with Al-Etihad Cooperative Insurance Company as set out in the unified contract for medical services agreements issued by the Council of Cooperative Health Insurance. |
| **Pricing & Adjustments** | |
| **Exclusivity** | |
| **Termination** | |
| **Assignment/ Change of Control** | |
| **Governing Law and Jurisdiction** | |
| **Other unusual, onerous or noteworthy provisions** | |

### 11.7.24 Medical Services Agreement with Total Care Saudi

| | |
|---|---|
| **Parties** | • Total Care Saudi (as the "**First Party**")<br>• Company (as the "**Second Party**") |
| **Execution Date** | 06/07/1445H (corresponding to 19/12/2023G) |
| **Effective Date** | 19/06/1445H (corresponding to 01/01/2024G) |
| **Term & Renewal Mechanism** | The agreement is valid for a period of two years commencing on 19/06/1445H (corresponding to 01/01/2024G) and the parties may agree for it to automatically renew for a similar term or terms unless either party expresses in writing its desire not to renew the agreement at least 60 days before the end of the initial term or any subsequent renewed term. |
| **Subject Matter** | Same terms and conditions as the medical services Agreement with Al-Etihad Cooperative Insurance Company as set out in the unified contract for medical services agreements issued by the Council of Cooperative Health Insurance. |
| **Pricing & Adjustments** | |
| **Exclusivity** | |
| **Termination** | |
| **Assignment/ Change of Control** | |
| **Governing Law and Jurisdiction** | |
| **Other unusual, onerous or noteworthy provisions** | |

### 11.7.25 Medical Services Agreement with Saudi NextCare

| | |
|---|---|
| **Parties** | Saudi NextCare (as the "**First Party**")<br>Company (as the "**Second Party**") |
| **Execution Date** | 19/06/1445H (corresponding to 01/01/2024G) |
| **Effective Date** | 19/06/1445H (corresponding to 01/01/2024G) |
| **Term & Renewal Mechanism** | The agreement is valid for a period of two years commencing on 19/06/1445H (corresponding to 01/01/2024G) and the parties may agree for it to automatically renew for a similar term or terms unless either party expresses in writing its desire not to renew the agreement at least 60 days before the end of the initial term or any subsequent renewed term. |
| **Subject Matter** | Same terms and conditions as the Medical Services Agreement as set out in the unified contract for medical services agreements issued by the Council. |
| **Pricing & Adjustments** | |
| **Exclusivity** | |
| **Termination** | |
| **Assignment/ Change of Control** | |
| **Governing Law and Jurisdiction** | |
| **Other unusual, onerous or noteworthy provisions** | |

## 11.8 Financing Agreements

The Company entered into five financing agreements and obtained facilities for an aggregate amount of approximately (3.066) billion Saudi Riyals as at 30 September 2024G. As at 30 September 2024G, the total amounts utilized under the aforementioned financing agreements amounted to 648.27 million Saudi Riyals. This section contains a summary of the essential provisions of the financing agreements.

### 11.8.1 Credit Facility Agreement with National Bank of Kuwait

The Company entered into a credit facility agreement with National Bank of Kuwait dated 06/10/1445H (corresponding to 15/04/2024G). Set out below are the main terms of this agreement:

| Details | Description | |
|---|---|---|
| **Expiration Date** | This credit facility agreement expires on 20/09/1446H (corresponding to 20 March 2025G). | |
| **Maximum Limit** | SAR 200,000,000 | |
| **Facilities** | **(1) Sight / Deferred Letter of Credit and Avalization** | |
| | **Maximum** | SAR 200,000,000 |
| | **Purpose** | For the importation of raw materials, medical equipment and related spare parts required for the Company's business. |
| | **Pricing** | • LC Opening: in accordance with the rates of the Saudi Central Bank.<br>• Acceptance: as set out in the agreement.<br>• Avalization: as set out in the agreement. |
| | **(a) Sub-limit: LC Refinance and Avalization RefinanceFacility** | |
| | **Maximum** | SAR 200,000,000 |
| | **Purpose** | For the settlement of outstanding letters of credit and avalizations opened with National Bank of Kuwait. |
| | **Pricing** | Saudi Interbank Offered Rate (SAIBOR) + annual margin |
| | **(b) Sub-limit: Direct Payments to Suppliers** | |
| | **Maximum** | SAR 200,000,000 |
| | **Purpose** | To directly settle amounts due to suppliers of raw materials, medical equipment and related spare parts and to provide the Company with loans in order to directly settle amounts due to suppliers. |
| | **Pricing** | Saudi Interbank Offered Rate (SAIBOR) + annual margin |
| | **(c) Letters of Guarantee** | |
| | **Maximum** | SAR 50,000,000 |
| | **Purpose** | For the issuance of bid bonds and performance bonds (in favor of governmental and quasi-governmental entities only). |
| | **Pricing** | Saudi Central Bank rates. |
| | **(d) Short Term Loan Facility (revolving)** | |
| | **Maximum** | SAR 50,000,000 |
| | **Purpose** | Financing the Company's working capital requirements including salaries, utilities, medical supplies, and overheads. |
| | **Pricing** | SAIBOR + annual margin. |

| Details | Description |
|---|---|
| **Guarantees** | • The facilities are guaranteed by pro rata guarantees as follows:<br>a- Corporate Guarantee from Abdulrahaman Saad Al Rashid & Sons Company (40.40%);<br>b- Corporate Guarantee from Abdullah bin Saad Al Rashid & Sons Company (20.64%);<br>c- Corporate Guarantee from Al Thomad Trading Company (20.20%);<br>d- Corporate Guarantee from Rashid bin Saad Al Rashid & Sons Company (13.02%);<br>e- Personal Guarantee from Khaled Mokmin Dwihas Al Sebaiay AlAinzi (3.82%); and<br>f- Personal Guarantee from Mohammed Saleh Mohammed Konbaz (1.92%).<br>• A promissory note for SAR 200,000,000 counter guaranteed by each shareholder in proportion to its shareholding in the Company.<br>• The Company undertakes to maintain an average cash balance of five million (5,000,000) Saudi Riyals in all of its bank accounts at National Bank of Kuwait.<br>• The Company undertakes to provide any such other security upon National Bank of Kuwait's request. |
| **Events of Default** | Each of the following events shall constitute an event of default under this facility agreement:<br>• the Company fails to pay any sum payable under this agreement or any other agreement or any security document to which it is a party or fails to fulfil any of its obligations therein;<br>• the Company or any guarantor fails to fulfil any of its respective obligations under this agreement or any other agreement or any security document to which it is a party, and which in the opinion of NBK is correctable, but the Company fails to correct within seven (7) days from the Company becoming aware of such default or receipt by the Company of a written notice in this regard, whichever occurs earlier;<br>• any indebtedness due to NBK or to any third party becomes payable or may be declared payable before maturity or is not paid on maturity;<br>• the Company stops or suspends payment of debts to creditors or any group of them, or become insolvent, or admits inability to pay its debts as they fall due, or seeks to enter into any with its creditors or any group of them, or files any legal action to declare insolvency or bankruptcy, or effectually becomes insolvent;<br>• any of the events occurs to any guarantor or in the event of bankruptcy, death or incompetence of any guarantor if it is a natural person, or if any guarantor terminates or discontinues any present or future obligation pertaining to the facilities extended to the Company under this agreement or under any other agreement;<br>• any law, regulation or order, or any change in any law, regulation or order is issued which deviates or purports to deviate, suspends, terminates or relieves the Company or any of the guarantors from fulfilling its obligations hereunder or under any other agreement or any security document, or if any provision hereof or thereof ceases for any reason to be in full force and effect or becomes unenforceable, or if the Company or any of the guarantors disputes the validity or enforceability of or purports to terminate or repudiates this agreement or any other agreement or any security document, or if it becomes unlawful or possible for the company or any of the guarantors to fulfil any of its obligations under this agreement or under any other agreement or any security document or for NBK to exercise all or any of its rights or powers under this agreement or under any other agreement or any security document; or<br>• any situation which in the opinion of NBK gives reasonable grounds to believe that a material adverse change has occurred in the business, financial, administrative or legal position of the Company, results of operations or prospects of the Company or any of the guarantors; or that the ability of the Company or any of the guarantors to meet its obligations under this agreement or any agreement or any security document has been or will be materially and adversely affected. |
| **Covenants** | • The Company shall within five (5) business days indemnify NBK against any loss, cost or liability incurred as a result of (i) the occurrence of an event of default, or (ii) a failure by the Company to pay any amount due on its due date.<br>• The Company undertakes to maintain its ownership structure and existence in the same financial, administrative and legal position that existed on the date of this agreement.<br>• The Company shall ensure that its obligations under the credit agreement will, at all times, rank pari passu with all of its other current or future obligations.<br>• The Company undertakes not to issue any further shares in the capital of the Company other than to an existing shareholder.<br>• The Company agrees not to disclose any information relating to the credit agreement to anyone. |
| **Amounts utilized as at 30/09/2024G** | As at 30/09/2024G the Company has not utilized any amounts under this credit facility agreement. |

### 11.8.2 Credit Facility Agreement with Banque Saudi Fransi

The Company entered into a credit facility agreement with Banque Saudi Fransi dated 04/05/1443H (corresponding to 8/12/2021G), as amended on 22/09/1445H (corresponding to 01/04/2024G), and as further amended on 25/04/1446H (corresponding to 28/10/2024G). Set out below are the main terms of this agreement:

| Details | Description | |
|---|---|---|
| **Expiration Date** | This agreement does not stipulate an expiration date. | |
| **Maximum Limit** | SAR 594,469,387.76 | |
| **Facilities** | **(1) Islamic Payment Guarantees Facility** | |
| | **Maximum** | SAR 1,000,000 |
| | **Purpose** | None stated. |
| | **Pricing** | As per the tariffs set out in the agreement. |
| | **(2) Al Tawarroq Financing** | |
| | **Maximum** | SAR 315,000,000 |
| | **Purpose** | None stated. |
| | **Pricing** | SAIBOR + annual margin |
| | **(3) Multi Bonding Financing** | |
| | **Maximum** | SAR 75,000,000 |
| | **(a) Sub-limit:** | |
| | **Maximum** | SAR 61,000,000 |
| | **Purpose** | None stated. |
| | **Pricing** | As per the tariffs set out in the agreement. |
| | **(b) Sub-limit** | |
| | **Maximum** | SAR 40,000,000 |
| | **Purpose** | None stated. |
| | **Pricing** | As per the tariffs set out in the agreement. |
| | **(4) Multi-Purpose Facility** | |
| | **Maximum** | SAR 50,000,000 |
| | **Purpose** | For the issuance of Islamic sight/usance documentary letter of credit (multi import) and/or Al Tawarroq post finance. |
| | **Pricing** | Islamic multi import: as per the tariffs set out in the agreement. |
| | **Profit markup % p.a** | Al Tawarroq post finance: SAIBOR + annual percentage |
| | **(5) Al Tawarroq Financing (existing loan)** | |
| | **Maximum** | SAR 153,469,387/76 |
| | **Purpose** | Debt re-profiling |
| | **Pricing** | SAIBOR + annual margin |
| **Guarantees** | • The facilities are guaranteed by pro rata guarantees as follows:<br>a- Corporate Guarantee from Abdulrahman Saad Al Rashid & Sons Company (40.40%);<br>b- Corporate Guarantee from Abdullah bin Saad Al Rashid & Sons Company (20.64%);<br>c- Corporate Guarantee from Al Thomad Trading Company (20.20%);<br>d- Corporate Guarantee from Rashid bin Saad Al Rashid & Sons Company (13.02%);<br>e- Personal Guarantee from Khaled Mokmin Dwihas Al Sebaiay AlAinzi (3.82%); and<br>f- Personal Guarantee from Mohammed Saleh Mohammed Konbaz (1.92%).<br>• Promissory note for an amount of SAR 594,469,388 counter guaranteed by the Company's shareholders each in proportion to its shareholding in the Company. | |
| **Events of Default** | This agreement does not stipulate the events of default. | |

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|---|---|
| **Covenants** | • The Company undertakes to route all the cash flows of contracts where an advance payment bond and/or performance bond has been issued by Banque Saudi Fransi under this facility agreement.<br>• All of the Company's accounts and assets held with Banque Saudi Fransi are considered as collateral to the outstanding amounts under the facility agreement. Banque Saudi Fransi has the right to set-off any of the Company's obligations under the facility agreement against such accounts and assets.<br>• Banque Saudi Fransi reserves the right to, at its sole discretion, (i) withdraw or cancel any or all of the facilities or to lower the authorised limit for any facility; (ii) alter applicable rates; (iii) increase the non-commission bearing margin required with respect to any facility; and/or (iv) demand repayment of all outstanding and related charges upon giving fifteen (15) days written notice.<br>• Banque Saudi Fransi may exercise any of its rights mentioned in immediately preceding paragraph upon the occurrence of a change of effective control event. However, effective control is defined under the facility agreement as (i) control of more than half of the Company's voting power; or (ii) control of more than half of the Company's issued share capital. |
| **Amounts utilized as at 30/09/2024G** | SAR 258,265,000. |

## 11.8.3 Credit Facility Agreement with Arab National Bank

The Company entered into a credit facility agreement with Arab National Bank dated 28/03/1446H (corresponding to 01/10/2024G). Set out below are the main terms of this agreement:

| Details | Description | |
|---|---|---|
| **Expiration Date** | This agreement expires on 08/04/1447H (corresponding to 30/09/2025G). | |
| **Maximum Limit** | SAR 1,110,000,000 | |
| **Facilities** | **(1) Short Term Tawarruq Financing** | |
| | **Maximum** | SAR 300,000,000 |
| | **Purpose** | Working capital finance |
| | **Margin** | SAIBOR + annual margin |
| | **(2) Islamic Letters of Guarantee – Payment Guarantees / Advance Payment Guarantees (revolving)** | |
| | **Maximum** | SAR 10,000,000 |
| | **Purpose** | Issuance of payment guarantees and advance payment guarantees to beneficiaries that are acceptable to the bank from both the private and public sectors. |
| | **Fee** | Annual margin |
| | **(3) Term Tawarruq Financing** | |
| | **Maximum** | SAR 800,000,000 |
| | **Purpose** | To finance the construction of the new hospital located on the Northern Ring Road, Riyadh. |
| | **Profit Margin** | SAIBOR + annual margin |
| | **(a) Sub-limit: Murabaha letters of credit (sight) and/or (deferred payment) (categories A/B) and the bills of exchange issued pursuant thereto** | |
| | **Maximum** | SAR 250,000,000 |
| | **Purpose** | To issue letters of credit in favour of beneficiaries that are acceptable to Arab National Bank regarding importing equipment and machinery for the new hospital located on the Northern Ring Road, Riyadh. |
| | **LC Opening Fee** | Saudi Central Bank rates. |
| | **Deferral Fee** | Annual margin. |
| | **(b) Sub-limit: Murabaha Standby Letters of Credit** | |
| | **Maximum** | SAR 250,000,000 |
| | **Purpose** | To issue letters of credit in relation to importing equipment and machinery for the new hospital located on the Northern Ring Road, Riyadh. |
| | **Fee** | Annual margin. |

| | |
|---|---|
| **Guarantees** | • The facilities are guaranteed by pro rata guarantees as follows:<br>– Corporate Guarantee from Abdulrahaman Saad Al Rashid & Sons Company (40.40%);<br>– Corporate Guarantee from Abdullah bin Saad Al Rashid & Sons Company (20.64%);<br>– Corporate Guarantee from Al Thomad Trading Company (20.20%);<br>– Corporate Guarantee from Rashid bin Saad Al Rashid & Sons Company (13.02%);<br>– Personal Guarantee from Khaled Mokmin Dwihas Al Sebaiay AlAinzi (3.82%); and<br>– Personal Guarantee from Mohammed Saleh Mohammed Konbaz (1.92%).<br>• Promissory note for 1,110,000,000 counter guaranteed by the Company's shareholders each in proportion to its shareholding in the Company.<br>• The Company shall assign to Arab National Bank the cash flow proceeds from the SMC1, SMC2, and SMC3 operations (specific to facility 3(a)).<br>• The Company shall assign to Arab National Bank as the first beneficiary the property insurance proceeds.<br>• Any additional guarantees requested by Arab National Bank. |
| **Events of Default** | • The following events are considered as events of default under the agreement:<br>• if the Company fails to pay any amount due to the bank in accordance with this agreement;<br>• if the company or any of the guarantors fails to fulfil or honour its obligations accurately and promptly under this agreement or any of its annexes, and this breach is not rectified within the specified period by Arab National Bank in a written notice to that effect;<br>• if it becomes evident that any statement or warranty given by the Company, or any guarantor is inaccurate or incorrect;<br>• any indebtedness of the Company or guarantor becomes payable or is deemed payable before its specified due date, or is not paid when due, or if any seizure is executed on all or part of the company's or guarantor's business, assets, or properties, or if any bankruptcy proceedings are initiated against any of them, or with respect to natural persons, death of any guarantor or their loss of legal capacity;<br>• the company ceases to conduct any substantial part of its business operations, changes the nature or scope of its business significantly, transfers a significant part of its business or assets, or proposes to undertake any of the aforementioned actions;<br>• the issuance of any law, regulation, order, or any amendment to a law, regulation, or order that changes or is interpreted to change, suspend, terminate, or exempt the Company or any guarantor from fulfilling its obligations under this agreement or any guarantee document;<br>• if the Company fails to provide Arab National Bank with the required financial data; or<br>• any change in the ownership or control of the Company. |
| **Covenants** | The Company undertakes:<br>• to maintain its ownership structure, administrative, legal, and financial status, and not to change its activities as they are on the date of this agreement.<br>• not to incur any financial liabilities other than as permitted or any other financial obligations except in the ordinary course of its business.<br>• not to distribute dividends or provide loans to the shareholders if an event of default has occurred.<br>• not to guarantee or become in any way liable for any potential loss, damages or expenses associated with a third party's non-payment or default under a loan or obligation except as necessary in the ordinary course of its business. |
| **Amounts utilized as at 30/09/2024G** | As at 30/09/2024G the Company has not utilized any amounts under this credit facility agreement. |

### 11.8.4 Credit Facility Agreement with Alrajhi Bank

The Company entered into a credit facility agreement with Alrajhi Bank dated 01/06/1446H (corresponding to 02/12/2024G). Set out below are the main terms of this agreement:

| Details | Description | |
|---|---|---|
| **Expiration Date** | This agreement is subject to an annual review. The date of the next annual review is on 09/06/1447H (corresponding to 30/11/2025G). | |
| **Maximum Limit** | SAR 1,526,000,000 | |
| **Facilities** | **(1) General Working Capital Requirements** | |
| | **Maximum** | SAR 600,000,000 |
| | **(a) Sub-limit: Bai Agel** | |
| | **Maximum** | SAR 600,000,000 |
| | **Purpose** | To finance the Company's working capital requirements. |
| | **Applicable rate** | SAIBOR one month + annual margin |
| | **(b) Sub-limit: Overdraft Facility** | |
| | **Maximum** | SAR 50,000,000 |
| | **Purpose** | To finance the purchase of commodities in accordance with the prices negotiated between the Company and the bank. |
| | **Applicable rate** | As set out in the overdraft agreement executed in connection with this facility. |
| | **(2) Facility for Project Finance** | |
| | **Maximum** | SAR 100,000,000 |
| | **(a) Sub-limit: Facility for final and advance payment guarantees** | |
| | **Maximum** | SAR 50,000,000 |
| | **Purpose** | This facility is used for the benefit governmental hospitals and other with a maximum limit of SAR 50,000,000 for each of the (i) advance payment guarantees and final guarantees. |
| | **Fees** | Issuing Fees: Saudi Central Bank's rate + a percentage<br>Amendment Fees: In accordance with Alrajhi Bank's unified tariff. |
| | **(b) Facility for Issuing Initial Guarantees** | |
| | **Maximum** | SAR 20,000,000 |
| | **Purpose** | This facility is used for the benefit of governmental hospitals and others. |
| | **Fees** | Issuing Fees: Saudi Central Bank's rate<br>Amendment Fees: In accordance with Alrajhi Bank's unified tariff. |
| | **(3) Treasury Products** | |
| | **Maximum** | SAR 26,000,000 |
| | **(a) Sub-limit: Currency Fluctuation Hedging** | |
| | **Maximum** | SAR 26,000,000 |
| | **Purpose** | To hedge against floating profit fluctuations and to fix the profit rate. |
| | **Applicable Rate** | As set out in each transaction. |
| | **(4) Facility for Capital Expenditure and Business Expansion** | |
| | **Maximum** | SAR 800,000,000 |
| | **(a) Sub-limit: Bai Agel** | |
| | **Maximum** | SAR 800,000,000 |
| | **Purpose** | To finance the new expansion of the hospital located on Northern Ring Road, Riyadh. |
| | **Applicable Rate** | One-month reducing SAIBOR + annual margin |

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| **Guarantees** | • The facilities are guaranteed by pro rata guarantees as follows:<br>– Corporate Guarantee from Abdulrahaman Saad Al Rashid & Sons Company (40.40%);<br>– Corporate Guarantee from Abdullah bin Saad Al Rashid & Sons Company (20.64%);<br>– Corporate Guarantee from Al Thomad Trading Company (20.20%);<br>– Corporate Guarantee from Rashid bin Saad Al Rashid & Sons Company (13.02%);<br>– Personal Guarantee from Khaled Mokmin Dwihas Al Sebaiay AlAinzi (3.82%); and<br>– Personal Guarantee from Mohammed Saleh Mohammed Konbaz (1.92%).<br>• Promissory notes as follows:<br>– promissory note issued by the Company for an amount of SAR 616,504,000 as guaranteed by Abdulrahaman Saad Al Rashid & Sons Company;<br>– promissory note issued by the Company for an amount of SAR 314,966,400 as guaranteed by the Abdullah bin Saad Al Rashid & Sons Company;<br>– promissory note issued by the Company for an amount of SAR 308,252,000 as guaranteed by Al Thomad Trading Company;<br>– promissory note issued by the Company for an amount of SAR 198,685,200 as guaranteed Rashid bin Saad Al Rashid & Sons Company;<br>– promissory note issued by the Company for an amount of SAR 58,293,200 as guaranteed Khaled Mokmin Dwihas Al Sebaiay AlAinzi; and<br>– promissory note issued by the Company for an amount of SAR 29,299,200 as guaranteed Mohammed Saleh Mohammed Konbaz.<br>• Acknowledgment of corporate / personal guarantee from the guarantors listed above.<br>• Any other guarantee that may be requested by Alrajhi Bank. |
| **Events of Default** | • if any obligor fails to pay any amount due to the bank regarding any of the Company's obligations on its due date in accordance with the provisions of the relevant transaction document;<br>• if any obligor or any guarantor fails to duly and timely perform or comply with any of their obligations under any of the transaction documents;<br>• if it is determined that any covenant or warranty made by, or deemed to have been made by, any obligor or guarantor, or where applicable, any of its directors or officers in connection with the transaction documents, is incorrect or misleading in a manner which the bank considers to be material;<br>• if any indebtedness of any obligor becomes due and payable, or can be declared due and payable, prior to its stated maturity date, or if such indebtedness is not paid when due;<br>• if any attachment, execution, or other legal process is levied, enforced, or imposed against all or part of the business or assets of any obligor, and it is not discharged or released within ninety (90) days;<br>• if a petition is filed, proceedings are commenced, an order or effective resolution is passed, or a notice is issued to convene a meeting for the purpose of passing any resolution, or any other step is taken for the liquidation, insolvency, or bankruptcy, reorganization, or restructuring of any obligor, or for the appointment of a liquidator, receiver, trustee, or any similar official over the obligor or all or any part of its business or assets;<br>• if any obligor stops or suspends payments to its creditors or any class of them, or is deemed under any applicable law or regulation to be insolvent, or admits its inability to pay its debts as they fall due, or seeks to enter into any composition or other arrangement with its creditors, or seeks any procedures for relief of debtors, or is declared or becomes insolvent or bankrupt;<br>• if any obligor ceases to conduct all or any substantial part of its business;<br>• if any of the authorizations necessary in connection with the execution, performance, validity, and enforceability of any of the transaction documents and the transactions contemplated therein are not obtained or cease to be in full force and effect;<br>• if, for any reason, any law, regulation, order, or any change in law or regulation alters, is expected to alter, suspends, terminates, or exempts the Company or any other obligor from performing any of its obligations under any of the transaction documents, or any provision of such documents, or if such law or regulation ceases to be in effect, or if the Company or any other obligor contests the validity or enforceability of any of the transaction documents, or claims that any of the transaction documents are terminated or void, or if it becomes unlawful or impossible for the Company or any other obligor to perform any of its obligations under any of the transaction documents, or if it becomes unlawful or impossible for Alrajhi to exercise all or any of its rights, powers, and remedies under such documents; |

| | |
|---|---|
| **Events of Default** | • if any event occurs which the bank reasonably considers to be a basis for believing that a material adverse change has occurred in the business, financial condition, or operations of any obligor or any guarantor, or that the ability of such obligor or any guarantor to perform its obligations under any of the transaction documents or any of the security documents has been or will be materially adversely affected;<br>• if any obligor or personal guarantor dies or becomes mentally incapacitated; or<br>• if the management of any obligor is wholly or partially removed by any governmental authority, or if the authority of the company or any other obligor to conduct its business is curtailed, or if all or a substantial part of the issued capital, revenues, or assets of the client or any other obligor is seized, nationalized, expropriated, or compulsorily acquired. |
| **Covenants** | • The Company undertakes to immediately notify Alrajhi of any change in the ownership of its share capital.<br>• The Company undertakes to conduct its business, affairs, and activities diligently and professionally in accordance with sound financial, accounting, commercial, and industrial principles and standards, and to refrain from suspending its activities or entering into any agreement or settlement related to bankruptcy, insolvency, liquidation, dissolution, or merger with its creditors throughout the term of this agreement.<br>• Alrajhi shall have the priority to provide the Company with (1) hedging products with respect to its credit facilities; and (2) insurance products. If the Company breaches this undertaking, Alrajhi shall have the right to amend the pricing of any products under the outstanding facilities which the Company has not utilized.<br>• Alrajhi shall have the right of first refusal with respect to the hedging of SAIBOR rates relating to the financing provided by it.<br>• Alrajhi shall have the right to suspend, cancel, or reduce the facilities or any of them, at its sole discretion, and without giving reasons for such action, and to request the payment of all principal and profit amounts together with any costs or expenses.<br>• Alrajhi's claims under the agreement shall rank pari passu with the claims of all of its unsecured creditors except for such claims that are preferred by any bankruptcy, insolvency, liquidation laws or other laws with similar effect.<br>• The Company represents that no encumbrance exists over all or any of its present or future assets, except for permitted encumbrances.<br>• Alrajhi has the right to set-off and debit from any credit balance which the Company is entitled to on any current or investment account with Alrajhi in satisfaction of any sum due and payable from such obligor to Alrajhi under the facility agreement.<br>• The Company may not assign or transfer any of its rights or obligations under the facility agreement without the prior written consent of Alrajhi. |
| **Amounts utilized as at 30/09/2024G** | SAR 310,000,000 |

### 11.8.5 Credit Facility Agreement with Saudi Awwal Bank

The Company entered into a credit facility agreement with Saudi Awwal Bank dated 29/08/1445H (corresponding to 10/03/2024G). Set out below are the main terms of this agreement:

| Details | Description | |
|---|---|---|
| **Expiration Date** | The facilities provided pursuant to this agreement will remain valid for a period of one year from the date of the agreement and will expire on 01/09/1446H (corresponding to 10/03/2025G). | |
| **Maximum Limit** | SAR 300,000,000 | |
| **Late Payment Rate** | 4% per annum over the rate corresponding to Saudi Awwal Bank's base lending rate for SAR, as determined and published from time to time on Saudi Awwal Bank's website. | |
| **Facilities** | **(1) Short Facility (revolving)** | |
| | **Maximum** | SAR 300,000,000 |
| | **Purpose** | To meet working capital requirements |
| | **Service Charge Rate** | Annual percentage over SAIBOR over the period set out in the agreement. |
| | **(2) Import Credit Facilities (revolving)** | |
| | **Maximum** | SAR 150,000,000 |
| | **Purpose** | • Financing payment obligations relating to letters of credit<br>• Finance payment to import supplier in respect of an import invoice. |
| | **Service Charge Rate** | Annual percentage over a the SAIBOR term set out in the agreement. |

<table>
<tr><td rowspan="4">Facilities</td><td colspan="2">(3) Letters of Guarantee (revolving)</td></tr>
<tr><td>Maximum</td><td>SAR 50,000,000</td></tr>
<tr><td>Purpose</td><td>To issue tender bonds, performance bonds, and advance payment guarantees.</td></tr>
<tr><td>Commission Charges</td><td>Saudi Central Bank's tariffs + annual percentage.</td></tr>
<tr><td>Guarantees</td><td colspan="2">• The facilities under this agreement are guaranteed by the following guarantees:<br>– Personal guarantee for SAR 11,460,000 from Khaled Mokmin Dwihas Al Sebaiay AlAinzi.<br>– Personal guarantee for SAR 5,760,000 from Mohammed Saleh Mohammed Konbaz.<br>– Corporate Guarantee for SAR 121,200,000 from Abdulrahaman Saad Al Rashid & Sons Company.<br>– Corporate Guarantee for SAR 61,920,000 from Abdullah bin Saad Al Rashid & Sons Company.<br>– Corporate Guarantee from for SAR 60,600,000 Al Thomad Trading Company.<br>– Corporate Guarantee for SAR 39,060,000 from Rashid bin Saad Al Rashid & Sons Company.<br>• A promissory note for SAR 300,000,000 counter guaranteed by each shareholder in proportion to its shareholding in the Company.<br>• Receivables security agreement.</td></tr>
<tr><td>Events of Default</td><td colspan="2">The following events are considered events of default under the agreement:<br>• the Company does not pay on the due date any amount payable under a finance document in the currency and amount agreed to be payable;<br>• the Company breaches any of its obligations under any finance document and, if in Saudi Awwal Bank's sole opinion that breach is capable of remedy, such breach is not remedied within ten (10) Business Days after receiving notice of such breach from the Saudi Awwal Bank;<br>• if any representation, warranty or statement made by the Company under any finance document is incorrect;<br>• any (a) indebtedness any member of the group owes to any person (i) is not paid when due or within any applicable grace period; or (ii) is declared to be or otherwise becomes due and payable prior to its specified maturity; or (b) any member of the group's creditors declares any indebtedness to be due and payable prior to its specified maturity, provided that the aggregate amount of such indebtedness or commitment is higher than the cross default threshold set out in the agreement;<br>• an encumbrance attaches or a creditor takes possession of, or a distress, execution, sequestration or other process is levied or enforced upon any assets belonging to any member of the group and such process is not discharged within (21) business days;<br>• any encumbrance over any asset belonging to any member of the group becomes enforceable;<br>• any member of the group (i) suspends payment of its respective debts or is unable, or admits its inability, to pay its respective debts as they fall due; or (2) begins negotiations with any creditor due to financial difficulties with a view to the readjustment or rescheduling of any of its respective indebtedness; or (3) proposes or enters into any composition or other arrangement for the benefit of its respective creditors generally or any class of creditors;<br>• any legal procedure is commenced, or other steps taken under the bankruptcy law or other similar legislation in other jurisdictions other than in the case where such action is stayed or dismissed within twenty-one (21) business days with a view to:<br>– any member of the group being adjudicated or found insolvent or bankrupt; or if applicable, its winding up or dissolution, other than in connection with a solvent reconstruction, the terms of which have been previously approved in writing by the Saudi Awwal Bank; or any member of the group obtaining a moratorium or other protection from its creditors; or<br>– the appointment of a trustee, supervisor, receiver, liquidator, administrator or similar officer in respect of any member of the group or any of its respective assets; or<br>• any event or series of events occur which, in the Saudi Awwal Bank's opinion, has or could reasonably be expected to have a material adverse effect.</td></tr>
</table>

| | |
|---|---|
| **Covenants** | • The Company's payment obligations under the agreement will rank pari passu with the claims of all its unsecured borrowings and debt, save for those claims preferred in accordance with the provisions of any applicable law.<br>• The Company undertakes not to (i) create or permit to subsist any encumbrance over any of its assets; (ii) sell, lease, transfer, or otherwise dispose of, in whole or in part, any of its assets; (iii) make any loans or grant any credit to or for the benefit of any person, other than amounts of credit allowed in the ordinary course of its trading activities; or (iv) incur any indebtedness.<br>• Saudi Awwal Bank may by notice to the Company (i) demand the Company to repay all or part of the Company's liabilities towards Saudi Awwal Bank; (ii) require the Company to deposit a cash margin for an amount equal to the liabilities outstanding at that time or any part thereof, as notified by Saudi Awwal Bank; (iii) cancel any undrawn portion of the facilities; and/or (iv) reduce or cancel the facility limit for any specific facility or all of the facilities.<br>• Saudi Awwal Bank may set off, debit, or transfer any sums standing to the credit of any of the Company's accounts with Saudi Awwal Bank towards the satisfaction of any of the Company's outstanding liabilities under the facility agreement.<br>• Any change of control or ownership of the Company is subject to the prior written consent of Saudi Awwal Bank. Failure of the Company to obtain such consent will trigger Saudi Awwal Bank's right to demand immediate payment of all or part of the outstanding liabilities under the facility agreement and/or to provide a cash margin.<br>• The Company may not assign or transfer any rights, benefits, or obligations under the agreement without the prior written consent of Saudi Awwal Bank. |
| **Amounts utilized as at 30/09/2024G** | SAR 80,000,000 |

## 11.9 Real Estate Owned by the Company

As at the date of this Prospectus, the Company owns fourteen (14) properties. The following table sets out the details of such properties.

**Table (117): Real Estate Owned by the Company**

| No | Registered Owner | Title Deed Number | Mortgage | Title Deed Date | Location | Area ($m^2$) |
|---|---|---|---|---|---|---|
| 1. | The Company | 610105047020 | N/A | 01/03/1438H (corresponding to 30/11/2016G) | Plot no. 7/A/1/2 located in Ishbilia district, Riyadh | 3,916.52$m^2$ |
| 2. | The Company | 210103035771 | N/A | 06/06/1438H (corresponding to 05/03/2017G) | Plot no. 7/A/3/4/5 located in Ishbilia district, Riyadh | 5,257.62$m^2$ |
| 3. | The Company | 381972000108 | N/A | 16/04/1445H (corresponding to 31/10/2023G) | Plot no. 55/1 of Plan no. 1391/3 located in Al-Mashael district in Riyadh, and Plot no. 55/3 of Plan no. 1391/3 located in Al Mashael district in Riyadh | 6,750$m^2$ |
| 4. | The Company | 710244000689 | N/A | 18/08/1443H (corresponding to 21/03/2022G) | Plot no. 11/B/1, Plot no. 12/B/1, Plot no. 13/B/1, Plot no. 14/B/1, Plot no. 15/B/1, Plot no. 16/B/1, Plot no. 17/B/1, Plot no. 18/B/1, Plot no. 19/B/1, Plot no. 20/B/1, Plot no. 21/7/B, Plot no. 22/8/B, Plot no. 23/9/B, Plot no. 24/10/B, Plot no. 24/1/B, Plot no. 956/2/B, Plot no. 958/2/4/B, Plot no. 958/1/3/B, Plot no. 960/5/B, and Plot no. 962/6/B of Plan no. 1822/S located in Al Wadi district in Riyadh, Plan no. 2804 in Al Wadi district in Riyadh, Plan no. 1822/S/2804 in Al Wadi district in Riyadh. | 21,974,45$m^2$ |

| No | Registered Owner | Title Deed Number | Mortgage | Title Deed Date | Location | Area ($m^2$) |
|---|---|---|---|---|---|---|
| 5. | The Company | 310114039727 | N/A | 24/03/1439H (corresponding to 12/12/2017G) | Plot no. 1446 and Plot no. 1447 of Block no. 218 of Plan no. 1343 located in Al Olaya district in Riyadh, Plot no. 1442, Plot no. 1443 and Plot no. 1445 of Block no. 218 of Plan no. 1343 located in west Al Olaya district in Riyadh. | 4,357.12$m^2$ |
| 6. | The Company | 210120031213 | Mortgaged in favor of the Ministry of Finance (General Administration of Local Loans and Subsidies) as a guarantee for the payment of an amount of SAR 42,342,000. | 13/04/1435H (corresponding to 13/02/2014G) | Plot of land located in the Namudhajiyah district in Riyadh. | 2,554.41$m^2$ |
| 7. | The Company | 14/15655 | N/A | 17/09/1421H (corresponding to 13/12/2000G) | Plot no. 1436 to Plot no. 1439 of Block no. 218 of Plan no. 1343 located in Al-Mazraa district in Al Olaya in Riyadh | 2500$m^2$ |
| 8. | The Company | 810113036638 | N/A | 08/08/1431H (corresponding to 20/07/2010G) | Plot no. 1441 of Block no. 18 of Plan No. 1343 located in Al Olaya district in Riyadh. | 625$m^2$ |
| 9. | The Company | 210106037177 | N/A | 21/12/1435H (corresponding to 15/10/2014G) | Plot no. 94/1, Plot no. 95/1, Plot no. 96/1, Plot no. 97/1, Plot no. 29/1, Plot no. 31/1, Plot no. 30/1, and Plot no. 28/1 of Plan no. 2939 located in King Faisal district in Riyadh | 9,579.07$m^2$ |
| 10. | The Company | 310115046486 | N/A | 26/01/1438H (corresponding to 27/10/2016G) | Plot no. 143 and Plot no. 144 of Block no. 16 of Plan no. 3661 in Al Mashael district in Riyadh. | 2,832$m^2$ |
| 11. | The Company | 462099002931 | N/A | 28/07/1446H (corresponding to 28/01/2025G) | Plot no.1434 of Plan no. 2172/A located in Al Olaya district, Riyadh. | 625$m^2$ |
| 12. | The Company | 362099002932 | N/A | 28/07/1446H (corresponding to 28/01/2025G) | Plot no. 1435 of Plan no. 2172/A located in Al Olaya district, Riyadh. | 625$m^2$ |
| 13. | The Company | 362099002933 | N/A | 28/07/1446H (corresponding to 28/01/2025G) | Plot no. 1432 of Plan no. 2172/A located in Al Olaya district, Riyadh. | 1,287.42$m^2$ |
| 14. | The Company | 362099002934 | N/A | 28/07/1446H (corresponding to 28/01/2025G) | Plot no. 1433 of Plan no. 2172/A located in Al Olaya district, Riyadh. | 1,012.58$m^2$ |

## 11.10 Lease Agreements with Third Parties

The Company, in its capacity as lessee, entered into five (5) lease agreements with a number of landlords. The Company, in its capacity as landlord, entered into ten (10) lease agreements with a number of tenants. The following is a summary of such agreements.

### 11.10.1 Lease Agreements entered by the Company as Tenant

#### 11.10.1.1 Villa 1 Lease Agreement*

| | |
|---|---|
| **Purpose / Area** | Family Housing / 200m$^2$ |
| **Ejar (Yes / No)** | Yes |
| **Landlord** | Bunyan Real Estate Fund Company |
| **Tenant** | The Company |
| **Term** | Commences on 10/07/2024G and expires on 09/07/2025G |
| **Renewal** | The agreement does not include any automatic renewal mechanism. Any renewal of the agreement shall be done through the Ejar platform. |
| **Annual Rent (SAR)** | SAR 90,000 |
| **Assignment or Sublease** | The Company undertakes not to sublease the rental unit or any part thereof. |
| **Change of Control** | Not applicable. |
| **Termination Provisions** | • Either party has the right to terminate the contract if the other party breaches any of its contractual obligations and fails to remedy the resulting damage or fulfil its obligations within thirty (30) days from the date of the breach.<br>• The landlord has the right to terminate the contract if the company fails to pay the due rental instalment within thirty days from the payment due date. |

*This agreement is considered a related party transaction as Bunyan Real Estate Fund Company is 60% owned by Abdul Rahman Saad AlRashid and Sons Company, a major shareholder in the Company.

#### 11.10.1.2 Villa 2 Lease Agreement*

| | |
|---|---|
| **Purpose / Area** | Family Housing / 200m$^2$ |
| **Ejar (Yes / No)** | Yes |
| **Landlord** | Bunyan Real Estate Fund Company |
| **Tenant** | The Company |
| **Term** | Commences on 01/04/2024G and expires on 31/03/2025G |
| **Renewal** | The agreement does not include any automatic renewal mechanism. Any renewal of the agreement shall be done through the Ejar platform. |
| **Annual Rent (SAR)** | SAR 90,000 |
| **Assignment or Sublease** | The Company undertakes not to sublease the rental unit or any part thereof. |
| **Change of Control** | Not applicable. |
| **Termination Provisions** | • Either party has the right to terminate the contract if the other party breaches any of its contractual obligations and fails to remedy the resulting damage or fulfil its obligations within thirty (30) days from the date of the breach.<br>• The landlord has the right to terminate the contract if the company fails to pay the due rental instalment within thirty days from the payment due date. |

*This agreement is considered a related party transaction as Bunyan Real Estate Fund Company is 60% owned by Abdul Rahman Saad AlRashid and Sons Company, a major shareholder in the Company.

### 11.10.1.3 Tower 2 (within the compound of SMC 1 Hospital – King Fahd Road)*

| | |
|---|---|
| **Purpose / Area** | Tower / Area not specified in the agreement |
| **Ejar (Yes / No)** | Yes |
| **Landlord** | Saudi Bunayan Company |
| **Tenant** | The Company |
| **Term** | Commences on 01/01/2021G and ends on 31/12/2031G. |
| **Renewal** | Any renewal is subject to the parties written agreement. |
| **Annual Rent (SAR)** | The annual rent varies from year to year. However, the aggregate value of the agreement is SAR 225,561,104. |
| **Assignment or Sublease** | The Company may sublease part of the rental unit with the landlord's consent. |
| **Change of Control** | Not applicable. |
| **Termination Provisions** | Either party may terminate this agreement if the other party defaults on its obligations and does not cure such default within 15 days of notice from the other party.<br>The landlord may terminate this agreement if the tenant becomes bankrupt or is liquidated for any reason. |

*This agreement is considered a related party transaction as Saudi Bunyan Real Company is wholly owned by Abdul Rahman Saad AlRashid and Sons Company, a major shareholder in the Company.

### 11.10.1.4 Lease Agreement of a Building

| | |
|---|---|
| **Purpose / Area** | Building consisting of 29 apartments, 14 offices, 2 parking spaces and 3 exhibitions |
| **Ejar (Yes / No)** | Yes |
| **Landlord** | Princess Wasmiyah Abd AlRahman AlMoamar |
| **Tenant** | The Company |
| **Term** | Five years commencing on 01/10/2024G and expiring on 30/09/2029G. |
| **Renewal** | Any renewal is subject to a new agreement. |
| **Annual Rent (SAR)** | SAR 2,300,000 |
| **Assignment or Sublease** | The Company may sublease part of the rental unit provided that it shall remain liable towards the landlord. |
| **Change of Control** | Not applicable. |
| **Termination Provisions** | Either party has the right to terminate the contract if (1) it is proven that the property is in danger of collapsing according to a report from the civil defence or an authorized government entity; (2) government decisions modifying building regulations, result in the inability to use the rental units; (3) the state expropriate the property or part of it, making it impossible to use the rental units; or (4) due to force majeure. reasons. |

### 11.10.1.5 Lease Agreement of Three Buildings

| | |
|---|---|
| **Purpose / Area** | Accomodation for the Company's employees / 7,650 m$^2$ |
| **Ejar (Yes / No)** | Yes |
| **Landlord** | Naser Fahid Fahd AlShikra AlDosari |
| **Tenant** | The Company |
| **Term** | Commences on 01/01/2025G and expires on 06/11/2029G. |
| **Renewal** | Any renewal shall be effected through the Ejar platform. |
| **Annual Rent (SAR)** | The Company shall pay the rent in five yearly instalments with an amount of SAR 2,177,627 with respect to the first four rental years, and an amount of SAR 1,850,486 with respect to the last rental year. |
| **Assignment or Sublease** | The Company undertakes not to sublease the rental units or any part thereof. |

| | |
|---|---|
| **Change of Control** | Not applicable. |
| **Termination Provisions** | The lease agreement shall terminate in the following events:<br>• If the company delays a payment of rent for 60 days after the expiry of the payment period.<br>• The non-breaching party may terminate the agreement pursuant to a judgment issued by the competent judicial authority in the event the other party breaches its obligation under the agreement and does not rectify such breach within 30 days from the date of such breach.<br>• The agreement shall be deemed automatically terminated if (a) it is proven that the property is at risk of collapse in accordance with a report approved by a competent authority; (b) a government decision amending building regulations makes it impossible to use the rental units; (c) if the state expropriates the property or part of it making it impossible to use the rental units; or (d) if a force majeure event is proven before the competent court.<br>• If the company makes any changes which endangers the safety of the property in a way that it cannot be restored to its original condition, or if it causes damage to the property intentionally or due to gross negligence in taking proper precautionary measures, or if it allows others to cause such damage, as determined pursuant to a technical report from an expert. |

## 11.10.2 Lease Agreements entered by the Company as Landlord

### 11.10.2.1 Hakeem Ouyoon Lease Agreement

| | |
|---|---|
| **Purpose / Area** | 43.5m$^2$ |
| **Ejar (Yes / No)** | Yes |
| **Landlord** | The Company |
| **Tenant** | Hakeem Ouyoon Company |
| **Term** | Commences on 01/05/2023G and ends on 30/04/2025G |
| **Renewal** | Any renewal is subject to the written agreement of both parties. |
| **Annual Rent (SAR)** | SAR 180,000 |
| **Assignment or Sublease** | Not applicable. |
| **Change of Control** | Not applicable. |
| **Termination Provisions** | Any party has the right to terminate the contract if the other party breaches any of its contractual obligations and does not perform such obligations within 15 days from the date of notice from the non-breaching party. Further, this agreement will be deemed terminated if the tenant has become insolvent or has been liquidated, as at and from the date the landlord becomes aware of such insolvency or liquidation. |

### 11.10.2.2 Alshaya International Trading Company Ltd. Lease Agreement

| | |
|---|---|
| **Purpose / Area** | Lease of a commercial shop / 52m$^2$ |
| **Ejar (Yes / No)** | Yes |
| **Landlord** | The Company |
| **Tenant** | Alshaya International Trading Company Ltd. |
| **Term** | Commences on 01/06/2023G and ends on 31/05/2025G. |
| **Renewal** | Any renewal is subject to the written agreement of both parties. |
| **Annual Rent (SAR)** | SAR 300,000 |
| **Assignment or Sublease** | Not applicable. |
| **Change of Control** | Not applicable. |
| **Termination Provisions** | Any party has the right to terminate the contract if the other party breaches any of its contractual obligations and does not perform such obligations within 15 days from the date of notice from the non-breaching party. Further, this agreement will be deemed terminated if the tenant has become insolvent or has been liquidated, as at and from the date the landlord becomes aware of such insolvency or liquidation. |

### 11.10.2.3 Piot Hayat Lease Agreement

| | |
|---|---|
| **Purpose / Area** | Lease and management of an optical shop / 30m$^2$ |
| **Ejar (Yes / No)** | Yes |
| **Landlord** | The Company |
| **Tenant** | Piot Hayat Medical Company |
| **Term** | Nine hundred ten (910) days commencing on 01/07/1446H (corresponding to 01/01/2025G) and expiring on 25/01/1449H (corresponding to 30/06/2027G) |
| **Renewal** | Automatically renewable pursuant to the same terms unless either party notifies the other in writing at least six (6) months prior to the end of the term of its intention not to renew. |
| **Annual Rent (SAR)** | SAR 110,000 |
| **Assignment or Sublease** | The tenant may not assign sublease or assign the agreement without the prior written consent of the landlord. |
| **Change of Control** | Not applicable. |
| **Termination Provisions** | • Any party has the right to terminate the contract if the other party breaches any of its contractual obligations and does not perform such obligations within 15 days from the date of notice from the non-breaching party. Further, this agreement will be deemed terminated if the tenant has become insolvent or has been liquidated, as at and from the date the landlord becomes aware of such insolvency or liquidation.<br>• This agreement will be deemed terminated if the tenant assigns it without obtaining the landlord's consent.<br>• The tenant shall be liable for paying the full amount of the remaining period if it terminates the agreement for any reason prior to its expiry. |

### 11.10.2.4 Lease Agreement with Resalah Mubashera Trading Establishment

| | |
|---|---|
| **Purpose / Area** | Shop / 80m$^2$ |
| **Ejar (Yes / No)** | Yes |
| **Landlord** | The Company |
| **Tenant** | Resalah Mubashera Trading Establishment |
| **Term** | Commences on 01/01/2022G and ends on 31/12/2026G. |
| **Renewal** | Any renewal of the agreement is subject to the parties' written approval. |
| **Annual Rent (SAR)** | SAR 80,000 |
| **Assignment or Sublease** | Not applicable. |
| **Change of Control** | Not applicable. |
| **Termination Provisions** | Any party has the right to terminate the contract if the other party breaches any of its contractual obligations and does not perform such obligations within 15 days from the date of notice from the non-breaching party. Further, this agreement will be deemed terminated if the tenant has become insolvent or has been liquidated, as at and from the date the landlord becomes aware of such insolvency or liquidation. |

### 11.10.2.5 Lease Agreement with Al Hamaed Medical Company (Pharmacy)

| | |
|---|---|
| **Purpose / Area** | Lease, operation and management of pharmacies:<br>• 2 pharmacies in SMC1 Hospital – King Fahd Road<br>• 1 pharmacy in SMC2 Hospital – King Abdullah Road<br>• 1 storage room in SMC2<br>• 1 cold room in SMC2<br>Combined area: 571m$^2$ |
| **Ejar (Yes / No)** | No |
| **Landlord** | The Company |
| **Tenant** | Al Hamaed Medical Company |
| **Term** | Six (6) years commencing on 01/12/2022G. |
| **Renewal** | May be renewed by the agreement of the parties provided that a party notifies the other of its intention to renew one hundred eighty (180) days prior to the expiry of the term. The other party reserves the right to reject a renewal and must notify the relevant party of its decision within ten (10) days. |
| **Annual Rent (SAR)** | SAR 1,586,667 for SMC 1 Hospital – King Fahd Road<br>SAR 68,000 for SMC 2 Hospital – King Abdullah Road |
| **Assignment or Sublease** | The tenant may not sublease or assign the agreement to a third party without the prior consent of the landlord. |
| **Change of Control** | Not applicable. |
| **Termination Provisions** | Either party may terminate this agreement by providing a six (6) months' notice to the other party.<br>The agreement will be deemed terminated if the tenant assigns it with obtaining the landlord's prior consent. |

### 11.10.2.6 Building Lease Agreement with Ajnihat Lodon for Hotel Apartments Establishment

| | |
|---|---|
| **Purpose / Area** | Residential building comprised of two floors and four units / area not specified in the agreement |
| **Ejar (Yes / No)** | Yes |
| **Landlord** | The Company |
| **Tenant** | Ajnihat Lodon for Hotel Apartments Establishment |
| **Term** | 1,825 days commencing on 01/06/2025G and expiring on 31/05/2030G |
| **Renewal** | Any renewal must be done through the Ejar platform. |
| **Annual Rent (SAR)** | SAR 2,900,000 |
| **Assignment or Sublease** | The tenant may sublease the rental unit or any part thereof to third parties. |
| **Change of Control** | Not applicable. |
| **Termination Provisions** | The lease agreement shall terminate in the following events:<br>• If the company delays a payment of rent for 60 days after the expiry of the payment period.<br>• The non-breaching party may terminate the agreement pursuant to a judgment issued by the competent judicial authority in the event the other party breaches its obligation under the agreement and does not rectify such breach within 30 days from the date of such breach.<br>• The agreement shall be deemed automatically terminated if (a) it is proven that the property is at risk of collapse in accordance with a report approved by a competent authority; (b) a government decision amending building regulations makes it impossible to use the rental units; (c) if the state expropriates the property or part of it making it impossible to use the rental units; or (d) if a force majeure event is proven before the competent court.<br>• If the company makes any changes which endangers the safety of the property in a way that it cannot be restored to its original condition, or if it causes damage to the property intentionally or due to gross negligence in taking proper precautionary measures, or if it allows others to cause such damage, as determined pursuant to a technical report from an expert. |

This agreement is considered a related party transaction as Advanced Food Company is

### 11.10.2.7 Advanced Food Company Lease Agreement 1*

| | |
|---|---|
| **Purpose / Area** | Shop lease / 170m$^2$ |
| **Ejar (Yes / No)** | Yes |
| **Landlord** | The Company |
| **Tenant** | Advanced Food Company |
| **Term** | This agreement is valid for three (3) years and may be extended for an additional two (2) years. |
| **Renewal** | In addition to the extension option set out above, this agreement may be renewed for a similar term or any other term, provided that the tenant notifies the landlord in writing of its intention to renew sixty (60) days prior to the expiry of the term. |
| **Annual Rent (SAR)** | SAR 190,816 |
| **Assignment or Sublease** | The tenant may not assign this agreement or sublease without landlord's prior written consent. |
| **Change of Control** | Not applicable. |
| **Termination Provisions** | • Either party has the right to terminate this agreement by providing written notice six months prior to its expiration, subject to the following conditions:<br>– if the tenant wishes to terminate this agreement during the original three-year period, it will be responsible for paying the rent for the entire original period; and<br>– if the tenant wishes to terminate this agreement after (i) the expiry of the original period; (ii) expressing its desire to extend the term for the additional two years; and (iii) the extension period has entered into effect, the tenant will be responsible for any rent due until the end of the six-month notice period.<br>• The landlord may terminate the agreement if the tenant uses or allows the use of the leased property in a manner that causes inconvenience to other parties, damages property, public safety, or health, or engages in commercial activities that contradict the agreement, harm the general appearance, deviate from public morals, contradict the prevailing principles in the Kingdom, wastes public utilities such as water, or result in foul odors, and non-compliance with safety measures.<br>• The tenant may terminate this agreement without paying any compensation if it is unable to obtain the necessary licenses and approvals to legally operate the shop within the Specialized Medical Center for reasons beyond its control.<br>• Any party has the right to terminate the contract if the other party breaches any of its contractual obligations and does not perform such obligations within 15 days from the date of notice from the non-breaching party. Further, this agreement will be deemed terminated if the tenant has become insolvent or has been liquidated, as at and from the date the landlord becomes aware of such insolvency or liquidation. |

*This agreement is considered a related party transaction as Advanced Food Company is wholly owned by Abdul Rahman Saad AlRashid and Sons Company, a major shareholder in the Company.

### 11.10.2.8 Advanced Food Company Lease Agreement 2*

| | |
|---|---|
| **Purpose / Area** | Shop lease / 90m$^2$ |
| **Ejar (Yes / No)** | Yes |
| **Landlord** | The Company |
| **Tenant** | Advanced Food Company |
| **Term** | This agreement is valid for three (3) years and may be extended for an additional two (2) years. |
| **Renewal** | In addition to the extension option set out above, this agreement may be renewed for a similar term or any other term, provided that the tenant notifies the landlord in writing of its intention to renew sixty (60) days prior to the expiry of the term. |
| **Annual Rent (SAR)** | SAR 1,010,204 |
| **Assignment or Sublease** | The tenant may not assign this agreement or sublease without landlord's prior written consent. |
| **Change of Control** | Not applicable. |

| | |
|---|---|
| **Termination Provisions** | • Either party has the right to terminate this agreement by providing written notice six months prior to its expiration, subject to the following conditions:<br>– if the tenant wishes to terminate this agreement during the original three-year period, it will be responsible for paying the rent for the entire original period; and<br>– if the tenant wishes to terminate this agreement after (i) the expiry of the original period; (ii) expressing its desire to extend the term for the additional two years; and (iii) the extension period has entered into effect, the tenant will be responsible for any rent due until the end of the six-month notice period.<br>• The landlord may terminate the agreement if the tenant uses or allows the use of the leased property in a manner that causes inconvenience to other parties, damages property, public safety, or health, or engages in commercial activities that contradict the agreement, harm the general appearance, deviate from public morals, contradict the prevailing principles in the Kingdom, wastes public utilities such as water, or result in foul odors, and non-compliance with safety measures.<br>• The tenant may terminate this agreement without paying any compensation if it is unable to obtain the necessary licenses and approvals to legally operate the shop within the Specialized Medical Center for reasons beyond its control.<br>• Any party has the right to terminate the contract if the other party breaches any of its contractual obligations and does not perform such obligations within 15 days from the date of notice from the non-breaching party. Further, this agreement will be deemed terminated if the tenant has become insolvent or has been liquidated, as at and from the date the landlord becomes aware of such insolvency or liquidation. |

*This agreement is considered a related party transaction as Advanced Food Company is wholly owned by Abdul Rahman Saad AlRashid and Sons Company, a major shareholder in the Company.

### 11.10.2.9 Advanced Food Company Lease Agreement 3*

| | |
|---|---|
| **Purpose / Area** | Shop lease / 45m$^2$ |
| **Ejar (Yes / No)** | Yes |
| **Landlord** | The Company |
| **Tenant** | Advanced Food Company |
| **Term** | This agreement is valid for three (3) years and may be extended for an additional two (2) years. |
| **Renewal** | In addition to the extension option set out above, this agreement may be renewed for a similar term or any other term, provided that the tenant notifies the landlord in writing of its intention to renew sixty (60) days prior to the expiry of the term. |
| **Annual Rent (SAR)** | SAR 448,980 |
| **Assignment or Sublease** | The tenant may not assign this agreement or sublease without landlord's prior written consent. |
| **Change of Control** | Not applicable. |
| **Termination Provisions** | • Either party has the right to terminate this agreement by providing written notice six months prior to its expiration, subject to the following conditions:<br>– if the tenant wishes to terminate this agreement during the original three-year period, it will be responsible for paying the rent for the entire original period; and<br>– if the tenant wishes to terminate this agreement after (i) the expiry of the original period; (ii) expressing its desire to extend the term for the additional two years; and (iii) the extension period has entered into effect, the tenant will be responsible for any rent due until the end of the six-month notice period.<br>• The landlord may terminate the agreement if the tenant uses or allows the use of the leased property in a manner that causes inconvenience to other parties, damages property, public safety, or health, or engages in commercial activities that contradict the agreement, harm the general appearance, deviate from public morals, contradict the prevailing principles in the Kingdom, wastes public utilities such as water, or result in foul odors, and non-compliance with safety measures.<br>• The tenant may terminate this agreement without paying any compensation if it is unable to obtain the necessary licenses and approvals to legally operate the shop within the Specialized Medical Center for reasons beyond its control.<br>• Any party has the right to terminate the contract if the other party breaches any of its contractual obligations and does not perform such obligations within 15 days from the date of notice from the non-breaching party. Further, this agreement will be deemed terminated if the tenant has become insolvent or has been liquidated, as at and from the date the landlord becomes aware of such insolvency or liquidation. |

This agreement is considered a related party transaction as Advanced Food Company is wholly owned by Abdul Rahman Saad AlRashid and Sons Company, a major shareholder in the Company.

### 11.10.2.10 Advanced Food Company Lease Agreement 4*

| | |
|---|---|
| **Purpose / Area** | Shop lease / 490m$^2$ |
| **Ejar (Yes / No)** | Yes |
| **Landlord** | The Company |
| **Tenant** | Advanced Food Company |
| **Term** | This agreement is valid for three (3) years and may be extended for an additional two (2) years. |
| **Renewal** | In addition to the extension option set out above, this agreement may be renewed for a similar term or any other term, provided that the tenant notifies the landlord in writing of its intention to renew sixty (60) days prior to the expiry of the term. |
| **Annual Rent (SAR)** | SAR 550,000 |
| **Assignment or Sublease** | The tenant may not assign this agreement or sublease without landlord's prior written consent. |
| **Change of Control** | Not applicable. |
| **Termination Provisions** | • Either party has the right to terminate this agreement by providing written notice six months prior to its expiration, subject to the following conditions:<br>– if the tenant wishes to terminate this agreement during the original three-year period, it will be responsible for paying the rent for the entire original period; and<br>– if the tenant wishes to terminate this agreement after (i) the expiry of the original period; (ii) expressing its desire to extend the term for the additional two years; and (iii) the extension period has entered into effect, the tenant will be responsible for any rent due until the end of the six-month notice period.<br>• The landlord may terminate the agreement if the tenant uses or allows the use of the leased property in a manner that causes inconvenience to other parties, damages property, public safety, or health, or engages in commercial activities that contradict the agreement, harm the general appearance, deviate from public morals, contradict the prevailing principles in the Kingdom, wastes public utilities such as water, or result in foul odors, and non-compliance with safety measures.<br>• The tenant may terminate this agreement without paying any compensation if it is unable to obtain the necessary licenses and approvals to legally operate the shop within the Specialized Medical Center for reasons beyond its control.<br>• Any party has the right to terminate the contract if the other party breaches any of its contractual obligations and does not perform such obligations within 15 days from the date of notice from the non-breaching party. Further, this agreement will be deemed terminated if the tenant has become insolvent or has been liquidated, as at and from the date the landlord becomes aware of such insolvency or liquidation. |

*This agreement is considered a related party transaction as Advanced Food Company is wholly owned by Abdul Rahman Saad AlRashid and Sons Company, a major shareholder in the Company.

## 11.11 Related Party Transactions

The company entered into a number of agreements and transactions with related parties (including Shareholders, companies controlled by major Shareholders, and members of its board of directors) to conduct some of its activities and commercial operations For example, the company has entered into four property lease contracts, contracts for the design and construction of nurses housing buildings, the residential project for company employees, a drilling contract, agreements for valet parking services and laundry services, a legal services agreement, and other contracts, as well as four shop lease contracts. Below is an overview of the related party transactions that are still in effect as at the date of this Prospectus.

### 11.11.1 Legal Services Agreement

| | |
|---|---|
| **Parties** | Wakilik for law and legal advice (the "**First Party**")<br>The Company (the "**Second Party**"). |
| **Execution Date** | 08/11/1444H (corresponding to 28/05/2023G) |
| **Effective Date** | 08/11/1444H (corresponding to 28/05/2023G) |
| **Date of the Assembly's approval of this Agreement** | 17/12/1445H (corresponding to 23/06/2024G) |
| **Term & Renewal Mechanism** | The term of this agreement is one (1) year and is automatically renewed unless either party notifies the other party of its intention not to renew. As at the date of this Prospectus, this agreement remains valid pursuant to its terms as it was renewed pursuant to the renewal mechanism set out therein. |
| **Subject Matter** | The First Party shall represent and litigate on behalf of the Second Party before all judicial authorities, in addition to providing legal and Sharia consultations to the Second Party. |
| **Pricing and Adjustments** | For the services provided under the agreement, the First Party shall be entitled to fees as per the below:<br>• 5% of the claim for financial claims that do not exceed in value SAR 1,000,000;<br>• 25% of the collection value of any amounts due to the Second Party with respect to (i) the collection of debts owed; (ii) financial claims; or (iii) rental amounts from third parties;<br>• SAR 10,000 per month for legal services (including consultations), which include representation in up to six lawsuits per contractual year whose claim value is less than SAR 1,000,000. |
| **Exclusivity** | This agreement does not include any provisions relating to the exclusivity of dealings between the parties. |
| **Termination** | This agreement does not include any provisions relating to its termination, whether by reason of default of either party or otherwise. |
| **Assignment/ Change of Control** | This agreement does not contain any restrictions on change of control or assignment. |
| **Governing Law and Jurisdiction** | This agreement is subject to the applicable laws, regulations, and instructions in the Kingdom.<br>Any dispute arising out of this agreement, which cannot be amicably resolved by the parties within one month, shall be referred to the competent courts in Riyadh. |
| **Other unusual, onerous or noteworthy provisions** | • The Second Party shall issue a power of attorney to the First Party authorizing it to represent and defend the Second Party before all judicial, administrative, and relevant authorities, including all courts, competent judicial and administrative bodies, the Board of Grievances, labour authorities, the Committee for the Settlement of Commercial Paper Disputes, the Banking Committee, the Customs Committee, and all governmental agencies.<br>• The First Party shall maintain the confidentiality of the information, documents, and records related to the Second Party's business, which it reviews in the course of providing the services subject-matter of this contract. |
| **Amounts paid as at 30/09/2024G** | SAR 264,227 |

Wakilik for Law and Legal Services is owned by the son of Khaled Al-Anzi who was a member of the Company's board of directors at the time of the transaction.

### 11.11.2 Laundry Services Agreement

| | |
|---|---|
| **Parties** | The Company (the "**First Party**")<br>Snow Bright Laundry (the "**Second Party**") |
| **Execution Date** | 01/07/1444H (corresponding to 23/01/2023G) |
| **Effective Date** | 01/07/1444H (corresponding to 23/01/2023G) |
| **Date of the Assembly's approval of this Agreement** | 17/12/1445H (corresponding to 23/06/2024G) |
| **Term & Renewal Mechanism** | The term of this agreement is five (5) years, and it does not include any renewal mechanism. |
| **Subject Matter** | The second party shall provide the Company with laundry and associated services for its hospitals in Riyadh. |

| | |
|---|---|
| **Pricing and Adjustments** | The Second Party shall charge the Company for the services based on the agreed price of SAR 1.82 per kilogram, to be calculated based on the weight of the laundry before cleaning, with a minimum agreed weight of two hundred fifty (250) kilograms per month.<br>The Second Party reserves the right to charge additional fees for any services that are performed outside the ordinary working hours or short-term services. Such additional fees shall be determined by the parties based on their mutual agreement. |
| **Exclusivity** | None stated. |
| **Termination** | Either party may terminate this agreement for convenience at any time, provided it notifies the other party in writing sixty (60) days prior to the termination date. |
| **Assignment/ Change of Control** | None stated. |
| **Governing Law and Jurisdiction** | This agreement is subject to the laws of the Kingdom. Any dispute arising out of this agreement which cannot be resolved amicably between the parties shall be referred to the competent courts in the Kingdom. |
| **Other unusual, onerous or noteworthy provisions** | Unless otherwise agreed, the contractual term with respect to any new location added after the date of this agreement shall commence from the date of commencement of services at such new location. |
| **Amounts paid as at 30/09/2024G** | SAR 1,914,914 |

Snow Bright Laundry is owned by Khaled Al-Anzi who was a member of the Company's board of directors at the time of the transaction.

### 11.11.3 Valet Services Agreement

| | |
|---|---|
| **Parties** | The Company (the "**First Party**")<br>Innovative Code Company (the "**Second Party**") |
| **Execution Date** | 04/09/1443H (05/04/2022G) |
| **Effective Date** | 04/09/1443H (05/04/2022G) |
| **Date of the Assembly's approval of this Agreement** | 17/12/1445H (corresponding to 23/06/2024G) |
| **Term & Renewal Mechanism** | The term of this agreement is one (1) year. As at the date of this prospectus, the parties continue their dealing pursuant to its provisions, having agreed to do so until a new agreement is signed. |
| **Subject Matter** | The Second Party shall provide valet services and associated services (including car wash, fuel, and delivery services from and to cars) at the Second Party's premises which is comprised of four towers. |
| **Pricing and Adjustments** | Pricing shall be determined pursuant to the number of tickets sold by the Second Party according to the following prices:<br>• first hour: SAR 10<br>• second hour: SAR 10<br>• third hour and above: SAR 5.<br>The price of the tickets shall be capped at SAR 50. The Second Party shall be entitled to a minimum amount of SAR 50,000 per month. In the event the tickets sold do not amount to SAR 50,000, then the First Party must cover the difference. Any amounts collected by the Second Party over SAR 50,000 shall be split equally between the two parties. |
| **Exclusivity** | None stated. |
| **Termination** | Either party may terminate this agreement at any time upon a written notice to the other party. |
| **Assignment/ Change of Control** | None stated. |
| **Governing Law and Jurisdiction** | This agreement is subject to the laws of the Kingdom. Any dispute arising out of this agreement shall be subject to the exclusive jurisdiction of the competent courts in Riyadh. |
| **Other unusual, onerous or noteworthy provisions** | N/A |
| **Aggregate amounts paid to Innovative Code Company as at 30/09/2024G** | SAR 759,000 |

Innovative Code Company is owned by the sister of the chairman and vice chairman of the Company's board of directors.

### 11.11.4 Valet Services Agreement

| | |
|---|---|
| **Parties** | The Company (the "**First Party**")<br>Innovative Code Company (the "**Second Party**") |
| **Execution Date** | 09/05/1442H (24/12/2020G) |
| **Effective Date** | 09/05/1442H (24/12/2020G) |
| **Date of the Assembly's approval of this Agreement** | 17/12/1445H (corresponding to 23/06/2024G) |
| **Term & Renewal Mechanism** | The term of this agreement is one (1) year. As at the date of this prospectus, the parties continue their dealing pursuant to its provisions, having agreed to do so until a new agreement is signed. |
| **Subject Matter** | The Second Party shall provide valet services and associated services (including car wash, fuel, and delivery services from and to cars) for fifty (50) cars at a parking located on the First Party's premises. |
| **Pricing and Adjustments** | Pricing shall be determined pursuant to the number of tickets sold by the Second Party according to the following prices:<br>• first hour: SAR 10<br>• second hour: SAR 10<br>• third hour and above: SAR 5.<br>Ticket prices shall be capped at SAR 50. The Second Party shall be entitled to a minimum amount of SAR 10,000 per month. In the event the tickets sold do not amount to SAR 10,000, then the First Party must cover the difference. Any amounts collected by the Second Party over SAR 10,000 shall be split equally between the two parties. |
| **Exclusivity** | None stated. |
| **Termination** | Either party may terminate this agreement at any time upon a written notice to the other party. |
| **Assignment/ Change of Control** | None stated. |
| **Governing Law and Jurisdiction** | This agreement is subject to the laws of the Kingdom. Any dispute arising out of this agreement shall be subject to the exclusive jurisdiction of the competent courts in Riyadh. |
| **Other unusual, onerous or noteworthy provisions** | N/A |
| **Aggregate amounts paid to Innovative Code Company as at 30/09/2024G** | SAR 759,000 |

Innovative Code Company is owned by the sister of the chairman and vice chairman of the Company's board of directors.

### 11.11.5 Framework Agreement for the provision of Travel Services

| | |
|---|---|
| **Parties** | The Company (the "**First Party**")<br>Al Thomad Travel and Tourism Company (the "**Second Party**") |
| **Execution Date** | 19/06/1445H (corresponding to 01/01/2024G) |
| **Effective Date** | 19/06/1445H (corresponding to 01/01/2024G) |
| **Date of the Assembly's approval of this Agreement** | 17/12/1445H (corresponding to 23/06/2024G) |
| **Term & Renewal Mechanism** | The term of this agreement is one year and shall be automatically renewed unless either party notifies the other party of its intention not to renew at least 30 days prior to the expiry of its term. |
| **Subject Matter** | The Second Party shall provide the First Party with all travel-related services, including travel tickets required by the First Party. |
| **Pricing and Adjustments** | Pricing shall be in accordance to purchase orders submitted by the First Party to the Second Party, and the First Party shall pay the value of the purchase orders within thirty (30) days from the date of receiving an invoice from the Second Party. |

| | |
|---|---|
| **Exclusivity** | This agreement does not create any exclusive rights between the parties in respect of its subject-matter. |
| **Termination** | The agreement does not contain any termination related provisions. |
| **Assignment/ Change of Control** | Neither party shall have the right to assign this agreement without the prior written consent of the other party. |
| **Governing Law and Jurisdiction** | This agreement is governed by the laws of the Kingdom.<br>Any dispute which is not amicably resolved within thirty (30) days from its occurrence shall be referred to the competent court in the Kingdom. |
| **Other unusual, onerous or noteworthy provisions** | N/A. |
| **Aggregate amounts paid as at 30/09/2024G** | SAR 2,337,359 |

### 11.11.6 Villa 1 Lease Agreement

Please refer to section 11.10.1.1 "**Villa 1 Lease Agreement**" for a summary of the Villa 1 Lease Agreement.

### 11.11.7 Villa 2 Lease Agreement

Please refer to section 11.10.1.2 "**Villa 2 Lease Agreement**" for a summary of the Villa 2 Lease Agreement.

### 11.11.8 Lease Agreement with Resalah Mubashera Trading Establishment

Please refer to section 11.10.2.4 "**Lease Agreement with Resalah Mubashera Trading Establishment**" for a summary of the Lease Agreement with Resalah Mubashera Trading Establishment.

### 11.11.9 Advanced Food Company Lease Agreement 1

Please refer to section 11.10.2.7 "**Advanced Food Company Lease Agreement 1**" for a summary of the Avanced Food Company Lease Agreement 1.

### 11.11.10 Advanced Food Company Lease Agreement 2

Please refer to section 11.10.2.8 "**Advanced Food Company Lease Agreement 2**" for a summary of the Avanced Food Company Lease Agreement 2.

### 11.11.11 Advanced Food Company Lease Agreement 3

Please refer to section 11.10.2.9 "**Advanced Food Company Lease Agreement 3**" for a summary of the Avanced Food Company Lease Agreement 3.

### 11.11.12 Advanced Food Company Lease Agreement 4

Please refer to section 11.10.2.10 "**Advanced Food Company Lease Agreement 4**" for a summary of the Avanced Food Company Lease Agreement 4.

## 11.12 Insurance

The company maintains insurance policies covering various types of risks it may be exposed to. The table below outlines the key details of the insurance policies held by the company:

**Table (118): Details of the insurance policies**

| No. | Type | Company | Policy Number | Insurer | Duration | Sum Insured | Premium | Coverage |
|---|---|---|---|---|---|---|---|---|
| 1. | Medical Malpractice Insurance | The Company | 5/22/76/2023 | SALAMA for Cooperative Insurance Company | Three years starting from 05/09/2023G to 04/09/2026G | SAR 100,000 per Nurses, Pharmacist, Paramedics, Dietician, Lab/Path Technicians, Physiotherapist, X-Ray Technicians, Scanning Tech, and Pathologist. SAR 1,000,000 per Midwives, GP, Pediatricians (Non-surgical), Psychiatrist, Nephrologist, Radiologist, Ophthalmologist (non-surgical), Dentist. Surgeons, Anesthetist, Gynecologist, Obstetrics. | SAR 2,302,650. | Bodily injury, mental injury, illness, disease, or death of any patient as a result of the insured's negligence or omission. |
| 2. | Cooperative Health Insurance Policy | The Company | 2240000997 | Arabian Shield Cooperative Insurance Company. | One year starting from 25/07/2024G to 24/07/2025G | Recipients of the insurance policy are placed in an Insurance Class. These Class determine the amount of insurance entitled to the recipient. For Class C - maximum ensured limited of SAR 1,000,000 for each person For Class B - maximum ensured limited of SAR 1,000,000 for each person For Class VVIP - maximum ensured limited of SAR 1,000,000 for each person | For Class C Employees: SAR 1,468 for Male Employee, Single Female Employee, Spouse Male, and Child SAR 3,507 Married Female Employee, and Spouse Female. SAR 5,261 Persons Over 65 Years. For Class B+ SAR 2,816 for Male Employee, Single Female Employee, Spouse Male, and Child. SAR 5,931 for Married Female Employees, Spouse of Female. SAR 14,505 for Persons Over 65 years. For VVIPs SAR 10,566 for Male Employees, Single Female Employee, Spouse Male, and Childs. SAR 20,413 for Married Female Employee and Spouse Females. SAR 39,258 for Person over 65 Years. | Basic health benefits to the employees and their beneficiaries. |

| No. | Type | Company | Policy Number | Insurer | Duration | Sum Insured | Premium | Coverage |
|---|---|---|---|---|---|---|---|---|
| 3. | Land Transit | The Company | P/CRO1/2022/GT/0000007/R02 | Arabian Shield Cooperative Insurance Company. | One year staring from 03/07/02024G to 02/07/2025G | SAR 500,000 limit per shipment. | As agreed. | Losses that may occur during the transportation of medical items, medicines, and general items in manufactures original package within Saudi Arabia using pickups, half trucks, or trailers, owned or hired by the insured |
| 4. | Money Insurance | The Company | P/CRO1/2022/MO/0000034/R02 | Arabian Shield Cooperative Insurance Company. | One year staring from 04/07/2024G to 03/07/2025G | Cash in SAR 325,000<br>Cash out SAR 325,000 | As agreed, subject to estimates furnished by the Company. | Losses of cash, currency, bank notes, and cheques stored in a safe at the insured's premises, as well as losses that occur while these items are in-transit enroute to specific locations. |
| 5. | Fidelity Guarantee | The Company | P/CRO1/2022/FG/0000019/R01 | Arabian Shield Cooperative Insurance Company. | One year staring from 04/07/2024G to 03/07/2025G | Specific limit of Indemnity per person up to SAR 300,000.<br>Agreement on Limit of Indemnity of up to SAR 500,000.<br>Limit of Liability of SAR 1,550,700, in aggregate subject to a maximum of SAR 350,000. | As agreed, subject to estimates furnished by the Company, | Losses from theft or fraudulent of the Company's own money, or property by an employee. |
| 6. | Public Liability Insurance | The Company | P/CRO1/2022/PL/0000079/R02 | Arabian Shield Cooperative Insurance Company. | One year staring from 04/07/02024G to 03/07/2025G | Insures the sum for claim with<br>SAR 5,000,000 combined single limit for any one occurrences and SAR 10,000,000 in the aggregate | As agreed. | Claims made against the Company by members of the public for accidental injury or damage to their property due to the Company's business activities |
| 7. | Property All Risk | The Company | P/CRO1/2022/CP/0000070/R02 | Arabian Shield Cooperative Insurance Company. | One year staring from 04/07/02024G to 03/07/2025G | Total sum insured value of SAR 1,588,285,499.67 | As agreed. | Material damages and business interruption incurred by the insured property. |

## 11.13 Intellectual Property

### 11.13.1 Trademarks

The Group generally relies on its intangible assets, such as trademarks that reflect its business identity and the nature of its activities.

The following table sets out a description of the trademarks owned by the Company and their main details.

**Table (119): Trademarks owned by the Company**

| No. | Company Name | Owned by | Country of Registration | Trademark Number | Expiry Date | Classification | Logo |
|---|---|---|---|---|---|---|---|
| 1. | The Company | The Company | The Kingdom | TM-01-00-35022-24 | 03/03/1456H (corresponding to 20/05/2034G) | 44 | smc |
| 2 | The Company | The Company | The Kingdom | 1435004749 | 19/03/1445H (corresponding to 04/10/2023G) | 44 | SMC SPECIALIZED MEDICAL CENTER |
| 3. | International Specialized Food Company | International Specialized Food Company | The Kingdom | TM-01-00-29547-24 | 26/01/1456H (corresponding to 26/04/2034G) | 43 | GOURMET 360° |

### 11.13.2 Works

The Company has registered works with the Saudi Authority for Intellectual Property. The following table provides a description of the works registered by the Company:

**Table (120): Works registered by the Company**

| No. | Author | Right Holder | Title | Type | Country of Registration | Registration Number | Registration Date |
|---|---|---|---|---|---|---|---|
| 1. | The Company | The Company | HIMS | Computer programs and applications | The Kingdom | 22-12-7145 | 27/11/1443H (corresponding to 26/06/2022G) |
| 2. | The Company | The Company | SMC Doctors Module | Computer programs and applications | The Kingdom | 22-12-8657 | 02/02/1444H (corresponding to 29/08/2022G) |
| 3. | The Company | The Company | SMC HR Portal | Computer programs and applications | The Kingdom | 22-12-8660 | 02/02/1444H (corresponding to 29/08/2022G) |
| 4. | The Company | The Company | SMC iDoc | Computer programs and applications | The Kingdom | 22-12-8655 | 02/02/1444H (corresponding to 29/08/2022G) |
| 5. | The Company | The Company | SMC Mobile App | Computer programs and applications | The Kingdom | 22-12-8659 | 02/02/1444H (corresponding to 29/08/2022G) |

### 11.13.3 Website Addresses and Domain Names

The Company has registered several website addresses and internet domains in its name. The following table provides details of the internet domains registered under the Company's name:

**Table (121): Domain names registered by the Company**

| No. | Internet Domain Name | Expiry Date |
|---|---|---|
| 1. | smc.com.sa | 30/12/2027G |
| 2. | smch.com.sa | 31/01/2026G |

## 11.14 Zakat and Tax Status of the Company

The Company is subject to the regulations of the Saudi Zakat, Tax and Customs Authority (ZATCA). The Company has filed its Zakat declarations and obtained Zakat certificates from its incorporation date until 31 December 2023G.

The Company has submitted consolidated Zakat declarations along with its subsidiary (International Specialized Food Company) based on approval from the Zakat, Tax and Customs Authority (ZATCA) and paid the due Zakat for the year 2021G amounting to SAR 3,320,059 and for the year 2022G amounting to SAR 4,154,844.08. The company also submitted Zakat declarations for the year 2023G amounting to SAR 5,763,608.10. As at 30 September 2024G, the Zakat provision balance amounted to SAR 6,120,116.

## 11.15 Litigations, Disputes and Regulatory Compliance

As at the date of this Prospectus, the Company is a party to several ongoing disputes or claims. The total number of disputes or claims initiated by the Company is thirteen, nine of which are disputes against individuals and four are objections to fines issued by the Ministry of Health. The total number of disputes and claims filed against the Company is five, all related to medical malpractice claims.

The estimated total value of the abovementioned disputes or claims is SAR 14,474,619. Of this amount, disputes and claims against the Company are estimated at SAR 11,363,000, while disputes and claims initiated by the Company are estimated at SAR 3,111,619. It is should be noted that all medical malpractice claims against the Company or any of its employees are covered by medical malpractice insurance.

The board of directors confirms that, as at the date of this Prospectus, the Company is not a party to any ongoing or potential judicial, arbitration, or administrative proceedings that, individually or collectively, would have a material impact on the Company's financial position or operating results.

**Table (122): Litigation and Disputes against the Company**

| No. | Plaintiff | Defendant | Court file no. | Date of initiation of lawsuit | Estimated amount of claims (SAR) | Summary | Status | Estimated financial exposure (SAR) |
|---|---|---|---|---|---|---|---|---|
| 1. | Khadija Mohammad Al Saffar | The Company | 4571304864 | 04/11/1445H (corresponding to 12/05/2024G) | 2,000,000 | The plaintiff brought this lawsuit to claim damages for (1) partial damage to the teeth, resulting in a partial disability rate of 20%; and (2) damage to the surrounding bone of the lower front teeth, also resulting in a partial disability rate of 20% | Ongoing | 100,000 |
| 2. | Ather Barrak Nazel Alanezi | Rasha AlAttab<br>Lamia AlSebaiy<br>The Company | 4571432223 | 13/12/1445H (corresponding to 19/06/2024G) | 300,000 | Medical malpractice case filed by the plaintiff seeking damages for nerve injury. | Ongoing | 300,000 |
| 3. | Ghadir Fouad Mohammad Kafaji | The Company | 4570764139 | 21/06/1445H (corresponding to 03/01/2024G) | 63,000 | The plaintiff filed this lawsuit to claim the amount she paid for an operation, as she was not satisfied by the results. | Ongoing | 12,000 |

| No. | Plaintiff | Defendant | Court file no. | Date of initiation of lawsuit | Estimated amount of claims (SAR) | Summary | Status | Estimated financial exposure (SAR) |
|---|---|---|---|---|---|---|---|---|
| 4. | Abduallah AlAnzi<br>Ibtisam AlAnzi | Ashraf Hussain Abdulatif and the Company | 4670815890 | 14/07/1446H (corresponding to 14/01/2025G) | 5,000,000 | The plaintiffs allege that a medical error occurred during a kidney stone extraction procedure using an endoscope, resulting in severe complications, including significant bleeding in the patient. This complication necessitated an additional surgery to stop the bleeding. According to the claims in the lawsuit, undergoing two simultaneous procedures—the lithotripsy and the open surgery to stop the bleeding—placed the patient under extreme stress, which led to a heart attack. This heart attack required an urgent cardiac catheterization and the placement of stents in two stages, ultimately resulting in the patient's death. | Ongoing | 5,000,000 |
| 5. | Chalayil Family | Ahmad Shalbout<br>Company | 4670272463 | 09/03/1466H (corresponding to 12/09/2024G) | 4,000,000 | The lawsuit concerns a medical malpractice claim arising from the treatment of a patient suffering from cancerous tumors. According to the allegations in the lawsuit, the medical error involved conducting experimental and unprecedented surgical procedures in violation of the governing regulations and failing to consult with specialists whose expertise was necessary for the patient's condition. | Ongoing | 4,000,000 |

**Table (123): Lawsuits and Disputes brought by the Company**

| No. | Plaintiff | Defendant | Court file no. | Date of initiation of lawsuit | Estimated amount of claims (SAR) | Summary | Status | Estimated financial exposure (SAR) |
|---|---|---|---|---|---|---|---|---|
| 1. | The Company | Nithar Ahmad Jalbany | 431687737 | 24/01/1443H (corresponding to 01/09/2021G) | 248,609 | Enforcement proceedings brought by the Company against the plaintiff for debt owed from medical treatment. | Ongoing | 248,609 |
| 2. | The Company | Darwish Mohamad Hayan | 431894841 | 08/05/1443H (corresponding to 12/12/2021G) | 21,873 | Enforcement proceedings brought by the Company against the plaintiff for debt owed from medical treatment. | Ongoing | 21,873 |
| 3. | The Company | Abdullah Saleh Sultan | 4470564679 | 19/06/1444H (corresponding to 12/01/2023G) | 85,924 | Enforcement proceedings brought by the Company against the plaintiff for debt owed from medical treatment. | Ongoing | 85,924 |

| No. | Plaintiff | Defendant | Court file no. | Date of initiation of lawsuit | Estimated amount of claims (SAR) | Summary | Status | Estimated financial exposure (SAR) |
|---|---|---|---|---|---|---|---|---|
| 4. | The Company | Khaled Hussein Baras | 4470581185 | 24/06/1444H (corresponding to 17/01/2023G) | 99,155 | Enforcement proceedings brought by the Company against the plaintiff for debt owed from medical treatment of the plaintiff's son. | Ongoing | 99,155 |
| 5. | The Company | Arwa Abulaziz Awdeh | 4470829477 | 23/08/1444H (corresponding to 15/03/2023G) | SAR 1,917,056 | Enforcement proceedings brought by the Company against the plaintiff for debt owed from medical treatment. | Ongoing | SAR 1,917,056 |
| 6. | The Company | Rami Radwan Abdulrazzaq | 4571402758 | 29/11/1445H (corresponding to 06/06/2024G) | 25,939.21 | Lawsuit filed by the Company to claim amounts from the defendant for invoices arising from treatments provided to the defendant. | Ongoing | 25,939.21 |
| 7. | The Company | Abdullah Kayid Abbas Afif | 4670133044 | 08/03/1446H (corresponding to 11/09/2024G) | 105,437 | Lawsuit filed by the Company to claim amounts from the defendant for invoices arising from treatments provided to the defendant. | Ongoing | 105,437 |
| 8. | The Company | Moaz Tarek Alhabbal | 4670186919 | 21/02/1446H (corresponding to 25/08/2024G) | 184,294.24 | Lawsuit filed by the Company to claim amounts from the defendant for invoices arising from treatments provided to the defendant. | Ongoing | 184,294.24 |
| 9. | The Company | Fayza Abdulqadir Suleiman | 4670611792 | 27/05/1446H (corresponding to 29/11/2024G) | 323,332 | Lawsuit filed by the Company to claim amounts from the defendant for invoices arising from treatments provided to the defendant. | Ongoing | 323,332 |
| 10. | The Company | Ministry of Health – Health Compliance Department | 11460 | 03/06/1446H (corresponding to 04/12/2024G) | 20,000 | Objection to fines imposed by the MoH. | Ongoing | 20,000 |
| 11. | The Company | Ministry of Health – Health Compliance Department | 12077 | 10/06/1446H (corresponding to 11/12/2024G) | 30,000 | Objection to fines imposed by the MoH. | Ongoing | 30,000 |
| 12. | The Company | Ministry of Health – Health Compliance Department | 12078 | 10/06/1446H (corresponding to 11/12/2024G) | 30,000 | Objection to fines imposed by the MoH. | Ongoing | 30,000 |
| 13. | The Company | Ministry of Health – Health Compliance Department | 8871 | 01/05/1446H (corresponding to 03/11/2024G) | 20,000 | Objection to fines imposed by the MoH. | Ongoing | 20,000 |

## 11.16 Summary of the Company's Bylaws

### 11.16.1 Name of Company

Specialized Medical Company, a Closed Joint Stock Company (JSC).

### 11.16.2 Company Headquarters

The Company's headquarters is located in the city of Riyadh, and it may establish branches inside or outside the Kingdom by a resolution of the Board of Directors.

### 11.16.3 Objectives of the Company

The Company carries out and undertakes the following activities:

| Section | Category |
|---|---|
| Wholesale and retail trade; repair of motor vehicles and motorcycles | Retail sale of pharmaceutical and medical products, cosmetics, and toiletries in specialized stores |
| Transportation and storage | Storage |
| Accommodation and food service activities | Other food service activities |
| Human health and social work activities | Hospitals |
| Human health and social work activities | Other human health activities |

The Company shall conduct its activities in accordance with applicable regulations and after obtaining the necessary licenses from the competent authorities, if any.

### 11.16.4 Duration of thew Company

The duration of the Company shall be 99 years from the date of its registration in the commercial register. The period may always be extended by a decision issued by the Extraordinary General Assembly at least one year before its expiration

### 11.16.5 Share Capital of the Company

The Company's issued share capital is set at two hundred and fifty million Saudi Riyals (SAR 250,000,000), divided into two hundred and fifty million (250,000,000) nominal shares of equal value, each with a nominal value of one (1) Saudi Riyal. All shares are ordinary shares in exchange for cash contributions. The paid-up portion amounts to two hundred and fifty million Saudi Riyals (SAR 250,000,000).

### 11.16.6 Share Subscription

The shareholders have subscribed to the entire issued share capital amounting to SAR 250,000,000, which has been fully paid.

### 11.16.7 Management of the Company

a- The Company shall be managed by a Board of Directors composed of eight (8) members, who shall be natural persons elected by the Ordinary General Assembly of the shareholders for a term not exceeding four (4) years.

b- The Board of Directors shall meet at least four times a year upon the invitation of its Chairman. The invitation may be sent using modern technological means or via email, accompanied by the meeting agenda, at least five (5) days prior to the meeting date, unless circumstances require holding an urgent meeting. In such case, the invitation, agenda, and necessary documents and information may be sent less than five (5) days before the meeting date. The Chairman must call for a Board meeting whenever requested by any Board member. The Board shall determine the venue of its meetings, and meetings may be held using modern technological means.

c- Board meeting shall only be valid with the presence of at least four (4) members, whether in person or by proxy, provided that at least three (3) members are present in person. If a Board member delegates another member to attend a meeting on their behalf, the delegation must adhere to the following conditions:

1- A Board member may not represent more than one other member at the same meeting.

2- The delegation must be in writing to the Company and for a specific meeting.

3- The proxy may not vote on decisions where the principal is prohibited from voting under the law.

Board resolutions shall be passed by a majority of votes of the members present, whether in person or by proxy. In case of a tie, the Chairman of the meeting shall have the casting vote.

A Board resolution shall be effective from the date of its issuance unless it specifies another effective date or is subject to certain conditions being fulfilled.

### 11.16.8 The Issuance of Board Resolutions on Urgent Matters

The Board of Directors may issue resolutions on urgent matters by circulation to all members, unless any member requests in writing that the matter be discussed in a Board meeting. Such resolutions shall be passed by a majority of the Board members' votes and shall be presented to the Board at its next meeting for inclusion in the minutes of that meeting.

### 11.16.9 Expiration or Termination of Board Membership

The membership of the Board shall end upon the expiry of its term or the expiration of the member's eligibility in accordance with any applicable laws or regulations in the Kingdom. The General Assembly may, based on a recommendation from the Board of Directors, terminate the membership of any member who is absent from three (3) consecutive meetings or five (5) non-consecutive meetings during their term without a valid excuse acceptable to the Board.

Nevertheless, the Ordinary General Assembly may at any time remove all or some of the members of the Board of Directors. A Board member may resign by submitting a written notice to the Chairman of the Board. If the Chairman resigns, the notice must be addressed to the remaining Board members and the Board Secretary. The resignation shall be effective— in either case— from the date specified in the notice, provided that it is submitted at an appropriate time; otherwise, the resigning member shall be liable to the Company for any damages resulting from the resignation.

### 11.16.10 Remuneration of Directors

The remuneration of the Board of Directors may be a percentage of the net profits, a fixed amount, or as determined by the Ordinary General Assembly. The Board of Directors' report to the Ordinary General Assembly at its annual meeting must include a comprehensive statement of all amounts received or due to each Board member during the financial year, including remuneration, attendance allowances, expense allowances, and any other benefits. The report must also include a statement of any amounts received by Board members in their capacity as employees or executives, or as compensation for technical, administrative, or consulting work, as well as a statement of the number of Board meetings held and the number of meetings attended by each member.

### 11.16.11 Convening General Assemblies

1- General and special assemblies shall be convened by invitation from the Board of Directors. The Board must call the Ordinary General Assembly to convene within thirty (30) days from the date of a request submitted by the auditor or by one or more shareholders representing at least ten percent (10%) of the Company's shares with voting rights. The auditor may also call for the meeting of the Ordinary General Assembly if the Board fails to issue the invitation within thirty (30) days from the auditor's request.

2- The request referred to in paragraph (1) of this Article must specify the matters to be voted on by the shareholders.

3- The invitation to convene the General Assembly must be issued at least twenty-one (21) days before the scheduled date, in accordance with the provisions of the Law, and with consideration to the following:

   a- Notifying shareholders by registered letters sent to their addresses as recorded in the shareholders' register, or by announcing the invitation through modern technological means.

   b- Sending a copy of the invitation and the agenda to the Commercial Register, and also to the Capital Market Authority if the Company is listed on the stock exchange at the time of the announcement.

4- The invitation to the assembly meeting must include, at a minimum, the following:

   a- A statement identifying who is entitled to attend the meeting, the right to appoint a proxy (who must not be a Board member), the right of the shareholder to discuss agenda items, raise questions, and how to exercise voting rights.

   b- The location, date, and time of the meeting.

   c- The type of assembly—whether General or Special.

   d- The meeting agenda, including the items to be voted on by the shareholders.

### 11.16.12 Voting in the Assemblies

Members of the Board of Directors shall be elected by cumulative voting. Board Members may not participate in voting on assembly resolutions related to business or contracts in which they have a direct or indirect interest, or which involve a conflict of interest.

### 11.16.13 Preparation of Minutes of the Assemblies

Assembly meeting minutes shall be drafted indicating the number of shareholders present in person or by proxy, the number of shares held thereby, the number of votes attached to their shares, the decisions made, the number of consenting and dissenting votes, and a summary of meeting discussions. The minutes shall be regularly recorded after every meeting in a special register signed by the assembly's Chairman, Secretary and vote collectors

### 11.16.14 Ordinary General Assembly Quorum

1- The Ordinary General Assembly meeting shall not be valid unless attended by shareholders representing at least half of the share capital.

2- If the quorum required for the Ordinary General Assembly meeting as stated in paragraph (1) above is not met, an invitation shall be sent for a second meeting to be held under the same conditions set forth in the Article titled "**Invitation to Assemblies**" within thirty (30) days following the date set for the first meeting. However, the second meeting may be held one hour after the time scheduled for the first meeting, provided that the invitation to the first meeting includes a statement indicating the possibility of holding the second meeting. In all cases, the second meeting shall be valid regardless of the number of shares represented therein.

### 11.16.15 Extraordinary General Assembly Quorum

1- The Extraordinary General Assembly meeting shall not be valid unless attended by shareholders representing at least two-thirds of the share capital.

2- If the quorum required for the Extraordinary General Assembly meeting as stated in paragraph (1) above is not met, an invitation shall be sent for a second meeting to be held under the same conditions set forth in the Article titled "Invitation to Assemblies" within thirty (30) days following the date set for the previous meeting. The second meeting shall be valid if attended by shareholders representing at least one-quarter of the share capital.

3- If the quorum required for the second meeting as stated in paragraph (2) above is not met, an invitation shall be sent for a third meeting to be held under the same conditions set forth in the Article titled "Invitation to Assemblies." The third meeting shall be valid regardless of the number of shares represented therein.

### 11.16.16 Discussion at the General Assemblies

Each shareholder has the right to discuss the items listed on the agenda of the General Assembly and to address questions regarding them to the members of the Board of Directors and the auditor. The Board of Directors or the auditor must respond to shareholders' questions to the extent that doing so does not harm the Company's interests. If a shareholder considers the response to their question unsatisfactory, they may refer the matter to the Assembly, and its decision in this regard shall be final.

### 11.16.17 General Assembly of Shareholders

1- The General Assembly meeting of shareholders shall be chaired by the Chairman of the Board of Directors or, in their absence, by the Vice Chairman. If both are absent, the Board shall delegate one of its members to chair the meeting. If this is not possible, the General Assembly shall appoint a chairperson from among the Board members or others by way of voting.

2- Each shareholder has the right to attend the General Assembly meeting and may authorize another person to attend on their behalf, provided that the proxy is not a member of the Board of Directors.

3- The General Assembly meeting may be held, and shareholders may participate in discussions and vote on resolutions, through modern technological means.

### 11.16.18 Distribution of Profits

1- The Ordinary General Assembly may, when determining the portion of net profits to be allocated to shares, decide to create reserves to the extent that serves the Company's interest or ensures the distribution of stable dividends to shareholders as much as possible. The Assembly may also deduct amounts from the net profits to achieve social purposes for the Company's employees.

2- The Company may distribute interim dividends to shareholders on a semi-annual or quarterly basis in accordance with the regulations issued by the competent authority and pursuant to a resolution by the Board of Directors, after obtaining an annual authorization from the Ordinary General Assembly.

3- The General Assembly shall determine the percentage of net profits to be distributed to shareholders after deducting any reserves, if applicable.

### 11.16.19 Capital Increase

1- The Extraordinary General Assembly may resolve to increase the Company's share capital, provided that the capital has been fully paid. However, it is not required for the capital to be fully paid-up if the unpaid portion relates to shares issued in exchange for the conversion of debt instruments or financing sukuk into shares and the conversion period has not yet expired.

2- The Extraordinary General Assembly may, in all cases, allocate the newly issued shares, or part thereof, resulting from a capital increase to employees of the Company and/or its subsidiaries at the time of issuing shares designated for employees.

3- A shareholder who owns shares at the time the Extraordinary General Assembly resolves to approve the capital increase shall have preemptive rights to subscribe for the new shares issued in exchange for cash contributions. Shareholders shall be notified of their preemptive rights via registered mail to their address recorded in the shareholders' register or through modern technological means, along with details of the capital increase resolution, subscription terms and procedures, and the start and end dates of the subscription period.

4- The Extraordinary General Assembly has the right to suspend shareholders' preemptive rights to subscribe for a capital increase in exchange for cash contributions or to grant such preemptive rights to non-shareholders if deemed to be in the Company's best interest.

5- A shareholder may sell or assign their preemptive rights, whether for consideration or without, in accordance with the applicable regulations.

6- Subject to paragraph (4) above, the new shares shall be allocated to holders of preemptive rights who have requested to subscribe, in proportion to the number of preemptive rights they hold out of the total preemptive rights resulting from the capital increase, provided that no subscriber receives more shares than they requested. The remaining shares shall be distributed among preemptive rights holders who requested more than their proportional share, in proportion to their holdings of preemptive rights from the total rights resulting from the capital increase, provided that no one receives more shares than they requested. Any remaining shares shall be offered to others, unless the Extraordinary General Assembly or the Capital Market Law provides, otherwise.

### 11.16.20 Capital Decrease

1- The Extraordinary General Assembly may resolve to reduce the Company's share capital if it exceeds the Company's needs or if the company has incurred losses. In the latter case only, the capital may be reduced below the minimum limit set by the Companies Law. A resolution to reduce the capital shall not be issued until a statement prepared by the Board of Directors is read before the Assembly, explaining the reasons for the reduction, the Company's liabilities, and the impact of the reduction on the Company's ability to meet those liabilities. This statement must be accompanied by a report from the Company's auditor.

2- If the capital reduction is due to the capital exceeding the Company's needs, the Company must invite its creditors to submit any objections to the reduction, if any, at least forty-five (45) days prior to the scheduled date of the Extraordinary General Assembly meeting to vote on the reduction. The invitation must include a statement showing the amount of capital before and after the reduction, the date of the meeting, and the effective date of the reduction. If any creditor objects to the reduction and submits supporting documents within the specified period, the Company must settle the debt if it is due, or provide an adequate guarantee if the debt is not yet due.

### 11.16.21 Company's Purchase, Sale and Mortgage of its Shares

1- The Company may purchase its ordinary and preferred shares with the approval of the Extraordinary General Assembly and in accordance with the regulatory controls set by the competent authority. The shares purchased by the Company shall not carry voting rights in shareholders' assemblies.

2- The Company may purchase its own shares to use them as treasury shares, in accordance with the purposes and regulatory controls set by the competent authority.

3- The Company may purchase its own shares for the purpose of allocating them to employees of the Company or employees of any of its wholly or partially owned subsidiaries (whether directly or indirectly), as part of an employee share scheme, in accordance with the regulatory controls set by the competent authority.

4- The Company may sell treasury shares in a single or multiple stages, in accordance with the regulatory controls set by the competent authority.

5- The Company may pledge its own shares as security for a debt, in accordance with the regulatory controls set by the competent authority.

### 11.16.22 Decisions of General Assembly

Resolutions of the Ordinary General Assembly shall be passed by a majority of the shares represented at the meeting. Resolutions of the Extraordinary General Assembly shall be passed by a two-thirds majority of the shares represented at the meeting, unless the resolution relates to an increase or reduction of the share capital, an extension of the Company's duration, the dissolution of the Company before the expiry of its specified term, or the merger of the c Company with another Company or entity—in which case the resolution shall only be valid if passed by a three-quarters majority of the shares represented at the meeting.

### 11.16.23 Appointing an Auditor

The Company shall have one or more auditors from among those licensed to practice in the Kingdom, appointed annually by the General Assembly, which shall also determine their remuneration. The General Assembly may reappoint the auditor in accordance with the Companies Law. The General Assembly may also, by resolution, dismiss the auditor. The Chairman of the Board must notify the competent authority of the dismissal and its reasons within the period specified by the relevant regulations.

The auditor may resign by submitting a written notice to the Company. Their mandate shall end on the date of submission of the notice or on a later date specified therein, without prejudice to the Company's right to claim compensation for any damage caused, if applicable. The resigning auditor must, upon submitting the notice, provide the Company and the competent authority with a statement outlining the reasons for the resignation. The Board of Directors must convene a General Assembly meeting to review the reasons for the resignation, appoint another auditor, and determine their fees, term, and scope of work.

### 11.16.24 Records

The auditor has the right, at any time, to access the Company's books, records, and other documents, and may request any data and clarifications deemed necessary. The auditor also has the right to verify the Company's assets and liabilities. The Board of Directors must enable the auditor to perform their duties. If the auditor encounters difficulty in this regard, they must record it in a report submitted to the Board of Directors. If the Board does not facilitate the auditor's work, the auditor must request the Board to call for a General Assembly meeting to address the matter. If the Board does not issue the call within thirty (30) days from the date of the auditor's request, the auditor may issue the invitation directly.

The auditor must submit an annual report to the General Assembly, stating whether the Company enabled them to obtain the requested information and clarifications, detailing any violations discovered of the provisions of the Companies Law or the Company's bylaws, and providing their opinion on whether the Company's accounts accurately reflect its actual financial position.

### 11.16.25 Company Finances

At the end of each financial year, the Board of Directors shall prepare an inventory of the Company's assets and liabilities as of that date, as well as the Company's balance sheet, profit and loss account, and a report on the Company's activities and financial position for the concluded financial year, along with the proposed method for profit distribution. The Board shall make these documents available to the auditor at least forty-five (45) days prior to the scheduled date of the General Assembly meeting.

The Chairman of the Board, the Chief Executive Officer, and the Chief Financial Officer shall sign the aforementioned documents. Copies shall be deposited at the Company's head office and made available to shareholders at least twenty-one (21) days before the date scheduled for the General Assembly meeting. The Chairman of the Board must provide shareholders with the Company's financial statements, the Board of Directors' report, and the auditor's report, unless they are published through modern technological means, in which case they must be made available at least twenty-one (21) days before the scheduled date of the Ordinary General Assembly meeting.

### 11.16.26 Distribution of Profits

A shareholder shall be entitled to their share of the profits in accordance with the resolution issued by the General Assembly in this regard. The resolution shall specify the entitlement date and the distribution date. The right to receive dividends shall be for shareholders registered in the shareholders' register at the end of the entitlement date.

### 11.16.27 Company Losses

If the Company's losses reach half of the issued share capital, the Board of Directors must disclose this and its recommendations regarding such losses within sixty (60) days from the date it becomes aware of the losses reaching this level. The Board must also call for an Extraordinary General Assembly meeting within one hundred and eighty (180) days from the date of becoming aware of the losses, to consider whether the Company should continue and take the necessary measures to address the losses, or to dissolve the Company.

### 11.16.28 Expiration of the Company

Upon the expiration of the Company's term or in the event of its early dissolution, the Extraordinary General Assembly shall, based on a proposal by the Board of Directors, decide on the method of liquidation and appoint one or more liquidators, defining their powers and remuneration. The authority of the Board of Directors shall cease upon the dissolution of the Company; however, the Board shall continue to manage the Company until the liquidator is appointed. The company's bodies shall retain their powers to the extent that they do not conflict with the powers of the liquidators.

### 11.16.29 Issuing Shares

Shares shall be nominal and may not be issued for less than their nominal value. However, they may be issued at a premium, in which case the premium must be recorded in a separate item under shareholders' equity and may not be distributed as dividends to shareholders. A share shall be indivisible regarding the Company. If a share is owned by multiple persons, they must appoint one of them to act on their behalf in exercising the rights associated with the share. These persons shall be jointly liable for the obligations arising from the ownership of the share.

### 11.16.30 Fiscal year

The Company's financial year shall be twelve (12) Gregorian months, beginning on the 1st of January and ending at the end of 31 of December. A separate budget shall be prepared for the transitional period resulting from the amendment of the financial year.

### 11.16.31 Final Provisions

The Founders hereby confirm the validity of statements and provisions set forth in these Bylaws, and further assert that they comply with the Companies Law promulgated under Royal Decree M/132 dated 1/12/1443H and its Implementing Regulations, and that they fulfill all requirements and instructions issued by the Ministry of Commerce in accordance with the provisions of said Law, for which the Shareholders shall be accountable and assume legal and financial liability. The Founders are fully aware of the Ministry of Commerce's right to take the necessary legal actions should there be any violation or conflict with these Bylaws.

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Specialized Medical Company الشركة الطبية التخصصية

# 12. Underwriting

The Company, the Selling Shareholders and the Underwriters have entered into an Underwriting Agreement dated 07/12/1446H (corresponding to 03/06/2025G) (referred to hereinafter as the "**Underwriting Agreement**"), under which the Underwriters have agreed to fully underwrite the Offering of seventy-five million (75,000,000) Offer Shares, subject to certain terms and conditions contained in the Underwriting Agreement. The names and address of the Underwriters are set out below:

## 12.1 Names and Addresses of the Underwriters

**EFG Hermes KSA**

3rd Floor, North Tower, Sky Towers, King Fahd Road

P.O. Box 300189, Riyadh 11372

Kingdom of Saudi Arabia

Tel: +966 11 839 8048

Fax: +966 11 293 8032

Website: www.efghermesksa.com

Email: contact-ksa@efg-hermes.com

**SNB Capital**

SNB Regional Building

King Saud Road, Al-Murabba District

Building No. 7347

P.O. Box 2575, Riyadh 12624

Kingdom of Saudi Arabia

Tel: +966 92 000 0232

Fax: +966 11 406 0052

Website: www.alahlicapital.com

Email: snbc.cm@alahlicapital.com

## 12.2 Summary of the Underwriting Agreement

Pursuant to the terms and conditions of the Underwriting Agreement:

a- The Selling Shareholders and the Company undertake to the Underwriters that, on the first business day following the completion of the allocation of the Offer Shares after the end of the Offering Period, they shall:

  1- sell and allocate the Offer Shares to Individual Subscribers or Participating Parties whose subscription applications have been accepted by the Receiving Agents; and

  2- sell and allocate the Offer Shares that were not purchased by the Individual Subscribers or Participating Parties within the Offering to the Underwriters.

b- The Underwriters undertake to the Company and the Selling Shareholders that they will purchase any Offer Shares that have not been subscribed for by Individual Subscribers or Participating Parties, in accordance with the following:

**Table (124): Underwritten Shares**

| Underwriters | Number of Offer Shares to be Underwritten | Percentage of Offer Shares to be Underwritten |
|---|---|---|
| SNB Capital | 62,212,422 | 82.9% |
| EFG Hermes KSA | 12,787,578 | 17.1% |

Source: The Company

The Company will be subject to several restrictions and obligations immediately after listing, according to the standard practice in such agreements. The Company and the Selling Shareholders undertake to abide by all provisions of the Underwriting Agreement.

## 12.3 Underwriting Costs

The Company and the Selling Shareholders will pay the Underwriters an underwriting fee based on the total value of the Offering. In addition, the Company and the Selling Shareholders have agreed to pay the expenses and costs related to the Offering.

## 13. Offering Expenses

The Selling Shareholders will bear all of the expenses and costs related to the Offering on a pro-rata basis according to the number of Offer Shares that will be sold by each of them. The expenses and costs related to the Offering are estimated at approximately SAR 41 million (inclusive of VAT). These expenses tentatively include the fees of the Financial Advisors, Bookrunners, Lead Manager, Underwriters, Legal Advisors, Financial Due Diligence Advisor, Auditor, Receiving Agents and the Market Consultant, in addition to marketing, printing, distribution and other expenses related to the Offering. The Offering Expenses will be deducted from the Offering Proceeds and the Company will not bear any expenses related to the Offering.

# 14. Post-Listing Undertakings

Upon listing, the Company undertakes to:

- Fill out Form 8 related to compliance with the CGRs and provide the relevant justifications if it fails to meet any of the requirements set out in the CGRs.
- Notify the CMA of the first General Assembly meeting post-listing, so that a representative thereof may attend.
- Comply with all the mandatory provisions of the CGRs immediately after listing.
- Comply with the provisions of the OSCOs and the Listing Rules regarding the Company's continuing obligations immediately after listing.
- Submit transactions and contracts in which any Director has a direct or indirect interest to the General Assembly for approval (in accordance with the Companies Law, the CGRs and the regulatory controls and procedures issued in implementation of the Companies Law), provided that the interested Director refrains from participating in voting on the resolution issued in this regard by the Board of Directors and the General Assembly, including the contracts executed between the Company and the Advanced Food Company (for further information, please refer to Sections 11.10.2.7, 11.10.2.8, 11.10.2.9 and 11.10.2.10.
- Call for a General Assembly meeting to update the Company's Bylaws immediately after listing.

Accordingly, the Directors undertake to do the following upon admission to listing:

- Record all resolutions and deliberations in the form of written meeting minutes signed by the Board Chairman and Secretary.
- Disclose the details of any Related Party transactions in accordance with the requirements of the Companies Law and the CGRs and notify the Board of their direct and indirect personal interests in the business and contracts concluded on behalf of the Company, provided that this is recorded in the minutes of the Board of Directors meeting.

# 15. Waivers

The Company has not applied to the CMA for any waivers from any legal requirements.

# 16. Share Information and Subscription Terms and Conditions

The Company has submitted an application to the CMA for the registration and offer of the shares, and an application for the listing of the shares on the Exchange in accordance with the OSCOs and the Listing Rules.

All Subscribers must read the subscription terms and conditions carefully before completing the Subscription Application Form. Signature of the Subscription Application Form and delivery thereof to any of the Receiving Agents or Bookrunners shall constitute acceptance and approval of the subscription terms and conditions.

## 16.1 Subscription to the Offer Shares

The initial public offering consists of the Offering of seventy-five million (75,000,000) ordinary shares with a nominal value of one Saudi Riyal (SAR 1) per share at an Offer Price of SAR 25.0, inclusive of a fully paid-up nominal value of one Saudi Riyal (SAR 1) per share. The Offer Shares represent 30.0% of the Company's share capital. The total value of the Offering is SAR 1,875,000,000. The Offering to Individual Subscribers and the subsequent listing of the shares is contingent on the success of the book building process by the Participating Parties and the coverage of all of the Offer Shares. The Offering will be canceled if the Offering is not covered during the book building period. The CMA may suspend this Offering after approval of this Prospectus and before the registration and admission of the shares to listing on the Exchange in the event there is a fundamental change that could materially and adversely affect the Company's operations.

The Offering shall be limited to two tranches of investors as follows:

**Tranche A: Participating Parties:** This tranche comprises the parties entitled to participate in the book building process as specified under the Book Building Instructions (for further details, please refer to Section 1 "**Definitions and Abbreviations**" of this Prospectus). The number of Offer Shares that will provisionally be allocated to the Participating Parties is seventy-five million (75,000,000) Offer Shares, representing 100% of the total Offer Shares. In the event that Individual Subscribers (as defined in Tranche B below) subscribe in full for the Offer Shares allocated thereto, the Financial Advisors shall have the right to reduce the number of Offer Shares allocated to Participating Parties to a minimum of sixty million (60,000,000) Offer Shares, representing 80% of the total Offer Shares. The Financial Advisors, in coordination with the Company and the Selling Shareholders, shall determine the number and percentage of Offer Shares to be allocated to Participating Parties using the discretionary allocation mechanism. It is possible that certain Participating Parties will not be allocated any shares, as deemed appropriate by the Company and the Financial Advisors.

**Tranche B: Individual Subscribers:** This tranche comprises natural Saudi persons, including any Saudi female divorcee or widow with minor children from a marriage to a non-Saudi individual, who may subscribe for her own benefit in the names of her minor children, provided that she proves that she is a divorcee or widow and the mother of her minor children, as well as GCC nationals, in each case, who have a bank account with one of the Receiving Agents and are entitled to open an investment account. Subscription by a person in the name of his divorcee shall be deemed invalid, and if a transaction of this nature is proven to have occurred, the law shall be enforced against the applicant. If a duplicate subscription is made, the second subscription shall be considered void and only the first subscription will be considered. A maximum of fifteen million (15,000,000) Offer Shares, representing 20% of the total Offer Shares, will be allocated to Individual Subscribers. In the event that Individual Subscribers do not subscribe in full for the Offer Shares allocated thereto, the Lead Manager may reduce the number of Offer Shares allocated to Individual Subscribers in proportion to the number of Offer Shares to which they have subscribed.

## 16.2 Offering Period

Two (2) days, commencing from Wednesday 01/12/1446H (corresponding to 28/05/2025G) and ending on Thursday 02/12/1446H (corresponding to 29/05/2025G).

## 16.3 Book Building for Participating Parties

a- The price range shall be determined during the book building period and shall be made available to all Participating Parties by the Financial Advisors, in consultation with the Company and the Selling Shareholders. The number and percentage of Offer Shares to be allocated to Participating Parties will be determined in consultation with the Company and the Selling Shareholders using the discretionary allocation mechanism. It is possible that certain Participating Parties will not be allocated any Offer Shares, as deemed appropriate by the Financial Advisors in coordination with the Company and the Selling Shareholders.

b- Each Participating Party must submit an application to participate in the book building process by filling out a Bid Form which will be made available to them by the Bookrunners. Participating Parties may amend or cancel their applications at any time during the book building period, provided that such change is made by submitting an amended Bid Form or a supplementary Subscription Application Form (as applicable), prior to determination of the Offer Price, which will take place before the start of the Offering Period. The number of Offer Shares to be subscribed for by each of the Participating Parties shall not be less than one hundred thousand (100,000) Offer Shares nor more than twelve million, four hundred and ninety-nine thousand, nine hundred and ninety-nine (12,499,999) Offer Shares. With respect to Public investment funds, the number of Offer Shares subscribed for must not exceed the maximum limit specified for each participating public fund, which shall be determined in accordance with the Book Building Instructions. The number of Offer Shares requested must be allocable. The Bookrunners will notify the Participating Parties of the Offer Price and the number of Offer Shares provisionally allocated thereto. Subscriptions by Participating Parties shall commence during the Offering Period, which also includes Individual Subscribers, in accordance with the subscription terms and conditions detailed in the Subscription Application Forms.

c- All Participating Parties must submit genuine and allocable requests. Participating Parties must not submit any false or exaggerated subscription applications with the aim of obtaining a larger allocation. Participating Parties must have the ability to cover the value of their applications by having sufficient cash funds or having the necessary arrangements in place to cover the value of their applications from the time of submission of the Bid Form until the final allocation.

d- Following completion of the book building process for Participating Parties, the Financial Advisors will announce the percentage of coverage by the Participating Parties.

e- The Lead Manager, the Company and the Selling Shareholders will have the authority to determine the Offer Price according to the forces of supply and demand, provided that it does not exceed the price specified in the Underwriting Agreement and is in accordance with the tick size applied by the Exchange.

## 16.4 Subscription by Individual Subscribers

Each Individual Subscriber must subscribe for a minimum of ten (10) Offer Shares and a maximum of one million (1,000,000) Offer Shares. Subscription Application Forms may not be amended or withdrawn once submitted.

Individual Subscribers must submit Subscription Application Forms through the websites and platforms of the Receiving Agents that provide such service to Individual Subscribers or through any other means provided by the Receiving Agents, through which Individual Subscribers will be able to subscribe to the Company's shares during the Offering Period, provided that:

- The Individual Subscriber has an investment account and an active portfolio with a Receiving Agent that offers such services.
- There have been no changes to the personal information or data of the Individual Subscriber since they last participated in a recent initial public offering.
- Individual Subscribers who are not Saudis or GCC citizens must have an active stock portfolio with one of the Receiving Agents through which the subscription will be made.

Signature of the Subscription Application Form and submission thereof by an Individual Subscriber to the Receiving Agents represents a binding agreement between the relevant Individual Subscriber and the Selling Shareholders with respect to the Offer Shares.

Individual Subscribers may obtain a copy of this Prospectus from the websites of the following Receiving Agents (copies of the Prospectus are also available on the websites of the CMA, the Financial Advisors and the Company):

| Receiving Agents |
|---|
| **SNB Capital**<br>SNB Regional Building<br>King Saud Road, Al-Murabba District<br>Building No. 7347<br>P.O. Box 2575, Riyadh 12624<br>Kingdom of Saudi Arabia<br>Tel: +966 92 000 0232<br>Fax: +966 11 406 0052<br>Website: www.alahlicapital.com<br>Email: snbc.cm@alahlicapital.com |
| **Al Rajhi Capital**<br>Head Office, King Fahd Road, Al Muruj District<br>P.O. Box 5561, Riyadh 11432<br>Kingdom of Saudi Arabia<br>Tel: +966 92 000 5856<br>Fax: +966 11 460 0625<br>Website: www.alrajhi-capital.com<br>Email: investmentbankingteam@alrajhi-capital.com |
| **BSF Capital**<br>8092 King Fahd Road,<br>4th Floor, Legend Tower<br>P.O. Box 23454, Riyadh 3735-12313<br>Kingdom of Saudi Arabia<br>Tel: +966 11 282 6666<br>Fax: +966 11 282 6723<br>Website: www.bsfcapital.sa<br>Email: sfc-supportcenter@bsfcapital.sa |
| **Alinma Investment**<br>Al Anoud Tower 2, King Fahd Road<br>Kingdom of Saudi Arabia<br>P.O. Box 55560, Riyadh 11544<br>Tel: +966 11 218 5999<br>Fax: +966 11 218 5970<br>Website: www.alinmainvestment.com<br>Email: info@alinmainvest.com |
| **Riyad Capital**<br>2414 – Al Shohda District, Unit No. 69<br>P.O. Box 13241, Riyadh 7279<br>Kingdom of Saudi Arabia<br>Tel: +966 11 486 5649<br>Fax: +966 11 486 5908<br>Website: www.riyadcapital.com<br>Email:ask@riyadcapital.com |

| Receiving Agents |
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| **Aljazira Capital**<br>King Fahd Branch Rd, Al Rahmaniya District<br>P.O. Box 20438, Riyadh 11455<br>Kingdom of Saudi Arabia<br>Tel: +966 11 225 6000<br>Fax: +966 11 225 6182<br>Website: www.aljaziracapital.com.sa<br>Email: contactus@aljaziracapital.com.sa |
| **Alistithmar for Financial Securities and Brokerage Company**<br>King Fahd Branch Rd<br>P.O. Box 6888, Riyadh 11452<br>Kingdom of Saudi Arabia<br>Tel: +966 11 254 7666<br>Fax: +966 11 489 6253<br>Website: www.icap.com.sa<br>Email: WebEcare@icap.com.sa |
| **Albilad Capital**<br>King Fahd Road, Al Olaya, Riyadh 12313-3701<br>Kingdom of Saudi Arabia<br>Tel: 800116002<br>Fax: +966 11 290 6299<br>Website: www.albilad-capital.com<br>Email: investmentbanking@albilad-capital.com |
| **anb capital**<br>anb capital Building<br>King Faisal Road<br>P.O. Box 220009, Riyadh 11311<br>Kingdom of Saudi Arabia<br>Tel: +966 11 406 2500<br>Fax: +966 11 290 6299<br>Website: www.anbcapital.com.sa<br>Email: Investment.Banking@anbcapital.com.sa |
| **SAB Invest**<br>Olaya Street<br>P.O. Box 1467, Riyadh 11431<br>Kingdom of Saudi Arabia<br>Tel: +966 8001242442<br>Fax: +966 12 216 9102<br>Website: www.sabinvestment.com<br>Email: customercare@sabinvest.com |

| Receiving Agents |
|---|
| **Derayah Financial**<br>3rd Floor, Prestige Center, Al Takhassusi Street, Riyadh<br>Kingdom of Saudi Arabia<br>Tel: +966 11 299 8000<br>Fax: +966 11 419 5498<br>Website: www.derayah.com<br>Email: support@derayah.com |
| **Yaqeen Capital**<br>anb capital Building,<br>Olaya Street, Al Wurud District, Riyadh<br>Kingdom of Saudi Arabia<br>Tel: +966 11 429 8888<br>Fax: +966 11 205 4827<br>Website: www.yaqeen.sa<br>Email: addingvalue@yaqeen.sa |
| **Alkhabeer Capital**<br>Madinah Road, Jeddah<br>P.O. Box 128289, Jeddah 21362<br>Kingdom of Saudi Arabia<br>Tel: +966 12 612 9345<br>Fax: +966 12 685 6663<br>Website: www.alkhabeer.com<br>Email: info@alkhabeer.com |
| **Sahm Capital Financial Company**<br>Building 305, King Abdullah Financial District<br>Riyadh 13519<br>Kingdom of Saudi Arabia<br>Tel: +966 11 414 5260<br>Website: www.sahmcapital.com<br>Email: info@sahmcapital.com |
| **GIB Capital**<br>Low Rise Building 1, Granada Business & Residential Park Eastern Ring Road<br>P.O Box 89589<br>Riyadh 11692<br>Kingdom of Saudi Arabia<br>Tel: +966 (11) 511 2200<br>Fax: +966 (11) 511 2201<br>Website: www.gibcapital.com<br>Email: GIBC.IB@gibcapital.com |

## 16.5 Offering Period and Conditions for Individual Subscribers

The Receiving Agents will commence receiving Subscription Application Forms through the websites and electronic platforms of the Receiving Agents that provide such service to Individual Subscribers or through any other means provided by the Receiving Agents from Wednesday 01/12/1446H (corresponding to 28/05/2025G) until Thursday 02/12/1446H (corresponding to 29/05/2025G). Once the Subscription Application Form is signed and submitted, the Receiving Agent will stamp it and provide the Individual Subscriber with a copy of the completed Subscription Application Form. If the information provided in the Subscription Application Form is incomplete or incorrect, or if it is not stamped by the Receiving Agent, the Subscription Application Form will be deemed null and void and the Individual Subscriber may not claim any compensation for any damages resulting from such cancellation.

Individual Subscribers must specify the number of shares they are applying to subscribe for within the Subscription Application Form, and the total subscription amount shall be the number of Offer Shares applied for multiplied by the Offer Price of twenty five Saudi Riyals (SAR 25.0) per share.

Subscriptions by Individual Subscribers for less than ten (10) shares or fractional shares will not be accepted. Increments are to be made in multiples of this figure, up to a maximum subscription of one million (1,000,000) Offer Shares.

Subscription Application Forms must be submitted during the Offering Period, accompanied by the following documents, as applicable (the Receiving Agents shall verify the copies against the originals before returning the originals to the Individual Subscriber):

a- Original and copy of the national civil identification card or residency permit (for Individual Subscribers, including GCC citizens and foreign residents).

b- Original and copy of the family register (when subscribing on behalf of family members).

c- Original and copy of a power of attorney (when subscribing on behalf others).

d- Original and copy of a certificate of guardianship (when subscribing on behalf of orphans).

e- Original and copy of the divorce certificate (when subscribing on behalf of the children of a divorced Saudi woman).

f- Original and copy of the death certificate (when subscribing on behalf of the children of a widowed Saudi woman).

g- Original and copy of the birth certificate (when subscribing on behalf of the children of a divorced or widowed Saudi woman).

In the event that a Subscription Application Form is submitted on behalf of an Individual Subscriber (applicable to parents and children only), the person signing on behalf of the Individual Subscriber must state their name within the Subscription Application Form, accompanied by a valid original and copy of the power of attorney. The power of attorney must be issued by a notary public for Individual Subscribers residing within the Kingdom and must be legalized through a Saudi embassy or consulate in the relevant country for Individual Subscribers residing outside the Kingdom. The concerned official of the Receiving Agent shall match the copy against the original and shall return the original to the Individual Subscriber.

One Subscription Application Form should be completed for each primary Individual Subscriber applying for themselves and members appearing on their family identification card if the family members are applying for the same number of Offer Shares as the primary Individual Subscriber. In such case:

a- All shares allocated to the primary Individual Subscriber and dependent Individual Subscribers will be registered in the name of the primary Individual Subscriber.

b- The primary Individual Subscriber will receive any refund in respect of amounts not allocated and paid for by themselves or on behalf of dependent Individual Subscribers.

c- The primary Individual Subscriber shall receive all dividends distributed in respect of the shares allocated to themselves and to dependent Individual Subscribers (in the event the shares are not sold or transferred).

Separate Subscription Application Forms must be used if:

a- The Offer Shares to be allocated are to be registered in a name other than the name of the primary Individual Subscriber.

b- Dependent Individual Subscribers intend to apply for a different number of Offer Shares than the primary Individual Subscriber.

c- A wife wishes to subscribe in her name and for the allocated Offer Shares to be added to her account (she must complete a separate Subscription Application Form from the one completed by the primary Individual Subscriber). In such case, applications submitted by husbands on behalf of their spouses will be canceled and the independent application of the wives will be processed by the Receiving Agent.

A Saudi female divorcee or widow who has minor children from a non-Saudi husband shall have the right to subscribe in their names for her benefit, provided that she submits proof of motherhood. Subscriptions made by a person in the name of his divorcee shall be deemed invalid and the applicant shall be subject to the sanctions prescribed by law.

During the Offering Period, only valid residency permits will be an acceptable form of identification for non-Saudi dependents. Passports or birth certificates will not be accepted. Non-Saudi dependents can only be included as dependents with their mother and cannot subscribe as primary Individual Subscribers. The maximum age for non-Saudi dependents to be included with their mothers is 18 years. Any documents issued by a foreign government must be legalized by a Saudi embassy or consulate in the relevant country.

Each Individual Subscriber agrees to subscribe for and purchase the shares specified in the Subscription Application Form submitted by them for an amount equal to the number of Offer Shares applied for multiplied by the Offer Price of twenty five Saudi Riyals (SAR 25.0) per share. Each Individual Subscriber shall be deemed to have acquired the number of the Offer Shares allocated to them upon:

a- delivery by the Individual Subscriber of the Subscription Application Form to any of the Receiving Agents; and

b- payment in full by the Individual Subscriber to the Receiving Agent of the total value of the Offer Shares subscribed for.

The total value of the Offer Shares subscribed for must be paid in full to the Receiving Agents by authorizing a debit of the Individual Subscriber's account held with the Receiving Agent to whom the Subscription Application Form is being submitted.

If any Individual Subscription Application Form is not in compliance with the terms and conditions of the subscription, the Company shall have the right to reject such application, in full or in part. Individual Subscribers shall accept any number of Offer Shares allocated thereto, unless the allocated shares exceed the number of Offer Shares they have applied for.

## 16.6 Allocation and Refund of Excess Subscription Monies

The Lead Manager shall open and manage an escrow account for the purpose of depositing and holding the subscription monies collected from the Participating Parties and Receiving Agents on behalf of Individual Subscribers. Such subscription amounts shall be transferred to the Selling Shareholders only when the listing becomes effective, following the deduction of certain fees and expenses. Details of such escrow account shall be specified in the Subscription Application Forms. In addition, each Receiving Agent must deposit the amounts it has collected from Individual Subscribers into the aforementioned escrow account.

The Lead Manager or Receiving Agents, as applicable, will notify the Subscribers of the final number of Offer Shares allocated to each of them and the excess subscription monies to be refunded. Excess subscription monies, if any, will be refunded to Subscribers without any commission or deductions and will be deposited into the respective Subscribers' accounts indicated in the Subscription Application Forms. Announcement of the final allocation and refund of excess subscription monies, if any, will be made no later than Wednesday 08/12/1446H (corresponding to 04/06/2025G). Subscribers should contact the Lead Manager or the branch of the Receiving Agent where they submitted the Subscription Application Form (as applicable) for further details.

Ownership of the Offer Shares will only be transferred after payment of their value by the Subscriber from the date of registration in the Shareholders' register upon the commencement of trading of the shares in accordance with the relevant laws and directives. If the Company's shares are not traded or are delisted for any reason prior to this, the subscription monies will be refunded to the Subscriber and the Offer Shares will remain the property of the Selling Shareholder.

## 16.7 Allocation of Offer Shares to Participating Parties

Allocation of the Offer Shares to Participating Parties shall be determined by the Financial Advisors, in consultation with the Company, using the discretionary allocation mechanism, upon the completion of the allocation of the Offer Shares to Individual Subscribers. The number of Offer Shares that will provisionally be allocated to Participating Parties shall not be less than sixty million (60,000,000) Offer Shares, representing 80% of the Offer Shares.

## 16.8 Allocation of Offer Shares to Individual Subscribers

A maximum of fifteen million (15,000,000) ordinary Offer Shares, representing 20% of the total Offer Shares, will be allocated to Individual Subscribers. The minimum allocation for each Individual Subscriber is ten (10) shares, while the maximum allocation for each Individual Subscriber is one million (1,000,000) shares. The balance of Offer Shares (if any) will be allocated on a pro-rata basis in proportion to the number of Offer Shares requested by each Subscriber out of the total number of Offer Shares requested for subscription. In the event that the number of Individual Subscribers exceeds 750,000, the Company will not guarantee the minimum allocation. In such case, the allocation will be determined at the discretion of the Company and the Bookrunner. Excess subscription monies, if any, will be refunded to Individual Subscribers without any charges or deductions being withheld by the Receiving Agents.

## 16.9 Circumstances where the Listing may be Suspended or Canceled

### 16.9.1 Power to Suspend or Cancel the Listing

a- The CMA may suspend trading of the shares or cancel their listing at any time it deems fit, in any of the following circumstances:

1- if the CMA considers it necessary for the protection of investors or the maintenance of an orderly market;

2- if the Company fails, in a manner that the CMA deems material, to comply with the Capital Market Law, its Implementing Regulations, or the Exchange Rules;

3- if the Company fails to pay any dues to the CMA or the Exchange or any penalties due to the CMA on time;

4- if the CMA deems that the Company, its business, the level of its operations or its assets are no longer suitable to warrant continued listing of the shares on the Exchange;

5- when a reverse takeover announcement does not include sufficient information regarding the proposed transaction. In the event that the Company announces sufficient information regarding the target entity, and the CMA is convinced, after the Company's announcement, that sufficient information will be available to the public regarding the proposed reverse takeover transaction, the CMA may decide not to suspend trading at this stage;

6- when information about a proposed reverse takeover transaction is leaked and the Company is unable to accurately assess its financial position and is unable to inform the Exchange accordingly;

7- upon the registration of an application to initiate financial reorganization proceedings for the Company with the court if its accumulated losses reach 50% or more of its capital under the Bankruptcy Law;

8- upon the registration of an application to initiate liquidation proceedings or administrative liquidation proceedings for the Company with the court under the Bankruptcy Law;

9- upon the issuance of a final court ruling terminating a financial reorganization proceeding and initiating an administrative liquidation proceeding for the Company under the Bankruptcy Law; or

10- upon the issuance of a final court ruling initiating liquidation proceedings or administrative liquidation proceedings for the Company with the court under the Bankruptcy Law.

b- The Exchange shall suspend trading of the Company's securities in any of the following cases:

1- upon the Company's failure to comply with the specified deadlines for disclosing its periodic financial information in accordance with the requirements of the OSCOs, until such disclosure is made;

2- when the Auditor's report on the Company's financial statements includes an adverse opinion or a disclaimer of opinion, until the adverse opinion or disclaimer of opinion is removed;

3- if the liquidity requirements specified in Chapters 2 and 8 of the Listing Rules are not met by the deadline set by the Exchange for the Company to rectify its situation, unless the CMA approves otherwise; or

4- upon the issuance of a resolution by the Company's Extraordinary General Assembly to reduce its capital, for the two trading days following the issuance of the resolution.

c- The Exchange shall lift the suspension referred to in Subparagraphs (1) and (2) above after the lapse of one trading session following the end of the suspension circumstances. In the event that over-the-counter trading of the Company's shares is permitted, the Exchange shall lift the suspension within a period not exceeding five (5) trading sessions following the end of the suspension circumstances.

d- The Exchange may at any time propose to the CMA to suspend the trading of any listed securities or cancel their listing where, in its opinion, any of the circumstances mentioned in Paragraph (a) above is likely to occur.

e- In the event its securities are subject to a trading suspension, the Company must continue to comply with the Capital Market Law, its Implementing Regulations and the Exchange Rules.

f- In the event that the suspension of trading of securities continues for a period of six (6) months without the Company taking appropriate measures to rectify such suspension, the CMA may cancel the listing of the Company's securities.

g- Upon the Company's completion of a reverse acquisition, the Company's shares will be delisted. If the Company wishes to relist its shares, it must submit a new application to list its shares in accordance with the Listing Rules and meet the relevant requirements stipulated in the OSCOs.

h- The above paragraphs shall not prejudice the suspension of trading or cancellation of listing resulting from the Company's losses pursuant to the relevant Implementing Regulations and Exchange Rules.

### 16.9.2 Voluntary Cancellation of Listing

a- After its securities are listed on the Exchange, the Company may not cancel the listing except with prior approval from the CMA. To obtain the CMA's approval, the Company must submit a cancellation application to the CMA along with a simultaneous notification to the Exchange. The application must include the following information:

1- specific reasons for the cancellation request;

2- a copy of the disclosure referred to in Paragraph (d) below;

3- a copy of the relevant documentation and a copy of each communication sent to the Shareholders, if the cancellation is to take place as a result of a takeover or any other action taken by the Company; and

4- the names and contact details of the financial advisors and legal advisor appointed in accordance with the OSCOs.

b- The CMA may, at its discretion, approve or reject the cancellation request.

c- The Company must obtain the approval of the Extraordinary General Assembly for the cancellation of the listing after obtaining The CMA's approval.

d- When cancellation is made at the Company's request, the Company must disclose this to the public as soon as possible. The disclosure must include, at a minimum, the reason for the cancellation, the nature of the event resulting in the cancellation, and the extent of its impact on the Company's activities.

### 16.9.3 Temporary Trading Suspension

a- The Company may request from the Exchange a temporary trading suspension of its securities upon the occurrence of an event that occurs during trading hours which requires immediate disclosure under the Capital Market Law, its Implementing Regulations or the Exchange Rules, where the Company cannot maintain the confidentiality of this information until the end of the trading period. The Exchange will suspend trading of the securities of the Company immediately upon receiving such request.

b- When trading is temporarily suspended at the request of the Company, the Company must disclose to the public, as soon as possible, the reason for the suspension, its expected duration, the nature of the event that caused it and the extent to which it affects the Company's activities.

c- The CMA may impose a temporary trading suspension without a request from the Company where it becomes aware of information or circumstances that may affect the Company's activities which it considers would be likely to interrupt the operation of the Exchange or prejudice the protection of investors. In the event its securities are subject to temporary trading suspension, the Company must continue to abide by the Capital Market Law, its Implementing Regulations and the Exchange Rules.

d- The temporary trading suspension shall be lifted following the lapse of the period specified in the disclosure referred to in Paragraph (b) above, unless the CMA or the Exchange decide otherwise.

e- The Exchange may propose that the CMA exercises its powers in accordance with Paragraph (c) above if it becomes aware of information or circumstances that may affect the Company's activities and that are likely to interrupt the operation of the Exchange or the protection of investors.

### 16.9.4 Lifting of Suspension

Lifting of the trading suspension imposed in accordance with Paragraph (b) of Section 16.9.1 "**Power to Suspend or Cancel the Listing**" of this Prospectus is subject to the following considerations:

a- Adequate addressal of the circumstances that led to the suspension and the lack of a need to continue the suspension to protect investors.

b- The lifting of suspension being unlikely to affect the normal activity of the Exchange.

c- The Company's compliance with any other conditions that the CMA may require.

In the event that the suspension of trading of securities continues for a period of six (6) months without the Company taking appropriate measures to rectify such suspension, the CMA may cancel the listing of the Company's securities.

## 16.10 Resolutions and Approvals Pursuant to which the Offering will be Made

The resolutions and approvals pursuant to which the Offer Shares will be offered are as follows:

a- the resolution of the Company's Board of Directors recommending to the General Assembly to approve the Offering, dated 07/06/1446H (corresponding to 08/12/2024G);

b- the approval of the Extraordinary General Assembly for the Offering, dated 14/06/1446H (corresponding to 15/12/2024G);

c- the CMA's approval of the Offering, dated 26/09/1446H (corresponding to 26/03/2025G); and

d- the conditional approval of Saudi Tadawul Group for the Offering, dated 20/09/1446H (corresponding to 20/03/2025G).

## 16.11 Lock-up Period and Restrictions on the Shares

The Substantial Shareholders listed on page (xv) of this Prospectus are prohibited from disposing of their shares for a period of six (6) months from the date trading of the Company's shares commences on the Exchange. Following the end of the Lock-up Period, they may dispose of their shares without obtaining the prior approval of the CMA.

## 16.12 Subscription Undertakings

By completing and submitting the Subscription Application Form, each Subscriber:

a- agrees to subscribe for the number of shares specified in the Subscription Application Form submitted by them;

b- declares that they have carefully read and reviewed this Prospectus and all of its contents;

c- accepts the Company's Bylaws and all Offering instructions and conditions, as well as the terms contained in this Prospectus and the Subscription Application Form, and subscribes for the shares accordingly;

d- declares that neither they nor any of their family members included in the Subscription Application Form have previously applied to subscribe for the Company's shares, and that the Company has the right to reject any or all duplicate applications;

e- accepts the number of Offer Shares allocated to them (up to the maximum amount subscribed for) in accordance with the Subscription Application Form; and

f- undertakes not to cancel or amend the Subscription Application Form after submitting it to the Lead Manager or the Receiving Agent.

## 16.13 Share Register and Trading Arrangements

The Depository Center (Edaa) maintains a Shareholders' register containing the names, nationalities, residential addresses and professions of the Shareholders, the shares they own, and the amounts paid of such shares.

## 16.14 Overview of the Exchange and Trading Process

In 1990G, full electronic trading of shares was introduced in the Kingdom. The Tadawul system was founded in 2001G as the successor to the Electronic Securities Information System. Trading in shares occurs on Tadawul through a fully integrated trading system covering the entire trading process from execution of the trade transaction through settlement thereof. Trading occurs on each business day of the week between 10:00 a.m. and 3:00 p.m. from Sunday to Thursday, during which orders are executed. However, outside of these times, orders may be entered, amended or canceled from 9:30 a.m. to 10:00 a.m. Such times may be changed during the month of Ramadan, as announced on the official website of Tadawul. Transactions take place through the automatic matching of orders. Each valid order is executed according to the price level. In general, market orders (orders placed at best price) are executed first, followed by limit orders (orders placed at a price limit), provided that, if several orders are generated at the same price, they are executed according to the time of entry. The Tadawul system distributes a comprehensive range of information through various channels, including in particular the Tadawul website and Tadawul Information Link, which provide trading data in real time to information providers such as Reuters. Transactions are settled on a T+2 basis, i.e., transfer of share ownership takes place two working days after the trade transaction is executed.

Listed companies are required to disclose all material decisions and information that are important for investors via Tadawul. Tadawul is responsible for the surveillance and monitoring of the Exchange as the operator of the Exchange in order to ensure fair trading and an orderly market.

## 16.15 Securities Depository Center (Edaa)

The Securities Depository Center Company (Edaa) was established in 2016G under the Saudi Companies Law issued by Royal Decree No. M/3, dated 28/01/1437H. Edaa is a closed joint-stock company wholly owned by Saudi Tadawul Group (Tadawul), with a share capital of four hundred million Saudi Riyals (SAR 400,000,000), divided into forty million (40,000,000) shares with a nominal value of ten Saudi Riyals (SAR 10) per share. Edaa was established based on the CMA Board's approval of the request of Tadawul's board of directors to transform the Securities Depository Center into a joint-stock company in accordance with the Capital Market Law issued by Royal Decree No. M/30, dated 02/06/1424H. The activities of Edaa consist of business related to depositing, registering, transferring, settling and clearing securities, as well as registering any ownership restrictions on the deposited securities. Edaa also deposits and manages the records of securities issuers, organizes general assemblies for issuers, including remote voting services for such assemblies, and provides reports, notices and information, in addition to providing any other service related to its activities that Edaa deems appropriate to provide in accordance with the Capital Market Law and its Implementing Regulations.

## 16.16 Trading of the Company's Shares

Trading of the Company's shares is expected to commence after the final allocation of the shares and the announcement of the commencement date of trading of the Company's shares by Tadawul. Citizens of the Kingdom, GCC nationals, and Saudi and GCC companies, banks and investment funds will be permitted to trade in the shares after they are traded on the Exchange.

The Offer Shares may only be traded after the shares have been credited to the Subscribers' accounts at Tadawul, the Company has been registered and its shares listed on the Exchange. Pre-trading in the Company's shares is strictly prohibited and Subscribers entering into pre-trading activities will be acting at their own risk. The Company and the Selling Shareholders will not bear any legal responsibility in this regard.

## 16.17 Miscellaneous

The Subscription Application Form and all related terms, conditions and undertakings shall be binding upon and inure to the benefit of the parties to the subscription and their respective successors, permitted assigns, executors, administrators and heirs. Neither the Subscription Application Form nor any of the rights, interests or obligations arising pursuant thereto may be waived or delegated by the parties to the subscription without the prior written consent of the other party.

These instructions, terms and the receipt of any Subscription Application Forms or related contracts shall be governed, construed and enforced in accordance with the laws of the Kingdom.

This Prospectus has been issued in both Arabic and English, and only the Arabic version is approved by the CMA. In the event of any discrepancy between the Arabic and English texts, the Arabic text of this Prospectus shall prevail.

The distribution of this Prospectus and the sale of the Offer Shares to any person in any jurisdiction other than the Kingdom are expressly prohibited, except for foreign financial institutions, provided that the laws and directives regulating the same are observed. All recipients of this Prospectus are required to inform themselves of all legal restrictions relevant to the Offering and the sale of the Offer Shares and to comply with all such restrictions.

Pursuant to the requirements of the OSCOs, the Company must submit a supplementary prospectus to the CMA at any time after the publication of this Prospectus and before the end of the Offering, the Company becomes aware that: (a) there has been a significant change in any material information contained in this Prospectus or any document required under the OSCOs or the Listing Rules; or (b) additional significant issues have arisen which would have been required to be included in this Prospectus. Except in the aforementioned circumstances, the Company does not intend to update or otherwise amend any information related to the sector, the market, or the forward-looking statements contained in this Prospectus, whether as a result of new information, future events or otherwise. As a result of the aforementioned and other risks, assumptions and uncertainties, the forward-looking events and circumstances discussed in this Prospectus might not occur in the way the Company expects, or at all. Accordingly, prospective investors must examine all forward-looking statements in light of these explanations and must not place undue reliance on forward-looking statements.

# 17. Documents Available for Inspection

The following documents will be available for inspection at the Company's head office located in Al Olaya District, King Fahd Road, P.O. Box 66548, Riyadh 12311, between 9:00 a.m. and 5:00 p.m. from Sunday 06/11/1446H (corresponding to 04/05/2025G) until Thursday 02/12/1446H (corresponding to 29/05/2025G) for a period of no less than twenty (20) days prior to the end of the Offering Period:

- a- a copy of the CMA's announcement approving the Offering;
- b- the resolution of Saudi Tadawul Group approving the Offering;
- c- the resolution of the Company's Board of Directors recommending to the General Assembly to approve the Offering, dated 07/06/1446H (corresponding to 08/12/2024G);
- d- the resolution of the Company's Extraordinary General Assembly approving the Offering, dated 14/06/1446H (corresponding to 15/12/2024G);
- e- the Company's Bylaws, together with any amendments thereto;
- f- the Company's articles of association, together with any amendments thereto;
- g- the Company's commercial registration certificate issued by the Ministry of Commerce;
- h- the special-purpose consolidated financial statements for the financial years ended 31 December 2021G and 2022G and the reissued consolidated financial statements for the financial year ended 2023G;
- i- the unaudited consolidated financial statements for the nine-month period ended 30 September 2024G;
- j- the consolidated financial statements for the year ended 31 December 2024G;
- k- the market report prepared by the Market Consultant;
- l- all reports, letters, other documents, valuations and data prepared by any expert and any part thereof which is included or referred to in this Prospectus;
- m- letters of approval from:
  - 1- EFG Hermes KSA and SNB Capital, the Financial Advisors, Bookrunners and Underwriters, for the inclusion of their names, logos and statements within this Prospectus;
  - 2- SNB Capital, the Lead Manager, for the inclusion of its name, logo and statement within this Prospectus;
  - 3- White & Case for Advocacy and Legal Consultations, the Legal Advisor to the Issuer, for the inclusion of its name, logo and statement within this Prospectus;
  - 4- Latham & Watkins LLC, the Legal Advisor to the Financial Advisors, Lead Manager, Bookrunners and Underwriters, for the inclusion of its name, logo and statement within this Prospectus;
  - 5- PricewaterhouseCoopers Public Accountants, the Financial Due Diligence Advisor, for the inclusion of its name, logo and statement within this Prospectus;
  - 6- Deloitte and Touche & Co. - Chartered Accountants, the external Auditor, for the inclusion of its name, logo and statement and the special-purpose consolidated financial statements for the year ended 31 December 2021G, the special-purpose consolidated financial statements for the year ended 31 December 2022G and the reissued consolidated financial statements for the year ended 31 December 2023G within this Prospectus; and
  - 7- Jones Lang LaSalle Saudi Arabia Ltd, the Market Consultant, for the inclusion of its name, logo and statements within this Prospectus.

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Specialized Medical Company الشركة الطبية التخصصية

# 18. Financial Statements and Auditor's Report

This section contains the special-purpose consolidated financial statements for the years ended 31 December 2021G and 2022G, the reissued consolidated financial statements for the year ended 31 December 2023G, the unaudited consolidated financial statements for the nine-month period ended 30 September 2024G and the consolidated financial statements for the year ended 31 December 2024G along with the accompanying notes thereto, which have been prepared in accordance with the IFRS-KSA and other standards and pronouncements approved by SOCPA, and which were audited for the financial years ended 31 December 2021G, 2022G, 2023G and 2024G, reviewed for the nine-month period ended 30 September 2024G, and reviewed for the three-month period ended 31 March 2025G by the Auditor, Deloitte and Touche & Co. Chartered Accountants.

**SPECIALIZED MEDICAL COMPANY**
(A SAUDI CLOSED JOINT STOCK COMPANY)

**SPECIAL PURPOSE CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT FOR THE YEARS ENDED DECEMBER 31, 2022 AND DECEMBER 31, 2021**

**SPECIALIZED MEDICAL COMPANY**
(A SAUDI CLOSED JOINT STOCK COMPANY)

**SPECIAL PURPOSE CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT**
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND DECEMBER 31, 2021**

Deloitte.

**Deloitte and Touche & Co.**
**Chartered Accountants**
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**INDEPENDENT AUDITOR'S REPORT**

To the management of
Specialized Medical Company
Riyadh, Kingdom of Saudi Arabia

Report on the Audit of the Special Purpose Consolidated Financial Statements

**Opinion**

We have audited the special purpose consolidated financial statements of **Specialized Medical Company** (the "Company") **and its subsidiary (**the "Group"), which comprise the special purpose consolidated statement of financial position as at December 31, 2022 and December 31, 2021, and the special purpose consolidated statement of profit or loss and other comprehensive income, special purpose consolidated statement of changes in equity and special purpose consolidated statement of cash flows for the years then ended, and notes to the special purpose consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying special purpose consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the basis of accounting described in note 2 to the special purpose consolidated financial statements.

**Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Special Purpose Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) ("the Code") as endorsed in the Kingdom of Saudi Arabia, that are relevant to our audit of the special purpose consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with the requirements of the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Emphasis of Matter – Basis of Accounting and Restriction of Use**

We draw attention to note 2 of the special purpose consolidated financial statements, which describes the basis of accounting. The special purpose consolidated financial statements are prepared to be included in the prospectus and submitted to the Capital Market Authority in the Kingdom of Saudi Arabia in connection with the Group's application for an initial public offering. As a result, the special purpose consolidated financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

**Responsibilities of Management and Those Charged with Governance for the Special Purpose Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the special purpose consolidated financial statements in accordance with the basis of accounting described in note 2 to the special purpose consolidated financial statements, and for such internal control as management determines is necessary to enable the preparation of special purpose consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Deloitte.

Deloitte and Touche & Co.
Chartered Accountants

**INDEPENDENT AUDITOR'S REPORT TO THE MANAGEMENT OF SPECIALIZED MEDICAL COMPANY (CONTINUED)**

**Responsibilities of Management and Those Charged with Governance for the Special Purpose Consolidated Financial Statements (continued)**

In preparing the special purpose consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, i.e., Board of Directors, are responsible for overseeing the Group's financial reporting process.

**Auditor's Responsibilities for the Audit of the Special Purpose Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the Special Purpose consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs that are endorsed in the Kingdom of Saudi Arabia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Special Purpose financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Special Purpose financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the Special Purpose financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

Deloitte.

Deloitte and Touche & Co.
Chartered Accountants

**INDEPENDENT AUDITOR'S REPORT TO THE MANAGEMENT OF SPECIALIZED MEDICAL COMPANY (CONTINUED)**

**Auditor's Responsibilities for the Audit of the Special Purpose Consolidated Financial Statements (continued)**

We communicate with those charged with governance i.e. Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**Deloitte and Touche & Co.**
**Chartered Accountants**

Mazen A. Al Omari
License No. 480
Ramadan 12, 1446 H
March 12, 2025

**SPECIALIZED MEDICAL COMPANY**
(A SAUDI CLOSED JOINT STOCK COMPANY)

**SPECIAL PURPOSE CONSOLIDATED STATEMENT OF FINANCIAL POSITION**
**AS AT DECEMBER 31, 2022 AND DECEMBER 31, 2021**

| | Notes | December 31, 2022 SR | December 31, 2021 SR |
|---|---|---|---|
| **Assets** | | | |
| **Current assets** | | | |
| Cash and cash equivalents | 4 | **21,783,087** | 12,816,106 |
| Trade and other receivables | 5 | **425,611,639** | 340,637,480 |
| Due from related parties | 20 | **1,440,489** | 2,361,914 |
| Inventories | 6 | **20,055,572** | 19,261,251 |
| Prepayments and other assets | 7 | **26,439,368** | 230,006,423 |
| **Total current assets** | | **495,330,155** | 605,083,174 |
| **Non-current assets** | | | |
| Property and equipment | 8 | **1,213,086,128** | 1,021,529,684 |
| Right-of-use assets | 11 | **178,426,061** | 209,805,589 |
| **Total non-current assets** | | **1,391,512,189** | 1,231,335,273 |
| **Total assets** | | **1,886,842,344** | 1,836,418,447 |
| **Liabilities and Shareholders' Equity** | | | |
| **Current liabilities** | | | |
| Trade payables | | **109,695,464** | 90,409,288 |
| Due to related parties | 20 | **925,274** | 450,250 |
| Short-term loans | 9 | **395,000,000** | 335,000,000 |
| Long-term loans | 10 | **36,296,296** | 20,000,000 |
| Lease liabilities | 11 | **24,634,353** | 21,558,370 |
| Government loan | 12 | **2,565,278** | 2,478,532 |
| Deferred government grant | 12 | **278,892** | 365,640 |
| Accrued expenses and other credit balances | 13 | **76,372,529** | 67,987,515 |
| Zakat Payable | 14 | **3,957,230** | 3,321,202 |
| **Total current liabilities** | | **649,725,316** | 541,570,797 |
| **Non-current liabilities** | | | |
| Long-term loans | 10 | **198,703,704** | 282,750,000 |
| Government loan | 12 | **5,403,057** | 7,968,338 |
| Lease liabilities | 11 | **152,416,192** | 179,510,598 |
| Deferred government grant | 12 | **285,284** | 564,176 |
| Long term trade payables | | **1,106,909** | 5,524,097 |
| Employees defined benefits liabilities | 15 | **147,367,360** | 134,284,749 |
| **Total non-current liabilities** | | **505,282,506** | 610,601,958 |
| **Total liabilities** | | **1,155,007,822** | 1,152,172,755 |
| **Shareholders' equity** | | | |
| Share capital | 16 | **85,000,000** | 85,000,000 |
| Statutory reserve | 17 | **49,653,238** | 49,653,238 |
| Retained earnings | | **597,181,284** | 549,592,454 |
| **Total Shareholders' equity** | | **731,834,522** | 684,245,692 |
| **Total Liabilities & Shareholders' equity** | | **1,886,842,344** | 1,836,418,447 |

The accompanying notes form an integral part of these special purpose consolidated financial statements.

**SPECIALIZED MEDICAL COMPANY**
(A SAUDI CLOSED JOINT STOCK COMPANY)

**SPECIAL PURPOSE CONSOLIDATED-STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND DECEMBER 31, 2021**

| | Notes | 2022 SR | 2021 SR |
|---|---|---|---|
| Revenue | | **1,208,651,638** | 1,053,123,670 |
| Cost of revenue | | **(922,979,371)** | (815,695,113) |
| **Gross profit** | | **285,672,267** | 237,428,557 |
| General and administrative expenses | 18 | **(149,479,670)** | (162,362,733) |
| Selling and marketing expenses | | **(8,447,259)** | (5,867,518) |
| **Operating profit** | | **127,745,338** | 69,198,306 |
| Finance costs | | **(29,820,994)** | (18,885,684) |
| Other revenue | | **9,191,168** | 8,975,599 |
| **Profit for the year before zakat** | | **107,115,512** | 59,288,221 |
| Zakat | 14 | **(4,154,844)** | (3,321,202) |
| **Profit for the year** | | **102,960,668** | 55,967,019 |
| **Other comprehensive income:** | | | |
| **Items which will not be reclassified subsequently to profit or loss:** | | | |
| Re - measurement of employees defined benefits liabilities | 15 | **(5,371,838)** | (2,146,746) |
| **Total other comprehensive loss for the year** | | **(5,371,838)** | (2,146,746) |
| **Total comprehensive income for the year** | | **97,588,830** | 53,820,273 |
| **Earnings per share (EPS)** | | | |
| Basic and diluted EPS | 22 | **12.11** | 6.58 |

The accompanying notes form an integral part of these special purpose consolidated financial statements.

**SPECIALIZED MEDICAL COMPANY**
(A SAUDI CLOSED JOINT STOCK COMPANY)

**SPECIAL PURPOSE CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND DECEMBER 31, 2021**

| | Notes | Share capital SR | Statutory reserves SR | Retained earnings SR | Total SR |
|---|---|---|---|---|---|
| Balance as of January 1, 2021 | | 85,000,000 | 49,653,238 | 530,772,181 | 665,425,419 |
| Profit for the year | | - | - | 55,967,019 | 55,967,019 |
| Total other comprehensive loss | | - | - | (2,146,746) | (2,146,746) |
| Total comprehensive income for the year | | - | - | 53,820,273 | 53,820,273 |
| Dividends | 19 | - | - | (35,000,000) | (35,000,000) |
| Balance as of December 31, 2021 | | 85,000,000 | 49,653,238 | 549,592,454 | 684,245,692 |
| Profit for the year | | **-** | **-** | **102,960,668** | **102,960,668** |
| Total other comprehensive loss | | **-** | **-** | **(5,371,838)** | **(5,371,838)** |
| Total comprehensive income for the year | | **-** | **-** | **97,588,830** | **97,588,830** |
| Dividends | 19 | **-** | **-** | **(50,000,000)** | **(50,000,000)** |
| **Balance as of December 31, 2022** | | **85,000,000** | **49,653,238** | **597,181,284** | **731,834,522** |

The accompanying notes form an integral part of these special purpose consolidated financial statements.

**SPECIALIZED MEDICAL COMPANY**
(A SAUDI CLOSED JOINT STOCK COMPANY)

**SPECIAL PURPOSE CONSOLIDATED STATEMENT OF CASH FLOWS**
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND DECEMBER 31, 2021**

| | Notes | 2022 SR | 2021 SR |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Profit before zakat | | **107,115,512** | 59,288,221 |
| **Adjustments for:** | | | |
| Depreciation of property and equipment | 8 | **74,845,085** | 72,349,977 |
| Depreciation of right of use asset | 11 | **29,093,080** | 30,586,381 |
| Expected credit loss charged for the year | 5 | **36,125,726** | 51,319,972 |
| Amortization of deferred income - government grant | 12 | **(365,640)** | (513,207) |
| Employees defined benefits liabilities | 15 | **15,928,476** | 14,899,405 |
| Finance costs | | **29,820,994** | 18,885,684 |
| Gains from disposal of property and equipment | | **(64,272)** | (53,063) |
| | | **292,498,961** | 246,763,370 |
| **Working capital changes:** | | | |
| Trade receivable | | **(121,099,885)** | (111,957,959) |
| Due from related parties | | **921,425** | (243,080) |
| Inventories | | **(794,321)** | 4,559,890 |
| Prepayments and other balances | | **(1,948,989)** | (196,225,042) |
| Trade payables | | **14,868,988** | (32,126,302) |
| Due to related parties | | **475,024** | (650,035) |
| Accrued expenses and other credit balances | | **7,405,576** | 18,950,493 |
| **Cash generated from / (used in) operating activities** | | **192,326,779** | (70,928,665) |
| Zakat paid | 14 | **(3,518,816)** | (1,767,838) |
| Employees defined benefits liabilities paid | 15 | **(11,326,050)** | (11,548,776) |
| **Net cash generated from / (used in) operating activities** | | **177,481,913** | (84,245,279) |
| **Cash flows from investing activities** | | | |
| Purchase of property and equipment | 8 | **(40,606,291)** | (56,630,057) |
| Proceeds from disposal of property and equipment | | **64,695** | 195,703 |
| Additions on projects under progress | 8 | **(20,279,617)** | (18,508,032) |
| **Net cash used in investing activities** | | **(60,821,213)** | (74,942,386) |
| **Cash flows from financing activities** | | | |
| Dividends paid | | **(50,000,000)** | (35,000,000) |
| Proceeds from short term loan – net | 9 | **15,000,000** | 170,000,000 |
| Repayment of long term loan / Proceeds from long term loan - net | 10 | **(22,750,000)** | 47,714,264 |
| Repayment of long-term government loan | 12 | **(2,478,535)** | (4,216,165) |
| Lease liabilities paid | 11 | **(21,731,975)** | (21,619,675) |
| Finance cost paid | | **(25,733,209)** | (16,342,289) |
| **Net cash (used in) / generated from financing activities** | | **(107,693,719)** | 140,536,135 |
| **Net increase / (decrease) in cash and cash equivalents during the year** | | **8,966,981** | (18,651,530) |
| Cash and cash equivalents as of the beginning of the year | | **12,816,106** | 31,467,636 |
| **Cash and cash equivalents as of the end of the year** | | **21,783,087** | 12,816,106 |
| | | | |
| **Non-cash items** | | | |
| Transfer of the advance paid to purchase Land | | **205,516,044** | - |
| Transfer from long term loan to short term loan | 9 & 10 | **45,000,000** | - |
| Re-measurement of employees defined benefits liabilities | 15 | **(5,371,838)** | (2,146,746) |
| Transfer of projects under progress to property and equipment | 8 | **131,950** | 73,039 |
| Additions of right of use assets | 11 | **-** | 10,884,988 |

The accompanying notes form an integral part of these special purpose consolidated financial statements.

**SPECIALIZED MEDICAL COMPANY**
(A SAUDI CLOSED JOINT STOCK COMPANY)

**NOTES TO THE SPECIAL PURPOSE CONSOLIDATED FINANCIAL STATEMENTS**
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND DECEMBER 31, 2021**

## 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 No. 1010123832 dated 13/11/1414H (corresponding to April 24, 1994).

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.

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 wholly owned subsidiary (2021: 100%);

| Names | Country of Incorporation | Activities |
|---|---|---|
| International Specialized Food Company | Saudi Arabia | Food and catering services |

These special purpose consolidated financial statements include the financial information of the Company, its subsidiary 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 – King Fahad Road | 1010150227 | Hospitals | Riyadh | 23/06/1998 |
| Diet World – SMC | 1010156585 | Nutrition Centers | Riyadh | 12/03/1999 |
| Diet World – SMC | 2051030207 | Nutrition Centers | Khobar | 11/01/2004 |
| Diet World – SMC | 4030169166 | Activities of caters who provide food services and nutrition centers | Jeddah | 05/05/2007 |
| Specialized Medical Center – SMC – King Abdullah Road | 1010413585 | Hospitals | Riyadh | 05/07/2014 |
| Specialized Medical Company | 1010431691 | Management and maintenance of hospitals, dispensaries, health facilities and non-medical operations | Riyadh | 22/03/2015 |
| Specialized Medical Company – SMC | 1010851377 | Public hospitals | Riyadh | 22/12/2022 |

**SPECIALIZED MEDICAL COMPANY**
(A SAUDI CLOSED JOINT STOCK COMPANY)

**NOTES TO THE SPECIAL PURPOSE CONSOLIDATED FINANCIAL STATEMENTS (continued)**
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND DECEMBER 31, 2021**

## 2. BASIS OF ACCOUNTING

### 2.1 *Statement of compliance*

These special purpose consolidated financial statements for the Group have been prepared for the years ended December 31, 2022, and 2021, in accordance with the accounting policies, principles, estimates, and assumptions set out in Note 3.

The management has applied the International Financial Reporting Standards (IFRS) and interpretations issued by the International Accounting Standards Board (IASB) and adopted in the Kingdom of Saudi Arabia, along with other standards and pronouncements endorsed by the Saudi Organization for Certified Public Accountants (SOCPA) (collectively referred to as "IFRS as endorsed in the Kingdom of Saudi Arabia") in preparing the consolidated financial statements for the years ended December 31, 2022 and 2021.

These consolidated financial statements, which have been prepared for a special-purpose engagement, cover the years ended December 31, 2022, and December 31, 2021, to be included in the prospectus and submitted to the Capital Market Authority (CMA) in the Kingdom of Saudi Arabia in connection with the Group's application for an initial public offering (IPO). Accordingly, these special purpose consolidated financial statements may not be suitable for any other purpose.

A separate set of statutory financial statements for the years ended December 31, 2022 and 2021 were prepared by management and audited by another auditor whose report dated May 28, 2023 and April 19, 2022 respectively. expressed an unmodified opinion on the financial statements. The audited statutory financial statements were submitted to The Ministry of Commerce and Industry.

The current and comparative years figures in these special purpose consolidated financial statements are different to the statutory financial statements of the Company for the years ended December 31, 2022 and 2021.

### 2.2 *Basis of Consolidation*

The special purpose consolidated financial statements have been prepared on the historical cost basis unless otherwise stated in the accounting policies below.

These special purpose consolidated financial statements include the assets, liabilities and results of operations of the Company and its subsidiary (the "Group") listed in note (1) above. The Company and its subsidiary are collectively referred to as the "Group". Subsidiary 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. Subsidiary 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 special purpose 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 subsidiary is aligned, where necessary, to ensure consistency with the policies adopted by the Group. The Company and its subsidiary have the same reporting periods.

### 2.3 *Functional and presentation currency*

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

### 2.4 *Summary* of Significant Accounting Policies

***Cash and cash equivalents***
Cash and cash equivalents in the special purpose consolidated statement of financial position comprise cash at banks, cash on hand and short-term deposits with a maturity of three months or less.

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**SPECIALIZED MEDICAL COMPANY**
(A SAUDI CLOSED JOINT STOCK COMPANY)

**NOTES TO THE SPECIAL PURPOSE CONSOLIDATED FINANCIAL STATEMENTS (continued)**
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND DECEMBER 31, 2021**

**2.4 Summary of Significant Accounting Policies (continued)**

***Inventories***
Inventories are stated at lower of cost or estimated net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less any cost to complete the selling process. Cost is determined using weighted average method. Appropriate provision is made for slow moving inventories, if any.

Cost includes the expenditure incurred in acquiring the inventories and costs incurred in bringing the inventories to their existing location and conditions.

***Property and equipment***
Property and equipment are stated at cost, net of accumulated depreciation and/or accumulated impairment losses, (if any) except for assets under construction and lands which are stated at cost and are not depreciated. Assets under construction represent all costs relating directly to the projects in progress and are capitalized as property and equipment when the project is completed.

Costs includes all expenditures directly attributable to the construction or purchase of the item of property and equipment. Such costs include the cost of replacing parts of the property and equipment and borrowing costs for' long-term construction projects if the recognition criteria are met. When significant parts of property and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful life and depreciates them accordingly. All repair' and maintenance costs are recognised in the special purpose consolidated statement of profit or loss and Comprehensive Income as incurred. Improvements that increase the value or materially extend the life of the related assets are capitalized.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, lease hold improvements are depreciated at the lower of its useful life or' lease term. The annual depreciation rates used are as follows:

| Description | Depreciation Percentage |
|---|---|
| Building & Renovation | 1.75% - 6.67% |
| Medical equipment | 10% - 25% |
| Furniture & fixtures | 10% - 20% |
| Computer & Software | 14% - 25% |
| General Equipment | 10% - 25% |
| Motor vehicles | 25% |

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the special purpose consolidated statement of profit or loss and other comprehensive income when the asset is derecognised.

The residual values, useful life and methods of depreciation of property and equipment are reviewed at the end of each financial year and adjusted prospectively, if appropriate.

***Right-of-Use Assets and Lease Liabilities***

The group has recognised new assets and liabilities for its finance leases of various types of contracts including buildings, lands, warehouse and depot facilities, accommodation/office rental premises, medical equipment's etc. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the special purpose consolidated statement of profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis.

***Right-of-use assets are measured at cost comprising the following:***
- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and - restoration costs.

Right-of-use assets are subsequently measured at cost less accumulated depreciation.

**SPECIALIZED MEDICAL COMPANY**
(A SAUDI CLOSED JOINT STOCK COMPANY)

**NOTES TO THE SPECIAL PURPOSE CONSOLIDATED FINANCIAL STATEMENTS (continued)**
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND DECEMBER 31, 2021**

**2.4 Summary of Significant Accounting Policies (continued)**

***Right-of-Use Assets and Lease Liabilities (continued)***
***Lease liabilities include the net present value of the following lease payments:***
- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the incremental borrowing rate, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the special purpose consolidated statement of profit or loss, short-term leases are leases with a lease term or 12 months or less. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options are only included in the lease term if the lease is reasonably certain to be extended. In determining the lease term, the management generally considers certain factors including historical lease durations and the costs and business disruption required to replace the leased asset.

***Financial Instruments***

Financial instruments are recognised when the Group becomes a party to the contractual provisions of the instrument. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

***Financial assets***
Group requires all financial assets to be classified and subsequently' measured at either amortised cost or fair value. The classification depends on the business model for managing the financial asset and the contractual cash flow characteristics of financial asset, determined at the time of initial recognition.

Financial assets are classified into the following specified categories under accounting policies:
- Debt instruments at amortised cost;
- Debt instruments at fair value through other comprehensive income (FVOCI), with gains or losses recycled to Comprehensive Income on derecognition:
- Equity instruments at FVOCI, with no recycling of gains or losses to Comprehensive Income on derecognition; and financial assets at fair value through profit and loss (FVPL).

*Financial assets classified as amortised cost*
Debt instruments that meet the following conditions are subsequently measured at amortised cost less impairment loss (except for debt investments that are designated as at fair value through Comprehensive Income on initial recognition):
- The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- The contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

If a financial asset does not meet both of these conditions, it is measured at fair value.

**SPECIALIZED MEDICAL COMPANY**
(A SAUDI CLOSED JOINT STOCK COMPANY)

**NOTES TO THE SPECIAL PURPOSE CONSOLIDATED FINANCIAL STATEMENTS (continued)**
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND DECEMBER 31, 2021**

**2.4 Summary of Significant Accounting Policies (continued)**

***Financial Instruments*** *(continued)*

*Financial assets designated as FVOCI*

Debt instruments that meet the following conditions are subsequently measured at FVOCI:

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount Outstanding.

*Investment in equity instruments designated as FVOCI*

On initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

As of reporting date, the Group do not possess any equity instruments designated as at FVOCI.

*Financial assets classified as FVPL*

Investments in equity instruments are classified as at FVPL, unless the Group designates an investment that is not held for trading as at FVOCI on initial recognition.

As of reporting date, the Group does not possess any financial assets classified as at FVPL

**Impairment of financial assets**

The Group recognises a loss allowance for expected credit losses (ECL) on debt instruments that are measured at amortised cost such as trade receivables and other financial assets.

No impairment loss is recognised for investments in equity instruments. The amount of expected credit losses reflects changes in credit risk since initial recognition of the respective financial instrument.

The Group applies the simplified approach to calculate impairment on trade receivables and this always recognises lifetime ECL on such exposures. ECL on these financial assets are estimated using a flow rare based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group applies the general approach to calculate impairment. Lifetime ECL is recognised when there has been a significant increase in credit risk since initial recognition and 12 month ECL is recognised the credit risk on the financial instrument which has not increased significantly since initial recognition. The assessment of whether credit risk of the financial instrument has increased significantly since initial recognition is made through considering the change in risk of default occurring over the remaining life of the financial instrument.

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e., the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of' default is based on historical data adjusted by forward-looking information as described above.

As for the exposure at default for financial assets, this is represented by the assets' gross carrying amount at the reporting date. Exposure at default for off balance sheet items is arrived at by applying a credit conversion factor to the undrawn portion of the exposure.

**SPECIALIZED MEDICAL COMPANY**
(A SAUDI CLOSED JOINT STOCK COMPANY)

**NOTES TO THE SPECIAL PURPOSE CONSOLIDATED FINANCIAL STATEMENTS (continued)**
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND DECEMBER 31, 2021**

**2.4 Summary of Significant Accounting Policies (continued)**

***Financial Instruments*** *(continued)*

Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are companied on the following basis:

**Measurement and recognition of expected credit losses**

- Nature of financial instruments (i.e., the Group's trade and other receivables, finance lease receivables and amounts due from customers are each assessed as a separate group. Loans to related parties are assessed for expected credit losses on an individual basis);
- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The Group recognises an impairment gain or loss in the special purpose consolidated Statement of Comprehensive Income for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVOCl, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the Financial asset in the Special Purpose Consolidated Statement of Financial Position.

**Derecognition of financial assets**
The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset or substantially all the risk and rewards of ownership to another entity. If the Group neither transfer nor retains substantially all the risks and reward of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and associated liability for' amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralized borrowing for the proceeds received.

**Financial liabilities**
Financial liabilities carried at amortised cost have been classified and measured at amortised cost using the effective yield method.

For financial liabilities that are designated as at FVPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other- comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other- comprehensive income would create or enlarge an accounting mismatch in Special Purpose consolidated statement of profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to Special Purpose consolidated statement of comprehensive income. The liability credit reserve includes the cumulative changes in the fair value of the financial liabilities designated as at fair value through Comprehensive Income that are attributable to changes in the credit risk of these liabilities and which would not create or enlarge accounting mismatch in special purpose consolidated statement of profit or loss. Amount presented in liability credit reserve are not subsequently transferred to special purpose consolidated statement of profit or' loss. When such investments are derecognised, the related cumulative amount in the liability credit reserve is transferred to retained earnings.

**Derecognition of financial liabilities**
The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expired.

**SPECIALIZED MEDICAL COMPANY**
(A SAUDI CLOSED JOINT STOCK COMPANY)

**NOTES TO THE SPECIAL PURPOSE CONSOLIDATED FINANCIAL STATEMENTS (continued)**
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND DECEMBER 31, 2021**

**2.4 Summary of Significant Accounting Policies (continued)**

***Statutory reserve***

As required by Saudi Arabian Regulations for Companies, 10% of the Company's net income for the year is to be transferred to the statutory reserve. The Company may resolve to discontinue such transfers when the reserve equals 30% of the share capital. The reserve is not available for distribution.

***Zakat provision***

The Company and its subsidiary are subject to zakat according to the regulations of the General Authority of Zakat and Income. Zakat is calculated according to the Zakat rule on the basis of the special purpose consolidated financial statements of the Company and its subsidiary. The calculated Zakat provision is distributed between the Company and its subsidiary. Any difference between the provisions and the final assessment is recorded in the year in which the final assessment occurs.

***Employees benefits***

**Short term obligations**
Liabilities for wages and salaries and any other short term benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees, under the related service are recognised in respect of employee's services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the special purpose consolidated statement of financial position.

**Post-employment liabilities**

**Defined contribution plans**

Retirement benefit in the Form of General Organization of Social Insurance (GOSl) is a defined contribution scheme. The Group has no obligation, other than the contribution payable to the GOSl. The Group recognises contribution payable to the GOSl as an expense, when an employee renders the related service.

**Defined benefits plans**
The cost of providing benefits under the defined benefit plans is determined using the projected unit credit method. Re-measurements, comprising of actuarial gains and losses, are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Re-measurements are not reclassified to Comprehensive Income in subsequent periods.

The discount rate for discounting the estimated future cash outflows is required to be based on the yield on corporate bonds of duration and currency consistent with the liabilities. Where there is no deep market in corporate bonds in the currency under consideration, the yields on government bonds are used. In the absence of deep bond market in KSA, the discount rate used is based on US Corporate Bond Rates.

Past service costs are recognised in the special purpose consolidated statement of Comprehensive Income on the earlier of the date of the plan amendment or curtailment and the date on which the Group recognises related restructuring costs. Net interest is calculated by applying the discount rate to the net defined benefit liability. The Group recognises the changes in the net defined benefit obligation under 'cost of revenue, 'general and administrative expenses' and 'selling and distribution expenses' in the special purpose consolidated statement of profit or loss.

**SPECIALIZED MEDICAL COMPANY**
(A SAUDI CLOSED JOINT STOCK COMPANY)

**NOTES TO THE SPECIAL PURPOSE CONSOLIDATED FINANCIAL STATEMENTS (continued)**
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND DECEMBER 31, 2021**

**2.4 Summary of Significant Accounting Policies (continued)**

***Government grants***

Government grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be compiled with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed. Where the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

The Group has received interest free loans from Ministry of finance with a condition to use the proceeds only for the purpose of the purchase of medical equipment and furniture. The difference between the initial carrying value of the loan (its fair value) and the proceeds received is treated as a government grant. The grant income is deferred and subsequently released in the special purpose consolidated statement of Comprehensive Income for the same period as the depreciation of the relevant asset.

***Impairment of Non-Financial Assets***

For all tangible and intangible assets, the Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an assets or cash generating unit's ("CGU") fair value less costs of disposal and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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

The Group bases its impairment calculation on detailed budgets and forecasts which are prepared separately for each of the Group's CGU to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of three years. A long-term growth rate is calculated and applied to project future cash flows after the third year.

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

***Revenue***

The Group recognises revenue from customers based on following five steps:

**Step 1:** Identify the contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met:

**Step 2:** Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer:

**Step 3:** Determine the transaction price: the transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

**Step 4:** Allocate the transaction price to the performance obligations in the contract: For a contract that has more than on performance obligation, the Group will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.

**SPECIALIZED MEDICAL COMPANY**
(A SAUDI CLOSED JOINT STOCK COMPANY)

**NOTES TO THE SPECIAL PURPOSE CONSOLIDATED FINANCIAL STATEMENTS (continued)**
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND DECEMBER 31, 2021**

**2.4 Summary of Significant Accounting Policies (continued)**

***Revenue*** *(continued)*

**Step 5**: Recognise revenue when (or as) the entity satisfies a performance obligation.

The Group satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

a) the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs.
b) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced,
c) the Group's performance does not create an asset with an alternate use to the Group and the Group has an enforceable right to payment for performance completed to date.

For performance obligations where one of the above conditions are not met, revenue is recognised at the point in time at which the performance obligation is satisfied.

When the Group satisfies a performance obligation by delivering the promised services it creates a contract based asset on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised this gives rise to a contract liability.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes and duty. The Group assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent.

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably.

**Medical services**
Revenue from medical services primarily comprises fees charged for inpatient and outpatient hospitals services. Services include charges for accommodation, medical professional services, medical supplies and medication, equipment, radiology and laboratory. These services are sold either separately or bundled together with the sale of pharmaceutical products to a customer.

The Group assessed that there is only one performance obligation in a contract for bundled medical services, because the transferred services are not capable of being distinct.

The Group concluded that revenue from bundled services will be recognised over time, using the output method to measure progress towards complete satisfaction of the service similar to the previous accounting policy.

**Medical claims objections**
The objections of medical claims are estimated from customers based on the Group's past experience and are recognised against revenue earned during the year. These estimates are subsequently adjusted to the actual settlement with the customers.

***Cost of Revenue***

Cost of Revenue represents expenses directly related to the generation of revenue, including but not limited to salaries and benefits, materials and supplies, depreciation and other direct costs.

***General and Administrative Expenses***

General and administrative expenses include direct and indirect costs that do not specifically form part of the medical cost. Allocations between general, administrative, and medical cost, when required, are made on a consistent basis.

**SPECIALIZED MEDICAL COMPANY**
(A SAUDI CLOSED JOINT STOCK COMPANY)

**NOTES TO THE SPECIAL PURPOSE CONSOLIDATED FINANCIAL STATEMENTS (continued)**
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND DECEMBER 31, 2021**

**2.4 Summary of Significant Accounting Policies (continued)**

***Foreign Currencies***

Transactions in foreign currencies are initially recorded by the Group at functional currency spot rate at the date the transaction qualifies for recognition.
Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the financial statements date. All differences are recognised in the special purpose consolidated statement of profit and loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

***Borrowing Costs***

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

***Provisions***

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of Comprehensive Income net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

***Contingent Liabilities***

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or nonoccurrence of one or more uncertain future events not wholly within the control of the Group or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

**3. SIGNIFICANT JUDGEMENTS ASSUMPTION AND ESTIMATES**

In preparing these special purpose consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of the Group’s accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that are behaved to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are addressed below:

**Judgments**
In the process of applying the Group’s accounting policies, management has made judgements, which have the effect on the amounts recognised in the special purpose consolidated financial statements.

**SPECIALIZED MEDICAL COMPANY**
(A SAUDI CLOSED JOINT STOCK COMPANY)

**NOTES TO THE SPECIAL PURPOSE CONSOLIDATED FINANCIAL STATEMENTS (continued)**
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND DECEMBER 31, 2021**

## 3. SIGNIFICANT JUDGEMENTS ASSUMPTION AND ESTIMATES (continued)

**Assumptions and estimates**
The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

**Revenue recognition**

The application of IFRS 15 has required management to make the following judgement:

- ***Satisfaction of performance obligations***
  The Group is required to assess each of its contracts with patients to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method of recognizing revenue.

- ***Determination of transaction prices***
  The Group is required to determine the transaction price in respect of each of its agreements with customers. In making such judgment the Group assess the impact of any variable consideration in the contract, due to insurance claims discount or any other variable items, the existence of any significant financing component in the contract and any non-cash consideration in the contract.

- ***Transfer of control in contracts with customers***
  In case where the Group determines that performance obligation are satisfied at a point in time, revenue is recognised when services or control over the assets that is subject of contract is transferred to the patients.

**Allowance for expected credit losses**
When measuring expected credit losses the Group uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the Group would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring expected credit losses. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

**Useful lives of property and equipment**
The useful life of each of the Group's items of property and equipment is estimated based on the period over which the asset is expected to be available for use. Such estimation is based on a collective assessment of practices of similar businesses, internal technical evaluation, experience with similar assets and application of judgment as to when the assets become available for use and the commencement of the depreciation charge.

The estimated useful life of each asset is reviewed periodically and updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the asset. It is possible, however, that future results of operations could be materially affected by changes in the amounts and timing of recorded expenses brought about by changes in the factors mentioned above. A reduction in the estimated useful life of any item of property and equipment would increase the recorded operating expenses and decrease non-current assets.

**SPECIALIZED MEDICAL COMPANY**
(A SAUDI CLOSED JOINT STOCK COMPANY)

**NOTES TO THE SPECIAL PURPOSE CONSOLIDATED FINANCIAL STATEMENTS (continued)**
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND DECEMBER 31, 2021**

**3.SIGNIFICANT JUDGEMENTS ASSUMPTION AND ESTIMATES (continued)**

**Measurement of employees' defined benefits liabilities**
The Group net obligation in respect of defined benefit schemes is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods: that benefit is discounted to determine its present value, and the fair value of any plan assets is deducted.

The present value of the obligation is determined based on actuarial valuation at the statement of special purpose consolidated financial position date by an independent actuary using the Projected Unit Credit Method, which recognises each period of service as giving rise to an additional unit of employee benefit entitlement and measures. The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plan, are determined by reference to US bond yields, (as the Saudi Riyal is pegged to the US dollar), adjusted for an additional risk premium reflecting the possibility of the linkage being broken.

## 4. CASH AND CASH EQUIVALENTS

| | **December 31, 2022 SR** | December 31, 2021 SR |
|---|---|---|
| Cash at banks | **21,263,773** | 12,342,062 |
| Cash on hand | **519,314** | 474,044 |
| | **21,783,087** | 12,816,106 |

## 5. TRADE AND OTHER RECEIVABLES

| | **December 31, 2022 SR** | December 31, 2021 SR |
|---|---|---|
| Total trade and other receivables | **510,502,268** | 391,957,452 |
| Less: Provision of expected credit losses (6.1) | **(84,890,629)** | (51,319,972) |
| | **425,611,639** | 340,637,480 |

**5.1 Movements in the provision of expected credit losses**

| | **December 31, 2022 SR** | December 31, 2021 SR |
|---|---|---|
| Balance as of January 01 | **51,319,972** | 4,560,617 |
| Charged during the year | **36,125,726** | 51,319,972 |
| Write off during the year | **(2,555,069)** | (4,560,617) |
| Balance as of December 31 | **84,890,629** | 51,319,972 |

**SPECIALIZED MEDICAL COMPANY**
(A SAUDI CLOSED JOINT STOCK COMPANY)

**NOTES TO THE SPECIAL PURPOSE CONSOLIDATED FINANCIAL STATEMENTS (continued)**
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND DECEMBER 31, 2021**

## 6. INVENTORIES

| | **December 31, 2022 SR** | December 31, 2021 SR |
|---|---|---|
| Medical and operating room supplies | **15,816,195** | 15,198,717 |
| Other inventories | **4,239,377** | 4,062,534 |
| | **20,055,572** | 19,261,251 |

## 7. PREPAYMETS AND OTHER ASSETS

| | **December 31, 2022 SR** | December 31, 2021 SR |
|---|---|---|
| Iqama fees | **11,137,398** | 8,934,590 |
| Advance payments * | **6,352,610** | 212,245,170 |
| Employee receivables | **2,671,708** | 1,973,338 |
| Prepaid expenses | **2,442,805** | 1,989,551 |
| Advances to suppliers - other purposes | **1,776,131** | 1,467,932 |
| Others | **2,058,716** | 3,395,842 |
| | **26,439,368** | 230,006,423 |

* Advance payments as of December 31, 2021 include SR 205,516,044 which represents advance paid for purchase of Land in order to build new branch, the title deed was transferred under the Company's name during the year 2022, accordingly this balance was transferred to land under property and equipment in 2022.

**SPECIALIZED MEDICAL COMPANY**
(A SAUDI CLOSED JOINT STOCK COMPANY)

**NOTES TO THE SPECIAL PURPOSE CONSOLIDATED FINANCIAL STATEMENTS (continued)**
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND DECEMBER 31, 2021**

## 8. PROPERTY AND EQUIPMENT

| | Land** | Building and renovation** | Medical equipment | Furniture and fixtures | Computer and software | General equipment | Motor vehicles | Projects under progress * | Total |
|---|---|---|---|---|---|---|---|---|---|
| **Cost:** | | | | | | | | | |
| Balance as of January 1, 2021 | 121,034,345 | 680,206,915 | 351,054,420 | 90,477,913 | 78,826,853 | 37,731,663 | 7,455,894 | 33,253,538 | 1,400,041,541 |
| Additions | - | 8,013,187 | 29,926,530 | 12,233,356 | 2,252,504 | 3,832,480 | 372,000 | 18,508,032 | 75,138,089 |
| Transfer | - | 73,039 | - | - | - | - | - | (73,039) | - |
| Disposals | - | (14,200) | (536,000) | - | - | (546,640) | (140,850) | - | (1,237,690) |
| Balance as of December 31, 2021 | 121,034,345 | 688,278,941 | 380,444,950 | 102,711,269 | 81,079,357 | 41,017,503 | 7,687,044 | 51,688,531 | 1,473,941,940 |
| Additions | **205,516,044** | **1,677,929** | **23,144,511** | **6,893,155** | **3,668,150** | **5,119,046** | **103,500** | **20,279,617** | **266,401,952** |
| Transfer | - | - | - | **131,950** | - | - | - | **(131,950)** | - |
| Disposals | - | - | - | **(1,580)** | **(639,755)** | **(165,610)** | - | - | **(806,945)** |
| **Balance as of December 31, 2022** | **326,550,389** | **689,956,870** | **403,589,461** | **109,734,794** | **84,107,752** | **45,970,939** | **7,790,544** | **71,836,198** | **1,739,536,947** |
| **Accumulated depreciation:** | | | | | | | | | |
| Balance as of January 1, 2021 | - | 77,058,546 | 176,730,473 | 46,869,297 | 54,505,419 | 19,696,282 | 6,297,312 | - | 381,157,329 |
| Charge for the year | - | 15,892,976 | 36,897,032 | 7,170,655 | 8,569,969 | 3,328,913 | 490,432 | - | 72,349,977 |
| Disposals | - | (1,218) | (536,000) | - | - | (416,982) | (140,850) | - | (1,095,050) |
| Balance as of December 31, 2021 | - | 92,950,304 | 213,091,505 | 54,039,952 | 63,075,388 | 22,608,213 | 6,646,894 | - | 452,412,256 |
| Charge for the year | - | **16,346,007** | **38,553,727** | **7,852,967** | **8,294,602** | **3,380,546** | **417,236** | - | **74,845,085** |
| Disposals | - | - | - | **(1,580)** | **(639,332)** | **(165,610)** | - | - | **(806,522)** |
| **Balance as of December 31, 2022** | - | **109,296,311** | **251,645,232** | **61,891,339** | **70,730,658** | **25,823,149** | **7,064,130** | - | **526,450,819** |
| **Net book value:** | | | | | | | | | |
| **December 31, 2022** | **326,550,389** | **580,660,559** | **151,944,229** | **47,843,455** | **13,377,094** | **20,147,790** | **726,414** | **71,836,198** | **1,213,086,128** |
| December 31, 2021 | 121,034,345 | 595,328,637 | 167,353,445 | 48,671,317 | 18,003,969 | 18,409,290 | 1,040,150 | 51,688,531 | 1,021,529,684 |

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

**Land and Building and Renovation include land and building of SR 60,983,414 are mortgaged against the loan from ministry of finance (Note 12).

**SPECIALIZED MEDICAL COMPANY**
(A SAUDI CLOSED JOINT STOCK COMPANY)

**NOTES TO THE SPECIAL PURPOSE CONSOLIDATED FINANCIAL STATEMENTS (continued)**
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND DECEMBER 31, 2021**

## 8. PROPERTY AND EQUIPMENT (continued)

**Movement of projects under progress is summarized as following:**

| | **2022** **SR** | 2021 SR |
|---|---|---|
| Balance as of January 01 | **51,688,531** | 33,253,538 |
| Additions during the year | **20,279,617** | 18,508,032 |
| Transfers during the year | **(131,950)** | (73,039) |
| Balance as of December 31 | **71,836,198** | 51,688,531 |

**Projects under progress**

The construction contracts of the Ishbilia Kitchen and Ishbilia Nurses Housing projects are signed with Abdulrahman Saad Al-Rashid & Sons Co., a major shareholder in the group (Note 21).

## 9. SHORT-TERM LOANS

The Group obtained bank facilities from commercial banks with a rate of one month SIBOR + agreed rates to finance working capital, with corporate and personal guarantees from the shareholders, the value of the withdrawal until December 31, 2022: SR 395,000,000 (December 31, 2021: SR 335,000,000).

## 10. LONG-TERM LOANS

| | **December 31, 2022** **SR** | December 31, 2021 SR |
|---|---|---|
| Balance as of January 01 | **302,750,000** | 255,035,736 |
| Additions during the year | **-** | 280,000,000 |
| Reclassification to short term loan | **(45,000,000)** | - |
| Paid during the year | **(22,750,000)** | (232,285,736) |
| Balance as of December 31 | **235,000,000** | 302,750,000 |
| | | |
| Current portion of long-term loans | **36,296,296** | 20,000,000 |
| Non-current portion of long-term loans | **198,703,704** | 282,750,000 |
| | **235,000,000** | 302,750,000 |

The Group utilized bank facilities from commercial banks with a rate of one month SIBOR + agreed rates to finance the working capital with the corporate and personal guarantee of shareholders. Part of this loan utilized for the purchase of land in order to build a new hospital (SMC 3), the value of the withdrawal until December 31, 2022: SR 235,000,000 (December 31, 2021: SR 302,750,000).

**SPECIALIZED MEDICAL COMPANY**
(A SAUDI CLOSED JOINT STOCK COMPANY)

**NOTES TO THE SPECIAL PURPOSE CONSOLIDATED FINANCIAL STATEMENTS (continued)**
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND DECEMBER 31, 2021**

## 11. RIGHT OF USE ASSETS AND LEASE LIABILITIES

**Right-Of-Use Assets**

| | **December 31, 2022 SR** | December 31, 2021 SR |
|---|---|---|
| **Cost** | | |
| Balance as of January 01 | **320,484,111** | 311,520,980 |
| Additions during the year | **-** | 10,884,988 |
| Disposals during the year | **(5,460,990)** | (1,921,857) |
| Balance as of December 31 | **315,023,121** | 320,484,111 |
| **Accumulated depreciation** | | |
| Balance as of January 01, | **110,678,522** | 82,013,998 |
| Charge for the year | **29,093,080** | 30,586,381 |
| Disposals during the year | **(3,174,542)** | (1,921,857) |
| Balance as of December 31 | **136,597,060** | 110,678,522 |
| **Net book value** | | |
| **As of December 31,** | **178,426,061** | 209,805,589 |

**Lease liabilities**

| | **2022 SR** | 2021 SR |
|---|---|---|
| Balance as of January 01 | **201,068,968** | 211,803,655 |
| Additions during the year | **-** | 10,884,988 |
| Finance cost during the year | **5,518,506** | 6,060,401 |
| Disposal during the year | **(2,286,448)** | - |
| Payments during the year | **(27,250,481)** | (27,680,076) |
| Balance as of December 31 | **177,050,545** | 201,068,968 |

Lease liabilities as of the year-end are as follows:

| | **December 31, 2022 SR** | December 31, 2021 SR |
|---|---|---|
| Current portion of lease liabilities | **24,634,353** | 21,558,370 |
| Non-current portion of lease liabilities | **152,416,192** | 179,510,598 |
| Balance as of December 31 | **177,050,545** | 201,068,968 |

**SPECIALIZED MEDICAL COMPANY**
(A SAUDI CLOSED JOINT STOCK COMPANY)

**NOTES TO THE SPECIAL PURPOSE CONSOLIDATED FINANCIAL STATEMENTS (continued)**
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND DECEMBER 31, 2021**

### 11. RIGHT OF USE ASSETS AND LEASE LIABILITIES (Continued)

| | **December 31, 2022 SR** | December 31, 2021 SR |
|---|---|---|
| Future minimum lease liabilities | **201,104,430** | 239,650,735 |
| Less: un-amortised finance costs | **(24,053,885)** | (38,581,767) |
| Present value of minimum lease liabilities | **177,050,545** | 201,068,968 |
| Less: current portion of lease liabilities | **(24,634,353)** | (21,558,370) |
| Non – current portion of lease liabilities | **152,416,192** | 179,510,598 |

### 12. LONG TERM GOVERNMENT LOAN

| | **December 31, 2022 SR** | December 31, 2021 SR |
|---|---|---|
| Balance as of January 01 | **10,446,870** | 14,663,035 |
| Paid during the year | **(2,478,535)** | (4,216,165) |
| Balance as of December 31 | **7,968,335** | 10,446,870 |
| | | |
| Current portion of long-term government loan | **2,565,278** | 2,478,532 |
| Non-current portion of long-term government loan | **5,403,057** | 7,968,338 |
| Balance as of December 31 | **7,968,335** | 10,446,870 |

The group obtained government interest-free loan to finance the purchase of medical equipment and furniture. These are secured against the mortgage of the land and the building (Note 8).

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

| | **2022 SR** | 2021 SR |
|---|---|---|
| Balance as of January 01 | **929,816** | 1,443,023 |
| Amortization during the year | **(365,640)** | (513,207) |
| Balance as of December 31 | **564,176** | 929,816 |

| | **December 31, 2022 SR** | December 31, 2021 SR |
|---|---|---|
| Current portion of deferred income government grant | **278,892** | 365,640 |
| Non-current portion of deferred income government grant | **285,284** | 564,176 |
| | **564,176** | 929,816 |

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

**SPECIALIZED MEDICAL COMPANY**
(A SAUDI CLOSED JOINT STOCK COMPANY)

**NOTES TO THE SPECIAL PURPOSE CONSOLIDATED FINANCIAL STATEMENTS (continued)**
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND DECEMBER 31, 2021**

## 13. ACCRUED EXPENSES AND OTHER CREDIT BALANCES

| | **December 31, 2022 SR** | December 31, 2021 SR |
|---|---|---|
| Employees' salaries and benefits | **41,508,574** | 41,872,621 |
| Advance from customers | **9,617,834** | 7,272,769 |
| Value added tax | **9,454,405** | 8,369,895 |
| Unearned other revenue | **2,334,559** | 1,907,537 |
| GOSI payable | **2,092,973** | 1,581,620 |
| Others payable balances | **11,364,184** | 6,983,073 |
| | **76,372,529** | 67,987,515 |

## 14. ZAKAT PAYABLE

The principal elements of the zakat base are as follows:

| | **December 31, 2022 SR** | December 31, 2021 SR |
|---|---|---|
| Non-current assets | **1,391,512,189** | 1,231,335,273 |
| Non-current liabilities | **505,282,506** | 610,601,958 |
| Opening shareholders' equity | **684,245,692** | 665,425,419 |
| Profit before zakat | **107,115,512** | 59,288,221 |
| Dividends | **50,000,000** | 35,000,000 |

Some of these amounts have been adjusted in arriving at the zakat charge for the year.

The movement in Zakat provision for the years ended December 31, is as follows:

| | **2022 SR** | 2021 SR |
|---|---|---|
| Balance as of January 01 | **3,321,202** | 1,767,838 |
| Charge for the current year | **4,154,844** | 3,321,202 |
| Paid during the year | **(3,518,816)** | (1,767,838) |
| Balance as of December 31 | **3,957,230** | 3,321,202 |

***Status of assessments:***

Zakat declarations were submitted to the Zakat, Tax and Customs Authority (ZATCA) for all years up to December 31, 2023, the Group obtained the final assessment up to the year ended 2018, and it is still, awaiting the final assessments for the years from 2019 up to 2023 from ZATCA.

**SPECIALIZED MEDICAL COMPANY**
(A SAUDI CLOSED JOINT STOCK COMPANY)

**NOTES TO THE SPECIAL PURPOSE CONSOLIDATED FINANCIAL STATEMENTS (continued)**
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND DECEMBER 31, 2021**

## 15. EMPLOYEES DEFINED BENEFITS LIABILITIES

The Group provides end of service benefits to its employees. The entitlement is based upon the employees' final salary and length of service, provided that a minimum period of service is completed. The entitlement is calculated according to the Saudi Arabian Labor Law and is payable upon resignation or termination of the employee.

The expense recognised in the special purpose consolidated statement of profit or loss and other comprehensive income is as follows:

| | **2022** **SR** | 2021 SR |
|---|---|---|
| Current service cost | **15,928,476** | 14,899,405 |
| Interest cost | **3,108,347** | 3,174,957 |
| | **19,036,823** | 18,074,362 |

The movement of present value of total employee benefits liability recognised in the special purpose consolidated statement of financial position is as follows:

| | **2022** **SR** | 2021 SR |
|---|---|---|
| Balance as of January 01 | **134,284,749** | 125,612,417 |
| Current service cost | **15,928,476** | 14,899,405 |
| Interest cost | **3,108,347** | 3,174,957 |
| Benefits paid | **(11,326,050)** | (11,548,776) |
| Remeasurement | **5,371,838** | 2,146,746 |
| Balance as of December 31 | **147,367,360** | 134,284,749 |

**Actuarial assumptions**
The main financial assumptions used to calculate the indicative defined unfunded benefit plans liabilities are as follows:

| | **2022** | 2021 |
|---|---|---|
| Discount rate | **4.50%** | 2.50% |
| Future salary growth/expected rate of salary increase | **4.50%** | 2.50% |
| Withdrawal rate | **14%** | 15% |

**SPECIALIZED MEDICAL COMPANY**
(A SAUDI CLOSED JOINT STOCK COMPANY)

**NOTES TO THE SPECIAL PURPOSE CONSOLIDATED FINANCIAL STATEMENTS (continued)**
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND DECEMBER 31, 2021**

### 15. EMPLOYEES DEFINED BENEFITS LIABILITIES (continued)

The sensitivity of employee benefits obligation to changes in the weighted principal assumptions is as follows:

| | December 31, 2022 | | |
|---|---|---|---|
| | Impact on employee benefits liability Increase/(decrease) in actual figures | | |
| | Change in assumption by | Increase in assumption by | Decrease in assumption by |
| Discount rate | 1% | 137,213,580 | 148,554,855 |
| Future salary growth/expected rate of salary increase | 1% | 148,584,816 | 137,087,288 |

| | December 31, 2021 | | |
|---|---|---|---|
| | Impact on employee benefits liability Increase/(decrease) in actual figures | | |
| | Change in assumption by | Increase in assumption by | Decrease in assumption by |
| Discount rate | 1% | 124,142,944 | 136,239,869 |
| Future salary growth/expected rate of salary increase | 1% | 136,175,204 | 124,089,182 |

### 16. SHARE CAPITAL

Capital consists of 8,500,000 shares of SR 10 each fully paid and held as of December 31, 2022 and 2021 as follows:

| Name | Nationality | Number of shares | % | Amount |
|---|---|---|---|---|
| Abdulrahman Saad Al-Rashid & Sons Co. | Saudi | 3,433,500 | 40.39 % | 34,335,000 |
| Abdullah Saad Al-Rashid & Sons, Co. | Saudi | 1,754,481 | 20.64 % | 17,544,810 |
| Al Thomad Trading & Contracting Co. | Saudi | 1,716,750 | 20.20 % | 17,167,500 |
| Rashid Al-Rashid & Sons Co. | Saudi | 1,106,769 | 13.02 % | 11,067,690 |
| Dr. Khaled Al Sebaiay | Saudi | 325,000 | 3.83 % | 3,250,000 |
| Dr. Mohammad Saleh Al | Saudi | 163,500 | 1.92 % | 1,635,000 |
| | | 8,500,000 | 100% | 85,000,000 |

### 17. STATUTORY RESERVE

In accordance with Saudi Arabian Regulations for Companies, the Company has set aside 10% of its yearly net income until it has built a reserve equal to 30% of the share capital. The reserve is not available for dividend distribution.

**SPECIALIZED MEDICAL COMPANY**
(A SAUDI CLOSED JOINT STOCK COMPANY)

**NOTES TO THE SPECIAL PURPOSE CONSOLIDATED FINANCIAL STATEMENTS (continued)**
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND DECEMBER 31, 2021**

## 18. GENERAL AND ADMINISTRATIVE EXPENSES

| | **2022**<br>**SR** | 2021<br>SR |
|---|---|---|
| Employees' salaries & benefits | **78,946,922** | 77,097,705 |
| Expected credit losses | **36,125,726** | 51,319,972 |
| Depreciation | **12,822,370** | 13,316,975 |
| Repair and maintenance | **7,015,847** | 9,190,792 |
| Subscription | **2,078,307** | 2,563,156 |
| Rents | **2,033,845** | 1,789,581 |
| Others | **10,456,653** | 7,084,552 |
| | **149,479,670** | 162,362,733 |

## 19. DIVIDEND DISTRIBUTION

The board of directors in its meeting held on February 09, 2022 approved annual dividend amounting to SR 50 million for the year ended December 31, 2021 (SR 35 million for the year ended December 31, 2020)

**SPECIALIZED MEDICAL COMPANY**
(A SAUDI CLOSED JOINT STOCK COMPANY)

**NOTES TO THE SPECIAL PURPOSE CONSOLIDATED FINANCIAL STATEMENTS (continued)**
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND DECEMBER 31, 2021**

## 20. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties include the shareholders, affiliated companies, directors, and relatives thereof. The terms and conditions of such transactions are approved by the management:

| Name of Related Party | Relationship |
|---|---|
| Saudi Bunyan Company | Common Directorship |
| Snow Bright Laundry Company | Common Directorship |
| Mr. Sulaiman Abdulrahman Al-Rashid | Chairman of Board of Directors |
| Al-Thomad Travel and Tourism Company | Shareholder |
| Rashid Saad Al Rashid & Sons Company | Shareholder |
| Abdullah Saad Al Rashid & Sons Company | Shareholder |
| Dr. Mohammad Saleh Al Konbaz | Shareholder |
| Dr. Khalid Al Sebaiay | Shareholder |
| Abdulrahman Saad Al-Rashid & Sons Company | Shareholder |
| Mr. Abdulrahman Al-Rashid | Director |
| Mr. Rashid Saad Al-Rashid | Director |
| Mr. Omran AbdulRahman Al-Rashid | Director |
| Mr. Yousef Rashid Al-Rashid | Director |
| Abdallah A. Al-Twaijri | Director |
| Code Invention Company | Owned by a close family member of a director |
| Family members of shareholders, board members, and those related to them | Family Members |

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

| Transactions with related parties | **2022 SR** | 2021 SR |
|---|---|---|
| Lease rentals payments | **14,813,663** | 14,813,663 |
| Revenue | **1,956,267** | 3,223,263 |
| Purchases and services | **5,740,322** | 3,348,268 |
| Expense incurred on behalf of related party | **601,811** | 135,081 |

| Due from related parties | **December 31, 2022 SR** | December 31, 2021 SR |
|---|---|---|
| Saudi Bunyan Company | **380,776** | 69,291 |
| Dr. Mohammad Saleh Al Konbaz | **94,970** | 100,233 |
| Mr. Sulaiman Abdulrahman Al-Rashid | **71,702** | 399,302 |
| Dr. Khalid Al Sebaiay | **31,650** | 45,780 |
| Mr. Rashid Saad Al-Rashid | **15,231** | 51,649 |
| Abdallah A. Al-Twaijri | **11,805** | - |
| Mr. Omran AbdulRahman Al-Rashid | **9,757** | 349,359 |
| Mr. Abdulrahman Al-Rashid | **9,237** | 265,573 |
| Rashid Saad Al Rashid & Sons Company | **6,915** | 30,019 |
| Mr. Yousef Rashid Al-Rashid | **6,802** | 16,522 |
| Family members of shareholders, board members, and those related them | **801,644** | 1,034,186 |
| | **1,440,489** | 2,361,914 |

The amount due from related parties represent health care services provided to those related parties in the course of ordinary business with other customers.

**SPECIALIZED MEDICAL COMPANY**
(A SAUDI CLOSED JOINT STOCK COMPANY)

**NOTES TO THE SPECIAL PURPOSE CONSOLIDATED FINANCIAL STATEMENTS (continued)**
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND DECEMBER 31, 2021**

## 20. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

| Due to related parties | December 31, 2022 SR | December 31, 2021 SR |
|---|---|---|
| Al-Thomad Travel and Tourism Company | **437,412** | 172,526 |
| Code Invention Company | **290,000** | 97,129 |
| Snow Bright Laundry Company | **197,862** | 180,595 |
| | **925,274** | 450,250 |

**Compensation of key management personnel of the group:**

| | 2022 SR | 2021 SR |
|---|---|---|
| Short term employment benefits | **10,041,682** | 11,790,693 |
| Board of Directors' remuneration | **1,500,000** | 1,500,000 |
| Post employment benefits | **1,011,595** | 1,037,512 |
| | **12,553,277** | 14,328,205 |

## 21. COMMITMENTS AND CONTINGENCIES

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

| | December 31 2022 SR | December 31 2021 SR |
|---|---|---|
| Capital commitments * | **24,403,826** | 18,801,79 |

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

**Letter of guarantees**
The Group has guarantees related to, as follows:

| | December 31 2022 SR | December 31 2021 SR |
|---|---|---|
| Letters of guarantees | **23,840,745** | 26,836,52 |

## 22. EARNINGS PER SHARE

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

| | 2022 SR | 2021 SR |
|---|---|---|
| Total profit for the year attributable to the shareholders | **102,960,668** | 55,967,019 |
| Weighted average number of ordinary shares outstanding for basic EPS | **8,500,000** | 8,500,000 |
| Earnings per share - basic and diluted | **12.11** | 6.58 |

**SPECIALIZED MEDICAL COMPANY**
(A SAUDI CLOSED JOINT STOCK COMPANY)

**NOTES TO THE SPECIAL PURPOSE CONSOLIDATED FINANCIAL STATEMENTS (continued)**
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND DECEMBER 31, 2021**

## 23. FINANCIAL INSTRUMENTS

### *23.1 Fair value measurement*

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. As the group financial instruments are compiled under the historical cost convention, differences may arise between the book values and fair value estimates. Management believes that the fair values of the group financial assets and liabilities are not materially different from their carrying values.

The management assessed that cash and short-term deposits, trade and other receivables, trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The table below shows the carrying amounts of financial assets and liabilities:

| **Financial Assets**<br>**Amortised cost** | **Notes** | **December 31, 2022**<br>**SR** | December 31, 2021<br>SR |
|---|---|---|---|
| Trade and other receivables | 5 | **425,611,639** | 340,637,480 |
| Due from related parties | 20 | **1,440,489** | 2,361,914 |
| Other debit balances | 7 | **2,058,716** | 3,395,842 |
| Cash and cash equivalents | 4 | **21,783,087** | 12,816,106 |
| | | **450,893,931** | 359,211,342 |

| **Financial Liabilities**<br>**Amortised cost** | | **December 31, 2022**<br>**SR** | December 31, 2021<br>SR |
|---|---|---|---|
| Long term loans | 10 & 12 | **242,968,335** | 313,196,870 |
| Short term loans | 9 | **395,000,000** | 335,000,000 |
| Lease liabilities | 11 | **177,050,545** | 201,068,968 |
| Due to related parties | 20 | **925,274** | 450,250 |
| Trade payables | | **110,802,373** | 95,933,385 |
| | | **926,746,527** | 945,649,473 |

When measuring the fair value of an asset or a liability, the group uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e. derived from prices)

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs). If the inputs used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

**SPECIALIZED MEDICAL COMPANY**
(A SAUDI CLOSED JOINT STOCK COMPANY)

**NOTES TO THE SPECIAL PURPOSE CONSOLIDATED FINANCIAL STATEMENTS (continued)**
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND DECEMBER 31, 2021**

**23. FINANCIAL INSTRUMENTS** (continued)

***23.1 Fair value measurement*** *(continued)*

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. Management believes that its estimates and judgments are reasonable and adequate.

***24.2 Financial risk management***

The Board of Directors of the group has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board is also responsible for developing and monitoring the Group's risk management policies.

The group has exposure to the following risks from its use of financial instruments.
- Credit risk
- Liquidity risk
- Market risk
- Foreign Currency risk
- Commission rate risk
- Capital Management

**Credit risk**
Credit risk is the risk that one party will fail to discharge its obligation and will cause the other party to incur a financial loss.

The group assets that are subject to credit risks comprise of bank balances, bank deposits, advances to suppliers, receivables and other debit balances. Cash is placed with banks with high credit ratings and credit limits to the customers are monitored on regular basis thus reduces credit risk.

The group does not believe that there is a significant risk of non-performance by these financial institutions, the group does not consider itself exposed to a concentration of credit risk with respect to accounts receivable due to its diverse customer base operating in various industries and located in many regions.

The carrying amount of the financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the financial position date was as follows:

| | **December 31, 2022 SR** | December 31, 2021 SR |
|---|---|---|
| Trade and other receivables | **425,611,639** | 340,637,480 |
| Due from related parties | **1,440,489** | 2,361,914 |
| Other debit balances | **2,058,716** | 3,395,842 |
| Cash and cash equivalents | **21,783,087** | 12,816,106 |
| | **450,893,931** | 359,211,342 |

**Liquidity risk**
Liquidity risk is the risk that the group will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value. Liquidity risk is managed by monitoring on a regular basis to ensure that sufficient funds are available to meet any future commitments. The group approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stress conditions, without incurring unacceptable losses or risking damage to the group reputation.

**SPECIALIZED MEDICAL COMPANY**
(A SAUDI CLOSED JOINT STOCK COMPANY)

**NOTES TO THE SPECIAL PURPOSE CONSOLIDATED FINANCIAL STATEMENTS (continued)**
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND DECEMBER 31, 2021**

**23. FINANCIAL INSTRUMENTS (continued)**

***23.2 Financial risk management (continued)***

**Liquidity risk *(continued)***

The following are the contracted maturities of financial liabilities, including estimated interest payments:

| December 31, 2022 | Carrying Amount SR | Contractual Cash Flows SR | Less than a year SR | More than a year SR |
|---|---|---|---|---|
| **Non-derivative financial liabilities** | | | | |
| Long term loans | **242,968,335** | **281,546,472** | **51,553,288** | **229,993,184** |
| Short term loan | **395,000,000** | **405,672,343** | **405,672,343** | **-** |
| Lease liabilities | **177,050,545** | **201,104,430** | **25,128,233** | **175,976,197** |
| Due to related parties | **925,274** | **925,274** | **925,274** | **-** |
| Trade payables | **110,802,373** | **110,802,373** | **110,802,373** | **-** |
| | **926,746,527** | **1,000,050,892** | **594,081,511** | **405,969,381** |

| December 31, 2021 | Carrying Amount SR | Contractual Cash Flows SR | Less than a year SR | More than a year SR |
|---|---|---|---|---|
| **Non-derivative financial liabilities** | | | | |
| Long term loans | 313,196,870 | 399,383,812 | 35,695,130 | 363,688,682 |
| Short term loan | 335,000,000 | 339,392,938 | 339,392,938 | - |
| Lease liabilities | 201,068,968 | 230,203,087 | 27,816,401 | 202,386,686 |
| Due to related parties | 450,250 | 450,250 | 450,250 | - |
| Trade payables | 95,933,385 | 95,933,385 | 95,933,385 | - |
| | 945,649,473 | 1,065,363,472 | 499,288,104 | 566,075,368 |

**Market risk**
Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: interest rate risk, currency risk and other price risk such as equity price risk and commodity price risk. Financial instruments affected by market risk include loans and borrowings and deposits.

**Foreign currency risk**
Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Management monitors the fluctuation in currency exchange rates and believes that the currency risk is not significant. The Group's transaction is principally in Saudi Riyals.

**Commission rate risk**
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's financial assets and liabilities as of the special purpose consolidated financial position date, except for some banking facilities and long-term loans, are not exposed to interest rate risk.

**SPECIALIZED MEDICAL COMPANY**
(A SAUDI CLOSED JOINT STOCK COMPANY)

**NOTES TO THE SPECIAL PURPOSE CONSOLIDATED FINANCIAL STATEMENTS (continued)**
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND DECEMBER 31, 2021**

## 23. FINANCIAL INSTRUMENTS (continued)

### *23.2 Financial risk management (continued)*

**Capital management**
Capital includes equity attributable to the equity holders of the parent. The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches of the financial covenants of any interest bearing loans and borrowing in the current period. Surplus cash is either reinvested in the business, used to repay debt or returned to shareholders.

No changes were made in the objectives, policies or processes for managing capital during the year ended December 31, 2022.

## 24. 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 profit is a consistent measure within the Group. The identified key segments are medical services, and trading and retail.

The following table presents segment information (assets, liabilities, revenue and net income) foreach of the business segments as at and for the year ended 31 December:

| | Medical services SR | Trading, retail & others SR | Total SR |
|---|---|---|---|
| **For the year ended December 31, 2022** | | | |
| Revenue | **1,007,987,899** | **200,663,739** | **1,208,651,638** |
| Gross profit | **229,837,672** | **55,834,595** | **285,672,267** |
| **As of December 31, 2022** | | | |
| Total assets | **1,886,842,344** | **-** | **1,886,842,344** |
| Total liabilities | **1,119,582,363** | **35,425,459** | **1,155,007,822** |

| | Medical services SR | Trading, retail & others SR | Total SR |
|---|---|---|---|
| **For the year ended December 31, 2021** | | | |
| Revenue | 905,110,991 | 148,012,679 | 1,053,123,670 |
| Gross profit | 197,202,926 | 40,225,631 | 237,428,557 |
| **As of December 31, 2021** | | | |
| Total assets | 1,836,418,447 | - | 1,836,418,447 |
| Total liabilities | 1,131,928,946 | 20,243,809 | 1,152,172,755 |

**SPECIALIZED MEDICAL COMPANY**
(A SAUDI CLOSED JOINT STOCK COMPANY)

**NOTES TO THE SPECIAL PURPOSE CONSOLIDATED FINANCIAL STATEMENTS (continued)**
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND DECEMBER 31, 2021**

## 25. SUBSEQUENT EVENTS

The Company's share capital as of December 31, 2022 is SR 85 million (December 2021: SR 85 million) consisting of 8.5 million ordinary shares (December 2021: 8.5 million ordinary shares), fully paid up with a nominal value of SR 10. During the subsequent period, the Company resolved to increase the share capital by SR 165 million by capitalizing the retained earnings with a total value SR 165 million as per approval of the Board of Director dated August 27, 2024 and approval of Extraordinary General Assembly of the Company in its meeting held on September 15, 2024. The increase has been recorded as an additional contribution to share capital and the Company obtained the Ministry of Commerce approval and updated the Commercial Registration on November 19, 2024.

There were no events, except for aforementioned, subsequent to December 31, 2022, and occurring before the date of the approval of the special purpose consolidated financial statements that are expected to have a significant impact on this special purpose consolidated financial statements.

## 26. APPROVAL ON THE SPECIAL PURPOSE CONSOLIDATED FINANCIAL STATEMENTS

The special purpose consolidated financial statements have been approved by the board of directors on Ramadan 12 (corresponding March 12, 2025).

**SPECIALIZED MEDICAL COMPANY**
(A SAUDI CLOSED JOINT STOCK COMPANY)

**REISSUED CONSOLIDATED**
**FINANCIAL STATEMENTS AND**
**INDEPENDENT AUDITOR'S REPORT**
**FOR THE YEAR ENDED DECEMBER 31, 2023**

**SPECIALIZED MEDICAL COMPANY**
(A SAUDI CLOSED JOINT STOCK COMPANY)

**REISSUED CONSOLIDATED FINANCIAL STATEMENTS AND**
**INDEPENDENT AUDITOR'S REPORT**
**FOR THE YEAR ENDED DECEMBER 31, 2023**

**Deloitte and Touche & Co.**
**Chartered Accountants**
Metro Boulevard – Al-Aqiq
King Abdullah Financial District
P.O. Box 213 - Riyadh 11411
Saudi Arabia
Commercial Registration: 1010600030

Tel: +966 11 5089001
www.deloitte.com

# INDEPENDENT AUDITOR'S REPORT

To the shareholders
Specialized Medical Company
Riyadh, Kingdom of Saudi Arabia

**Opinion**
We have audited the reissued consolidated financial statements of **Specialized Medical Company** (the "Company") **and its subsidiary** (the "Group"), which comprise the consolidated statement of financial position as at December 31, 2023, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the reissued consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying reissued consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

**Basis for Opinion**
We conducted our audit in accordance with International Standards on Auditing ("ISAs") that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Reissued Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) ("the Code") as endorsed in the Kingdom of Saudi Arabia, that are relevant to our audit of the reissued consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with the requirements of the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Emphasis of Matter**
We draw attention to note 27 of the reissued consolidated financial statements, which describes the reasons for the reissuance of the consolidated financial statements. Our audit report on the reissued consolidated financial statements supersedes the report issued by the predecessor auditor on June 5, 2024. Our opinion is not modified in respect of this matter.

Deloitte.

Deloitte and Touche & Co.
Chartered Accountants

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF SPECIALIZED MEDICAL COMPANY (CONTINUED)**

**Responsibilities of Management and Those Charged with Governance for the Reissued Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the reissued consolidated financial statements in accordance with IFRSs that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA and applicable requirements of the Regulations for Companies and the Company's By-laws and for such internal control as management determines is necessary to enable the preparation of reissued consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the reissued consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, i.e., Board of Directors, are responsible for overseeing the Group's financial reporting process.

**Auditor's Responsibilities for the Audit of the Reissued Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the reissued consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs that are endorsed in the Kingdom of Saudi Arabia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the reissued financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the reissued financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the reissued financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

Deloitte.

Deloitte and Touche & Co.
Chartered Accountants

**INDEPENDENT AUDITOR'S REPORT TO THE MANAGEMENT OF SPECIALIZED MEDICAL COMPANY (CONTINUED)**

**Responsibilities of Management and Those Charged with Governance for the Reissued Consolidated Financial Statements (continued)**

We communicate with those charged with governance i.e. Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**REPORTS ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

Companies' Regulations requires that the auditor includes in his report what might come to his attention with respect to non-compliance of the terms of the Company Law or in terms of the Bylaws of the Company. During the course of our current audit of the financial statements, we have noted the following non-compliances of the Company Law, having no material impact on the financial statements:

The General Assembly did not approve the board of directors' decision to distribute dividends to shareholders during the years ended December 31, 2021, 2022 and 2023 which is considered a non-compliance with the Companies' Law.

**Deloitte and Touche & Co.**
**Chartered Accountants**

Mazen A. Al Omari
License No. 480
Jumada Al Akhira 21, 1446 H
December 22, 2024

**SPECIALIZED MEDICAL COMPANY**
(A SAUDI CLOSED JOINT STOCK COMPANY)

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**
**AS AT DECEMBER 31, 2023**

| | Notes | **December 31, 2023 SR** | December 31, 2022 (Restated Note 26) SR | January 01, 2022 (Restated Note 26) SR |
|---|---|---|---|---|
| **Assets** | | | | |
| **Current assets** | | | | |
| Cash and cash equivalents | 5 | **47,822,985** | 21,783,087 | 12,816,106 |
| Trade and other receivables | 6 | **508,445,998** | 425,611,639 | 340,637,480 |
| Due from related parties | 21 | **1,014,532** | 1,440,489 | 2,361,914 |
| Inventories | 7 | **25,948,321** | 20,055,572 | 19,261,251 |
| Prepayments and other assets | 8 | **35,173,826** | 26,439,370 | 230,005,897 |
| **Total current assets** | | **618,405,662** | 495,330,157 | 605,082,648 |
| **Non-current assets** | | | | |
| Property and equipment | 9 | **1,226,577,673** | 1,213,086,126 | 1,021,529,684 |
| Right-of-use assets | 12 | **229,246,911** | 178,426,063 | 209,805,591 |
| **Total non-current assets** | | **1,455,824,584** | 1,391,512,189 | 1,231,335,275 |
| **Total assets** | | **2,074,230,246** | 1,886,842,346 | 1,836,417,923 |
| **Liabilities and equity** | | | | |
| **Current liabilities** | | | | |
| Trade payables | | **114,708,998** | 109,695,464 | 90,409,288 |
| Due to related parties | 21 | **895,524** | 925,274 | 450,250 |
| Short-term loans | 10 | **415,000,000** | 395,000,000 | 335,000,000 |
| Long-term loans | 11 | **57,551,020** | 36,296,296 | 20,000,000 |
| Lease liabilities | 12 | **25,086,962** | 24,634,353 | 21,558,371 |
| Government loan | 13 | **2,565,278** | 2,565,278 | 2,478,532 |
| Deferred government grant | 13 | **189,107** | 278,892 | 365,640 |
| Accrued expenses and other liabilities | 14 | **89,203,759** | 76,372,530 | 67,986,989 |
| Zakat Payable | 15 | **5,714,642** | 3,957,230 | 3,321,202 |
| **Total current liabilities** | | **710,915,290** | 649,725,317 | 541,570,272 |
| **Non-current liabilities** | | | | |
| Long-term loans | 11 | **143,877,551** | 198,703,704 | 282,750,000 |
| Government loan | 13 | **2,837,777** | 5,403,057 | 7,968,338 |
| Lease liabilities | 12 | **214,746,259** | 152,416,192 | 179,510,598 |
| Deferred government grant | 13 | **96,180** | 285,284 | 564,176 |
| Trade payables | | **769,267** | 1,106,909 | 5,524,097 |
| Employees defined benefits liabilities | 16 | **155,938,697** | 147,367,361 | 134,284,750 |
| **Total non-current liabilities** | | **518,265,731** | 505,282,507 | 610,601,959 |
| **Total liabilities** | | **1,229,181,021** | 1,155,007,824 | 1,152,172,231 |
| **Equity** | | | | |
| Share capital | 17 | **85,000,000** | 85,000,000 | 85,000,000 |
| Statutory reserve | 18 | **49,653,238** | 49,653,238 | 49,653,238 |
| Retained earnings | | **710,395,987** | 597,181,284 | 549,592,454 |
| **Total equity** | | **845,049,225** | 731,834,522 | 684,245,692 |
| **Total Liabilities and equity** | | **2,074,230,246** | 1,886,842,346 | 1,836,417,923 |

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

**SPECIALIZED MEDICAL COMPANY**
(A SAUDI CLOSED JOINT STOCK COMPANY)

**CONSOLIDATED-STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**
**FOR THE YEAR ENDED 3 1 DECEMBER 2023**

| | Notes | **2023** **SR** | 2022 (Restated Note 26) SR |
|---|---|---|---|
| Revenue | | **1,367,929,567** | 1,208,654,039 |
| Cost of revenue | | **(1, 011,480,327)** | (922,978,768) |
| **Gross profit** | | **356,449,240** | 285,675,271 |
| General and administrative expenses | 19 | **(132,651,345)** | (149,479,670) |
| Selling and marketing expenses | | **(9,215,406)** | (8,447,259) |
| **Operating profit** | | **214,582,489** | 127,748,342 |
| Finance costs | | **(48,458,796)** | (29,820,994) |
| Other income | | **8,575,895** | 9,188,164 |
| **Profit before zakat** | | **174,699,588** | 107,115,512 |
| Zakat | 15 | **(6,003,547)** | (4,154,844) |
| **Profit for the year** | | **168,696,041** | 102,960,668 |
| **Other comprehensive income:** | | | |
| ***Items which will not be reclassified subsequently to profit or loss:*** | | | |
| Remeasurement of employees defined benefits liabilities | 16 | **4,518,662** | (5,371,838) |
| **Total other comprehensive income / (loss) for the year** | | **4,518,662** | (5,371,838) |
| **Total comprehensive income for the year** | | **173,214,703** | 97,588,830 |
| **Earnings per share (EPS)** | | | |
| Basic and diluted EPS | 23 | **19.85** | 12.11 |

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

**SPECIALIZED MEDICAL COMPANY**
(A Saudi Closed Joint Stock Company)

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**
**FOR THE YEAR ENDED DECEMBER 31, 2023**

| | Notes | Share capital SR | Statutory reserves SR | Retained earnings SR | Total SR |
|---|---|---|---|---|---|
| January 1, 2022 (as previously reported) | | 85,000,000 | 49,653,238 | 601,757,356 | 736,410,594 |
| Restatement | 26 | - | - | (52,164,902) | (52,164,902) |
| January 1, 2022 (restated) | | 85,000,000 | 49,653,238 | 549,592,454 | 684,245,692 |
| Profit for the year (restated) | | - | - | 102,960,668 | 102,960,668 |
| Total other comprehensive loss (restated) | | - | - | (5,371,838) | (5,371,838) |
| Total comprehensive income for the year (restated) | | - | - | 97,588,830 | 97,588,830 |
| Dividends | 20 | - | - | (50,000,000) | (50,000,000) |
| December 31, 2022 (restated) | | 85,000,000 | 49,653,238 | 597,181,284 | 731,834,522 |
| Profit for the year | | **-** | **-** | **168,696,041** | **168,696,041** |
| Total other comprehensive income | | **-** | **-** | **4,518,662** | **4,518,662** |
| Total comprehensive income for the year | | **-** | **-** | **173,214,703** | **173,214,703** |
| Dividends | 20 | **-** | **-** | **(60,000,000)** | **(60,000,000)** |
| **December 31, 2023** | | **85,000,000** | **49,653,238** | **710,395,987** | **845,049,225** |

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

**SPECIALIZED MEDICAL COMPANY**
(A SAUDI CLOSED JOINT STOCK COMPANY)

**CONSOLIDATED STATEMENT OF CASH FLOWS**
**FOR THE YEAR ENDED DECEMBER 31, 2023**

| | Notes | 2023 SR | 2022 (Restated Note 26) SR |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Profit before zakat | | **174,699,588** | 107,115,512 |
| **Adjustments for:** | | | |
| Depreciation of property and equipment | 9 | **58,492,649** | 74,845,087 |
| Depreciation of right-of-use assets | 12 | **29,270,009** | 29,093,080 |
| Expected credit loss charged for the year | 6 | **6,214,023** | 36,125,726 |
| Amortization of government grant | 13 | **(278,889)** | (365,640) |
| Employees defined benefits liabilities | 16 | **17,895,328** | 15,928,476 |
| Finance costs | | **48,458,796** | 29,820,994 |
| Loss / (gain) from disposal property and equipment | | **19,025** | (64,272) |
| | | **334,770,529** | 292,498,963 |
| **Working capital changes:** | | | |
| Trade and other receivables | | **(89,048,382)** | (121,099,887) |
| Due from related parties | | **425,957** | 921,425 |
| Inventories | | **(5,892,749)** | (794,321) |
| Prepayments and other assets | | **(8,734,456)** | (1,948,989) |
| Trade payables | | **4,675,892** | 14,868,988 |
| Due to related parties | | **(29,750)** | 475,024 |
| Accrued expenses and other liabilities | | **12,635,734** | 7,405,576 |
| **Cash generated from operating activities** | | **248,802,775** | 192,326,779 |
| Zakat paid | 15 | **(4,246,135)** | (3,518,816) |
| Employees defined benefits liabilities paid | 16 | **(11,185,194)** | (11,326,050) |
| **Net cash generated from operating activities** | | **233,371,446** | 177,481,913 |
| **Cash flows from investing activities** | | | |
| Purchase of property and equipment | 9 | **(45,296,950)** | (40,606,291) |
| Proceeds from disposal of property and equipment | | **837,936** | 64,695 |
| Additions on projects under progress | 9 | **(27,544,207)** | (20,279,617) |
| **Net cash used in investing activities** | | **(72,003,221)** | (60,821,213) |
| **Cash flows from financing activities** | | | |
| Dividends paid | 20 | **(60,000,000)** | (50,000,000) |
| Proceeds from short term loans - net | 10 | **20,000,000** | 15,000,000 |
| Repayment of long term loans – net | 11 | **(33,571,429)** | (22,750,000) |
| Repayment of government loan | 13 | **(2,565,280)** | (2,478,535) |
| Payment of lease liabilities | 12 | **(17,308,181)** | (21,731,976) |
| Finance cost paid | | **(41,883,437)** | (25,733,208) |
| **Net cash used in financing activities** | | **(135,328,327)** | (107,693,719) |
| **Net increase in cash and cash equivalents during the year** | | **26,039,898** | 8,966,981 |
| Cash and cash equivalents at January 1 | | **21,783,087** | 12,816,106 |
| **Cash and cash equivalents at December 31** | | **47,822,985** | 21,783,087 |

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

**SPECIALIZED MEDICAL COMPANY**
(A SAUDI CLOSED JOINT STOCK COMPANY)

**CONSOLIDATED STATEMENT OF CASH FLOWS (continued)**
**FOR THE YEAR ENDED DECEMBER 31, 2023**

| | Notes | **2023**<br>**SR** | 2022<br>(Restated<br>Note 26)<br>SR |
|---|---|---|---|
| **Non-cash items** | | | |
| Modification of right of use assets and lease liabilities | 12 | **78,005,617** | - |
| Transfer of projects under progress to property and equipment | 9 | **47,191,437** | 131,950 |
| Additions of right of use assets and lease liabilities | 12 | **2,085,240** | - |
| Re-measurement of employees defined benefits liabilities | 16 | **4,518,662** | (5,371,838 |
| Addition of land adjusted with advances | 9 | **-** | 205,516,044 |
| Transfer from long term loan to short term loan | 11 | **-** | 45,000,000 |

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

**SPECIALIZED MEDICAL COMPANY**
(A SAUDI CLOSED JOINT STOCK COMPANY)

**NOTES TO THE REISSUED CONSOLIDATED FINANCIAL STATEMENTS**
**FOR THE YEAR ENDED DECEMBER 31, 2023**

## 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 Hospital | 014-101-010-012-00015 | May 12, 1999 |
| Specialized Medical Center Hospital 2 | 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.

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 wholly owned subsidiary (2022: 100%);

| Names | Country of Incorporation | Activities |
|---|---|---|
| International Specialized Food Company | Saudi Arabia | Food and catering services |

These reissued consolidated financial statements include the financial information of the Company, its subsidiary 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 – King Fahad Road | 1010150227 | Hospitals | Riyadh | 23/06/1998 |
| Diet World – SMC | 1010156585 | Nutrition Centers | Riyadh | 12/03/1999 |
| Diet World – SMC | 2051030207 | Nutrition Centers | Khobar | 11/01/2004 |
| Diet World – SMC | 4030169166 | Activities of caters who provide food services and nutrition | Jeddah | 05/05/2007 |
| Specialized Medical Center – SMC – 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 operations | Riyadh | 22/03/2015 |
| Specialized Medical Company – SMC – Northern Ring Road | 1010851377 | Public hospitals | Riyadh | 22/12/2022 |

**SPECIALIZED MEDICAL COMPANY**
(A SAUDI CLOSED JOINT STOCK COMPANY)

**NOTES TO THE REISSUED CONSOLIDATED FINANCIAL STATEMENTS (continued)**
**FOR THE YEAR ENDED DECEMBER 31, 2023**

## 2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)

***New and revised Standards applied with no material impact on the financial statements***

In the current year, the Group has applied the below mentioned amendments to IFRS Standards and interpretations issued by the International Accounting Standards Board (IASB) that are effective for an period that begins on or after January 1, 2023. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

- IFRS 17 Insurance Contracts (including the June 2020 and December 2021 Amendments to IFRS 17)

IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts. IFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach. The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees. The Group does not have any contracts that meet the definition of an insurance contract under IFRS 17.

- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements— Disclosure of Accounting Policies

The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. The IASB has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.

**SPECIALIZED MEDICAL COMPANY**
(A SAUDI CLOSED JOINT STOCK COMPANY)

**NOTES TO THE REISSUED CONSOLIDATED FINANCIAL STATEMENTS (continued)**
**FOR THE YEAR ENDED DECEMBER 31, 2023**

**2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (continued)**

***New and revised Standards applied with no material impact on the financial statements*** *(continued)*

- Amendments to IAS 12 Income Taxes—Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences. Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting profit nor taxable profit. Following the amendments to IAS 12, an entity is required to recognise the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12.

- Amendments to IAS 12 Income Taxes— International Tax Reform—Pillar Two Model Rules

The IASB amends the scope of IAS 12 to clarify that the Standard applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the OECD, including tax law that implements qualified domestic minimum topup taxes described in those rules.

The amendments introduce a temporary exception to the accounting requirements for deferred taxes in IAS 12, so that an entity would neither recognise nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes.

- Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors—Definition of Accounting Estimates

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”. The definition of a change in accounting estimates was deleted.

***New and revised standards issued but not yet effective.***

At the date of authorization of these financial statements, the Group has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

- Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its
- Associate or Joint Venture
- Amendments to IAS 1 Classification of Liabilities as Current or Non-current
- Amendments to IAS 1 Non-current Liabilities with Covenants
- Amendments to IAS 7 and IFRS 7 Supplier Finance Arrangements
- Amendments to IFRS 16 Lease Liability in a Sale and Leaseback

The directors of the Group do not expect that the adoption of the above Standards will have a material impact on the Group’s financial statements in future periods.

**SPECIALIZED MEDICAL COMPANY**
(A SAUDI CLOSED JOINT STOCK COMPANY)

**NOTES TO THE REISSUED CONSOLIDATED FINANCIAL STATEMENTS (continued)**
**FOR THE YEAR ENDED DECEMBER 31, 2023**

## 3. MATERIAL ACCOUNTING POLICY INFORMATION

***Statement of compliance***

These reissued consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as endorsed in Saudi Arabia and other relevant pronouncements endorsed by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

***Basis of Consolidation***

The reissued 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.

These reissued consolidated financial statements include the assets, liabilities and results of operations of the Company and its subsidiary (the "Group") listed in note (1) above. The Company and its subsidiary are collectively referred to as the "Group". Subsidiary 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. Subsidiary 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 reissued 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 subsidiary is aligned, where necessary, to ensure consistency with the policies adopted by the Group. The Company and its subsidiary have the same reporting periods.

***Functional and presentation currency***

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

***Cash and cash equivalents***

Cash and cash equivalents in the reissued consolidated statement of financial position comprise cash at banks and cash on hand.

***Inventories***

Inventories are stated at lower of cost or estimated net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less any cost to complete the selling process. Cost is determined using weighted average method. Appropriate provision is made for slow moving inventories, if any.

Cost includes the expenditure incurred in acquiring the inventories and costs incurred in bringing the inventories to their existing location and conditions.

**SPECIALIZED MEDICAL COMPANY**
(A SAUDI CLOSED JOINT STOCK COMPANY)

**NOTES TO THE REISSUED CONSOLIDATED FINANCIAL STATEMENTS (continued)**
**FOR THE YEAR ENDED DECEMBER 31, 2023**

**3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

***Property and equipment***

Property and equipment are stated at cost, net of accumulated depreciation and/or accumulated impairment losses, (if any) except for assets under construction and lands which are stated at cost and are not depreciated. Assets under construction represent all costs relating directly to the projects in progress and are capitalized as property and equipment when the project is completed.

Costs includes all expenditures directly attributable to the construction or purchase of the item of property and equipment. Such costs include the cost of replacing parts of the property and equipment and borrowing costs for' long-term construction projects if the recognition criteria are met. When significant parts of property and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful life and depreciates them accordingly. All repair' and maintenance costs are recognised in the reissued consolidated statement of profit or loss and Comprehensive Income as incurred. Improvements that increase the value or materially extend the life of the related assets are capitalized.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, lease hold improvements are depreciated at the lower of its useful life or' lease term. The annual depreciation rates used are as follows:

| Description | Depreciation Percentage |
|---|---|
| Building and renovation | 1.75% - 6.67% |
| Medical equipment | 10% |
| Furniture and fixtures | 10% - 20% |
| Computer and Software | 10% - 25% |
| General equipment | 6.67% - 10% |
| Motor vehicles | 25% |

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of Comprehensive Income when the asset is derecognised.

The residual values, useful life and methods of depreciation of property and equipment are reviewed at the end of each financial year and adjusted prospectively, if appropriate.

***Right-of-use Assets and Lease Liabilities***

The group has recognised new assets and liabilities for its finance leases of various types of contracts including buildings, lands, warehouse and depot facilities, accommodation/office rental premises, medical equipment's etc. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the reissued consolidated Statement of Profit or Loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis.

***Right-of-use assets are measured at cost comprising the following:***

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and - restoration costs.

Right-of-use assets are subsequently measured at cost less accumulated depreciation.

**SPECIALIZED MEDICAL COMPANY**
(A SAUDI CLOSED JOINT STOCK COMPANY)

**NOTES TO THE REISSUED CONSOLIDATED FINANCIAL STATEMENTS (continued)**
**FOR THE YEAR ENDED DECEMBER 31, 2023**

**3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

***Right-of-use Assets and Lease Liabilities*** *(continued)*

***Lease liabilities include the net present value of the following lease payments:***

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the incremental borrowing rate, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the reissued consolidated statement of profit or loss, short-term leases are leases with a lease term or 12 months or less. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options are only included in the lease term if the lease is reasonably certain to be extended. In determining the lease term, the management generally considers certain factors including historical lease durations and the costs and business disruption required to replace the leased asset.

***Financial instruments***
Financial instruments are recognised when the Group becomes a party to the contractual provisions of the instrument. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

***Financial assets***
Group requires all financial assets to be classified and subsequently' measured at either amortised cost or fair value. The classification depends on the business model for managing the financial asset and the contractual cash flow characteristics of financial asset, determined at the time of initial recognition.

Financial assets are classified into the following specified categories under IFRS 9:

- Debt instruments at amortised cost;
- Debt instruments at fair value through other comprehensive income (FVOCI), with gains or losses recycled to Comprehensive Income on derecognition:
- Equity instruments at FVOCI, with no recycling of gains or losses to Comprehensive Income on derecognition; and financial assets at fair value through profit and loss (FVPL).

*Financial assets classified as amortised cost*
Debt instruments that meet the following conditions are subsequently measured at amortised cost less impairment loss (except for debt investments that are designated as at fair value through Comprehensive Income on initial recognition):

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

If a financial asset does not meet both of these conditions, it is measured at fair value.

**SPECIALIZED MEDICAL COMPANY**
(A SAUDI CLOSED JOINT STOCK COMPANY)

**NOTES TO THE REISSUED CONSOLIDATED FINANCIAL STATEMENTS (continued)**
**FOR THE YEAR ENDED DECEMBER 31, 2023**

## 3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

***Financial instruments*** *(continued)*

*Financial assets designated as FVOCI*

Debt instruments that meet the following conditions are subsequently measured at FVOCI:

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount Outstanding.

*Investment in equity instruments designated as FVOCI*

On initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

As of reporting date, the Group do not possess any equity instruments designated as at FVOCI.

*Financial assets classified as FVPL*
Investments in equity instruments are classified as at FVPL, unless the Group designates an investment that is not held for trading as at FVOCI on initial recognition.

As of reporting date, the Group does not possess any financial assets classified as at FVPL

***Impairment of financial assets***
The Group recognises a loss allowance for expected credit losses (ECL) on debt instruments that are measured at amortised cost such as trade receivables and other financial assets.

No impairment loss is recognised for investments in equity instruments. The amount of expected credit losses reflects changes in credit risk since initial recognition of the respective financial instrument.

The Group applies the simplified approach to calculate impairment on trade receivables and this always recognises lifetime ECL on such exposures. ECL on these financial assets are estimated using a flow rate based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group applies the general approach to calculate impairment. Lifetime ECL is recognised when there has been a significant increase in credit risk since initial recognition and 12 month ECL is recognised the credit risk on the financial instrument which has not increased significantly since initial recognition. The assessment of whether credit risk of the financial instrument has increased significantly since initial recognition is made through considering the change in risk of default occurring over the remaining life of the financial instrument.

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e., the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of' default is based on historical data adjusted by forward-looking information as described above.

As for the exposure at default for financial assets, this is represented by the assets' gross carrying amount at the reporting date. Exposure at default for off balance sheet items is arrived at by applying a credit conversion factor to the undrawn portion of the exposure.

## 3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

***Financial instruments*** *(continued)*

***Impairment of financial assets (continued)***
Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are companied on the following basis:

**Measurement and recognition of expected credit losses**

- Nature of financial instruments (i.e., the Group's trade and other receivables, finance lease receivables and amounts due from customers are each assessed as a separate group. Loans to related parties are assessed for expected credit losses on an individual basis);
- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The Group recognises an impairment gain or loss in the reissued consolidated Statement of Comprehensive Income for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVOCl, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the Financial asset in the Reissued Consolidated statement of financial position.

**Derecognition of financial assets**
The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset or substantially all the risk and rewards of ownership to another entity. If the Group neither transfer nor retains substantially all the risks and reward of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and associated liability for' amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralized borrowing for the proceeds received.

**Financial liabilities**
Financial liabilities carried at amortised cost have been classified and measured at amortised cost using the effective yield method.

For financial liabilities that are designated as at FVPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other- comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other- comprehensive income would create or enlarge an accounting mismatch in reissued consolidated statement of profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to reissued consolidated statement of comprehensive income. The liability credit reserve includes the cumulative changes in the fair value of the financial liabilities designated as at fair value through Comprehensive Income that are attributable to changes in the credit risk of these liabilities and which would not create or enlarge accounting mismatch in reissued consolidated statement of profit or loss. Amount presented in liability credit reserve are not subsequently transferred to reissued consolidated statement of profit or' loss. When such investments are derecognised, the related cumulative amount in the liability credit reserve is transferred to retained earnings.

**Derecognition of financial liabilities**
The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expired.

**SPECIALIZED MEDICAL COMPANY**
(A SAUDI CLOSED JOINT STOCK COMPANY)

**NOTES TO THE REISSUED CONSOLIDATED FINANCIAL STATEMENTS (continued)**
**FOR THE YEAR ENDED DECEMBER 31, 2023**

## 3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

***Statutory reserve***

As required by Saudi Arabian Regulations for Companies, 10% of the Company's net income for the year is to be transferred to the statutory reserve. The Company may resolve to discontinue such transfers when the reserve equals 30% of the share capital. The reserve is not available for distribution.

***Zakat provision***

The Company and its subsidiary are subject to zakat according to the regulations of the the Zakat, Tax and Customs Authority (ZATCA). Zakat is calculated according to the Zakat rule on the basis of the reissued consolidated financial statements of the Company and its subsidiary. The calculated Zakat provision is distributed between the Company and its subsidiary. Any difference between the provisions and the final assessment is recorded in the year in which the final assessment occurs.

***Employees benefits***

**Short term obligations**
Liabilities for wages and salaries and any other short term benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees, under the related service are recognised in respect of employee's services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the reissued consolidated statement of financial position.

**Post-employment liabilities**

**Defined contribution plans**
Retirement benefit in the Form of General Organization of Social Insurance (GOSl) is a defined contribution scheme. The Group has no obligation, other than the contribution payable to the GOSl. The Group recognises contribution payable to the GOSl as an expense, when an employee renders the related service.

**Defined benefits plans**
The cost of providing benefits under the defined benefit plans is determined using the projected unit credit method. Re-measurements, comprising of actuarial gains and losses, are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Re-measurements are not reclassified to Comprehensive Income in subsequent periods.

The discount rate for discounting the estimated future cash outflows is required to be based on the yield on corporate bonds of duration and currency consistent with the liabilities. Where there is no deep market in corporate bonds in the currency under consideration, the yields on government bonds are used. In the absence of deep bond market in KSA, the discount rate used is based on US Corporate Bond Rates.

Past service costs are recognised in the reissued consolidated statement of Comprehensive Income on the earlier of the date of the plan amendment or curtailment and the date on which the Group recognises related restructuring costs. Net interest is calculated by applying the discount rate to the net defined benefit liability. The Group recognises the changes in the net defined benefit obligation under 'cost of revenue, 'general and administrative expenses' and 'selling and distribution expenses' in the reissued consolidated statement of profit or loss.

**3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

***Government grants***

Government grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be compiled with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed. Where the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

The Group has received interest free loans from Ministry of finance with a condition to use the proceeds only for the purpose of the purchase of medical equipment and furniture. The difference between the initial carrying value of the loan (its fair value) and the proceeds received is treated as a Government grant. The grant income is deferred and subsequently released in the reissued consolidated statement of comprehensive income for the same period as the depreciation of the relevant asset.

***Impairment of non-financial assets***

For all tangible and intangible assets, the Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an assets or cash generating unit's ("CGU") fair value less costs of disposal and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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

The Group bases its impairment calculation on detailed budgets and forecasts which are prepared separately for each of the Group's CGU to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of three years. A long-term growth rate is calculated and applied to project future cash flows after the third year.

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

***Revenue***

The Group recognises revenue from customers based on following five steps:

**Step 1:** Identify the contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met:

**Step 2:** Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer:

**Step 3:** Determine the transaction price: the transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

**Step 4:** Allocate the transaction price to the performance obligations in the contract: For a contract that has more than on performance obligation, the Group will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.

**SPECIALIZED MEDICAL COMPANY**
(A SAUDI CLOSED JOINT STOCK COMPANY)

**NOTES TO THE REISSUED CONSOLIDATED FINANCIAL STATEMENTS (continued)**
**FOR THE YEAR ENDED DECEMBER 31, 2023**

## 3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

***Revenue*** *(continued)*

**Step 5**: Recognise revenue when (or as) the entity satisfies a performance obligation.

The Group satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

a) the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs.
b) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced,
c) the Group's performance does not create an asset with an alternate use to the Group and the Group has an enforceable right to payment for performance completed to date.

For performance obligations where one of the above conditions are not met, revenue is recognised at the point in time at which the performance obligation is satisfied.

When the Group satisfies a performance obligation by delivering the promised services it creates a contract based asset on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised this gives rise to a contract liability.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes and duty. The Group assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent.

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably.

**Medical services**
Revenue from medical services primarily comprises fees charged for inpatient and outpatient hospitals services. Services include charges for accommodation, medical professional services, medical supplies and medication, equipment, radiology and laboratory. These services are sold either separately or bundled together with the sale of pharmaceutical products to a customer.

The Group assessed that there is only one performance obligation in a contract for bundled medical services, because the transferred services are not capable of being distinct.

The Group concluded that revenue from bundled services will be recognised over time, using the output method to measure progress towards complete satisfaction of the service similar to the previous accounting policy.

**Medical claims objections**
The objections of medical claims are estimated from customers based on the Group's past experience and are recognised against revenue earned during the year. These estimates are subsequently adjusted to the actual settlement with the customers.

***Cost of revenue***

Cost of revenue represents expenses directly related to the generation of revenue, including but not limited to salaries and benefits, materials and supplies, depreciation and other direct costs.

***General and administrative expenses***

General and administrative expenses include direct and indirect costs that do not specifically form part of the medical cost. Allocations between general, administrative, and medical cost, when required, are made on a consistent basis.

**SPECIALIZED MEDICAL COMPANY**
(A SAUDI CLOSED JOINT STOCK COMPANY)

**NOTES TO THE REISSUED CONSOLIDATED FINANCIAL STATEMENTS (continued)**
**FOR THE YEAR ENDED DECEMBER 31, 2023**

## 3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

***Foreign currencies***

Transactions in foreign currencies are initially recorded by the Group at functional currency spot rate at the date the transaction qualifies for recognition.
Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the financial statements date. All differences are recognised in the reissued consolidated statement of profit and loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

***Borrowing costs***

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

***Provisions***

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of Comprehensive Income net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

***Contingent liabilities***

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or nonoccurrence of one or more uncertain future events not wholly within the control of the Group or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

## 4. SIGNIFICANT JUDGEMENTS ASSUMPTION AND ESTIMATES

In preparing these reissued consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of the Group’s accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that are behaved to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are addressed below:

**Judgments**
In the process of applying the Group’s accounting policies, management has made judgements, which have the effect on the amounts recognised in the reissued consolidated financial statements.

## 4. SIGNIFICANT JUDGEMENTS ASSUMPTION AND ESTIMATES (continued)

**Assumptions and estimates**
The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

**Revenue recognition**

The application of IFRS 15 has required management to make the following judgement:

- ***Satisfaction of performance obligations***
  The Group is required to assess each of its contracts with patients to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method of recognising revenue.

- ***Determination of transaction prices***
  The Group is required to determine the transaction price in respect of each of its agreements with customers. In making such judgment the Group assess the impact of any variable consideration in the contract, due to insurance claims discount or any other variable items, the existence of any significant financing component in the contract and any non-cash consideration in the contract.

- ***Transfer of control in contracts with customers***
  In case where the Group determines that performance obligation are satisfied at a point in time, revenue is recognised when services or control over the assets that is subject of contract is transferred to the patients.

**Allowance for expected credit losses**
When measuring expected credit losses the Group uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the Group would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring expected credit losses. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

**Useful lives of property and equipment**
The useful life of each of the Group's items of property and equipment is estimated based on the period over which the asset is expected to be available for use. Such estimation is based on a collective assessment of practices of similar businesses, internal technical evaluation, experience with similar assets and application of judgment as to when the assets become available for use and the commencement of the depreciation charge.

The estimated useful life of each asset is reviewed periodically and updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the asset. It is possible, however, that future results of operations could be materially affected by changes in the amounts and timing of recorded expenses brought about by changes in the factors mentioned above. A reduction in the estimated useful life of any item of property and equipment would increase the recorded operating expenses and decrease non-current assets.

**SPECIALIZED MEDICAL COMPANY**
(A SAUDI CLOSED JOINT STOCK COMPANY)

**NOTES TO THE REISSUED CONSOLIDATED FINANCIAL STATEMENTS (continued)**
**FOR THE YEAR ENDED DECEMBER 31, 2023**

## 4. SIGNIFICANT JUDGEMENTS ASSUMPTION AND ESTIMATES (continued)

**Change in accounting estimate – useful lives of assets**

The significant judgments, estimates and assumptions made by management are the same as those that applied to the annual consolidated financial statements for the year ended December 31, 2022, except for change in estimated useful lives of certain property and equipment. During the year ended December 31, 2023, the estimated total useful lives of certain property and equipment were revised as follows:

| Class of property and equipment | Estimated useful life before change | Estimated useful life after change |
|---|---|---|
| Building and renovation | 1.75% - 6.67% | 1.75% - 6.67% |
| Medical equipment | 10% - 25% | 10% |
| Furniture and fixtures | 10% - 20% | 10% - 20% |
| Computer and Software | 14% - 25% | 10% - 25% |
| General equipment | 10% - 25% | 6.67% - 10% |
| Motor vehicles | 25% | 25% |

The revision in useful lives was based on the operational efficiency review of these assets. The revision has been accounted for as a change in accounting estimate in accordance with the requirements of International Accounting Standard IAS 8 “Accounting policies, changes in accounting estimates and errors”. Had the revision in the useful lives of these assets not been made, the depreciation expense for the year ended December 31, 2023 would have been higher by SR 15.6 million consequently profit before zakat would have been lower by the same amount.

**Measurement of employees' defined benefits liabilities**
The Group net obligation in respect of defined benefit schemes is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods: that benefit is discounted to determine its present value, and the fair value of any plan assets is deducted.

The present value of the obligation is determined based on actuarial valuation at the statement of financial position date by an independent actuary using the Projected Unit Credit Method, which recognises each period of service as giving rise to an additional unit of employee benefit entitlement and measures. The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plan, are determined by reference to US bond yields, (as the Saudi Riyal is pegged to the US dollar), adjusted for an additional risk premium reflecting the possibility of the linkage being broken.

**SPECIALIZED MEDICAL COMPANY**
(A SAUDI CLOSED JOINT STOCK COMPANY)

**NOTES TO THE REISSUED CONSOLIDATED FINANCIAL STATEMENTS (continued)**
**FOR THE YEAR ENDED DECEMBER 31, 2023**

## 5. CASH AND CASH EQUIVALENTS

| | **December 31, 2023 SR** | December 31, 2022 (Restated Note 26) SR | January 01, 2022 (Restated Note 26) SR |
|---|---|---|---|
| Cash at banks | **47,295,219** | 21,263,773 | 12,342,062 |
| Cash on hand | **527,766** | 519,314 | 474,044 |
| | **47,822,985** | 21,783,087 | 12,816,106 |

Cash and cash equivalents are subject to the impairment requirements of IFRS 9 and the identified impairment loss was immaterial.

## 6. TRADE AND OTHER RECEIVABLES

| | **December 31, 2023 SR** | December 31, 2022 (Restated Note 26) SR | January 01, 2022 (Restated Note 26) SR |
|---|---|---|---|
| Trade and other receivables | **595,099,687** | 510,502,268 | 391,957,452 |
| Less: Provision of expected credit losses | **(86,653,689)** | (84,890,629) | (51,319,972) |
| | **508,445,998** | 425,611,639 | 340,637,480 |

**Movement in the provision of expected credit losses**

| | **December 31, 2023 SR** | December 31, 2022 (Restated Note 26) SR | January 01, 2022 (Restated Note 26) SR |
|---|---|---|---|
| January 01 | **84,890,629** | 51,319,972 | 4,560,617 |
| Charged during the year | **6,214,023** | 36,125,726 | 51,319,972 |
| Write off during the year | **(4,450,963)** | (2,555,069) | (4,560,617) |
| December 31 | **86,653,689** | 84,890,629 | 51,319,972 |

**SPECIALIZED MEDICAL COMPANY**
(A SAUDI CLOSED JOINT STOCK COMPANY)

**NOTES TO THE REISSUED CONSOLIDATED FINANCIAL STATEMENTS (continued)**
**FOR THE YEAR ENDED DECEMBER 31, 2023**

## 6. TRADE AND OTHER RECEIVABLES (continued)

As at December 31, the aging analysis of unimpaired accounts receivable is as follows:

| | **Less than one year SR** | **More than one year SR** | **Total SR** |
|---|---|---|---|
| **December 31, 2023** | **428,364,241** | **80,081,757** | **508,445,998** |
| December 31, 2022 | 347,843,517 | 77,768,122 | 425,611,639 |
| December 31, 2021 | 295,533,542 | 45,103,938 | 340,637,480 |

## 7. INVENTORIES

| | **December 31, 2023 SR** | December 31, 2022 SR |
|---|---|---|
| Medical and operating room supplies | **22,010,083** | 15,816,195 |
| Other | **3,938,238** | 4,239,377 |
| | **25,948,321** | 20,055,572 |

## 8. PREPAYMENTS AND OTHER ASSETS

| | **December 31, 2023 SR** | December 31, 2022 (Restated Note 26) SR | January 01, 2022 (Restated Note 26) SR |
|---|---|---|---|
| Iqama fees | **11,470,164** | 11,137,398 | 8,934,590 |
| Advance payments * | **8,686,837** | 6,352,610 | 212,245,170 |
| Prepaid expenses | **5,677,591** | 2,442,805 | 1,989,551 |
| Advance to suppliers | **4,396,673** | 1,776,131 | 1,467,932 |
| Employee receivables | **3,449,561** | 2,671,708 | 1,973,338 |
| Others | **1,493,000** | 2,058,718 | 3,395,316 |
| | **35,173,826** | 26,439,370 | 230,005,897 |

* Advance payments as of December 31, 2021 include SR 205,516,044 which represents advance paid for purchase of Land in order to build new branch, the title deed was transferred under the Company's name during the year 2022, accordingly this balance was transferred to land under property and equipment in 2022.

**SPECIALIZED MEDICAL COMPANY**
(A SAUDI CLOSED JOINT STOCK COMPANY)

**NOTES TO THE REISSUED CONSOLIDATED FINANCIAL STATEMENTS (continued)**
**FOR THE YEAR ENDED DECEMBER 31, 2023**

## 9. PROPERTY AND EQUIPMENT

| | Land** SR | Building and renovation** SR | Medical equipment SR | Furniture and fixtures SR | Computer and software SR | General equipment SR | Motor vehicles SR | Right-of-use assets | Capital work in progress * SR | Total SR |
|---|---|---|---|---|---|---|---|---|---|---|
| **Cost:** | | | | | | | | | | |
| As of January 1, 2022 (as previously reported) | 326,550,389 | 755,928,941 | 387,400,100 | 103,444,924 | 86,844,913 | 41,017,503 | 7,687,044 | 239,379,750 | 51,688,531 | 1,999,942,095 |
| Restatement (note 26) | (205,516,044) | (67,650,000) | (6,955,150) | (733,655) | (5,765,556) | - | - | (239,379,750) | - | (526,000,155) |
| As of January 1, 2022 (restated) | 121,034,345 | 688,278,941 | 380,444,950 | 102,711,269 | 81,079,357 | 41,017,503 | 7,687,044 | - | 51,688,531 | 1,473,941,940 |
| Additions | 205,516,044 | 1,677,929 | 23,144,511 | 6,893,155 | 3,668,150 | 5,119,046 | 103,500 | - | 20,279,617 | 266,401,952 |
| Transfers | - | - | - | 131,950 | - | - | - | - | (131,950) | - |
| Disposals | - | - | - | (1,580) | (639,755) | (165,610) | - | - | - | (806,945) |
| As of December 31, 2022 (restated) | 326,550,389 | 689,956,870 | 403,589,461 | 109,734,794 | 84,107,752 | 45,970,939 | 7,790,544 | - | 71,836,198 | 1,739,536,947 |
| Additions | **11,032,500** | **10,528,768** | **15,451,943** | **3,754,452** | **2,420,140** | **2,109,147** | **-** | **-** | **27,544,207** | **72,841,157** |
| Transfers | **-** | **1,152,683** | **-** | **40,172,950** | **91,184** | **5,774,620** | **-** | **-** | **(47,191,437)** | **-** |
| Disposals | **-** | **(137,808)** | **(2,984,594)** | **(1,395,130)** | **(36,497)** | **(34,648)** | **-** | **-** | **-** | **(4,588,677)** |
| **As of December 31, 2023** | **337,582,889** | **701,500,513** | **416,056,810** | **152,267,066** | **86,582,579** | **53,820,058** | **7,790,544** | **-** | **52,188,968** | **1,807,789,427** |
| **Accumulated depreciation:** | | | | | | | | | | |
| As of January 1, 2022 (as previously reported) | - | 141,457,045 | 218,721,857 | 54,455,689 | 67,742,738 | 22,608,213 | 6,646,894 | 51,458,340 | - | 563,090,776 |
| Restatement (note 26) | - | (48,506,741) | (5,630,352) | (415,737) | (4,667,350) | - | - | (51,458,340) | - | (110,678,520) |
| As of January 1, 2022 (restated) | - | 92,950,304 | 213,091,505 | 54,039,952 | 63,075,388 | 22,608,213 | 6,646,894 | - | - | 452,412,256 |
| For the year | - | 16,346,007 | 38,553,729 | 7,852,967 | 8,294,602 | 3,380,546 | 417,236 | - | - | 74,845,087 |
| Disposals | - | - | - | (1,580) | (639,332) | (165,610) | - | - | - | (806,522) |
| As of December 31, 2022 (restated) | - | 109,296,311 | 251,645,234 | 61,891,339 | 70,730,658 | 25,823,149 | 7,064,130 | - | - | 526,450,821 |
| For the year | **-** | **17,228,084** | **25,601,176** | **8,324,646** | **3,991,230** | **2,933,905** | **413,608** | **-** | **-** | **58,492,649** |
| Disposals | **-** | **(57,245)** | **(2,881,461)** | **(762,146)** | **(13,477)** | **(17,387)** | **-** | **-** | **-** | **(3,731,716)** |
| **As of December 31, 2023** | **-** | **126,467,150** | **274,364,949** | **69,453,839** | **74,708,411** | **28,739,667** | **7,477,738** | **-** | **-** | **581,211,754** |
| **Net book value:** | | | | | | | | | | |
| **As of December 31, 2023** | **337,582,889** | **575,033,363** | **141,691,861** | **82,813,227** | **11,874,168** | **25,080,391** | **312,806** | **-** | **52,188,968** | **1,226,577,673** |
| As of December 31, 2022 (restated) | 326,550,389 | 580,660,559 | 151,944,227 | 47,843,455 | 13,377,094 | 20,147,790 | 726,414 | - | 71,836,198 | 1,213,086,126 |
| As of December 31, 2021 (restated) | 121,034,345 | 595,328,637 | 167,353,445 | 48,671,317 | 18,003,969 | 18,409,290 | 1,040,150 | - | 51,688,531 | 1,021,529,684 |

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

**Land, building and renovation includes an amount of SR 60,983,414 land and building mortgaged against the loan from ministry of finance (note 13).

**SPECIALIZED MEDICAL COMPANY**
(A SAUDI CLOSED JOINT STOCK COMPANY)

**NOTES TO THE REISSUED CONSOLIDATED FINANCIAL STATEMENTS (continued)**
**FOR THE YEAR ENDED DECEMBER 31, 2023**

## 9. PROPERTY AND EQUIPMENT (continued)

The depreciation expense for the year has been allocated in the reissued statement of profit or loss and other comprehensive income as follows:

| | **2023 SR** | 2022 SR |
|---|---|---|
| Cost of revenue | **51,373,805** | 65,316,673 |
| General and administrative expenses | **7,118,844** | 9,528,414 |
| | **58,492,649** | 74,845,087 |

**Movement of capital work progress is summarized as following:**

| | **2023 SR** | 2022 SR |
|---|---|---|
| Balance as of January 01 | **71,836,198** | 51,688,531 |
| Additions during the year | **27,544,207** | 20,279,617 |
| Transfer during the year | **(47,191,437)** | (131,950) |
| Balance as of December 31* | **52,188,968** | 71,836,198 |

* The construction contracts of the Ishbilia Kitchen and Ishbilia Nurses Housing projects are signed with Abdulrahman Saad Al-Rashid & Sons Co., a major shareholder in the group (Note 21).

## 10. 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, with corporate and personal guarantees from the shareholders, the value of the withdrawal until December 31, 2023: SR 415,000,000 (December 31, 2022: SR 395,000,000).

## 11. LONG-TERM LOANS

| | **December 31, 2023 SR** | December 31, 2022 (Restated Note 26) | January 01, 2022 (Restated Note 26) |
|---|---|---|---|
| Balance as of January 01 | **235,000,000** | 302,750,000 | 255,035,736 |
| Proceed during the year | **-** | - | 280,000,000 |
| Reclassification to short term loan | **-** | (45,000,000) | - |
| Paid during the year | **(33,571,429)** | (22,750,000) | (232,285,736) |
| Balance as of December 31 | **201,428,571** | 235,000,000 | 302,750,000 |
| | | | |
| Current portion of long-term loans | **57,551,020** | 36,296,296 | 20,000,000 |
| Non-current portion of long-term loans | **143,877,551** | 198,703,704 | 282,750,000 |
| | **201,428,571** | 235,000,000 | 302,750,000 |

The Group utilized bank facilities from local commercial banks with a rate of one month SIBOR + agreed rates to finance the working capital. Further it also utilized for the purchase of land for branch 3, with corporate and personal guarantees from the shareholders, as the value of the withdrawal until December 31, 2023: SR 201,428,571 (December 31, 2022: SR 235,000,000).

As of the year end, the company 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.

**SPECIALIZED MEDICAL COMPANY**
(A SAUDI CLOSED JOINT STOCK COMPANY)

**NOTES TO THE REISSUED CONSOLIDATED FINANCIAL STATEMENTS (continued)**
**FOR THE YEAR ENDED DECEMBER 31, 2023**

## 12. 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.

| **Right-of-use Assets** | **December 31, 2023 SR** | December 31, 2022 (Restated Note 26) SR | January 01, 2022 (Restated Note 26) SR |
|---|---|---|---|
| **Cost** | | | |
| Balance as of January 01 | **315,023,121** | 320,484,111 | 311,520,980 |
| Additions during the year | **2,085,240** | - | 10,884,988 |
| Adjustment | **(16,212,783)** | (5,460,990) | (1,921,857) |
| Modification during the year | **78,005,617** | - | - |
| Balance as of December 31 | **378,901,195** | 315,023,121 | 320,484,111 |
| **Depreciation** | | | |
| Balance as of January 01, | **136,597,058** | 110,678,520 | 82,013,997 |
| Charge for the year | **29,270,009** | 29,093,080 | 30,586,380 |
| Adjustment | **(16,212,783)** | (3,174,542) | (1,921,857) |
| Balance as of December 31 | **149,654,284** | 136,597,058 | 110,678,520 |
| **Net book value** | | | |
| **As of December 31,** | **229,246,911** | 178,426,063 | 209,805,591 |

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

| | **2023 SR** | 2022 SR |
|---|---|---|
| Cost of revenue | **25,976,053** | 25,799,124 |
| General and administrative expenses | **3,293,956** | 3,293,956 |
| | **29,270,009** | 29,093,080 |

| **Lease liabilities** | **December 31, 2023 SR** | December 31, 2022 (Restated Note 26) SR | January 01, 2022 (Restated Note 26) SR |
|---|---|---|---|
| Balance as of January 01 | **177,050,545** | 201,068,969 | 211,803,655 |
| Additions during the year | **2,085,240** | - | 10,884,988 |
| Finance cost during the year | **8,673,334** | 5,518,506 | 6,060,401 |
| Lease termination during the year | **-** | (2,286,448) | - |
| Payments during the year | **(25,981,515)** | (27,250,482) | (27,680,075) |
| Modification during the year | **78,005,617** | - | - |
| Balance as of December 31 | **239,833,221** | 177,050,545 | 201,068,969 |

**SPECIALIZED MEDICAL COMPANY**
(A SAUDI CLOSED JOINT STOCK COMPANY)

**NOTES TO THE REISSUED CONSOLIDATED FINANCIAL STATEMENTS (continued)**
**FOR THE YEAR ENDED DECEMBER 31, 2023**

## 12. RIGHT OF USE ASSETS AND LEASE LIABILITIES (continued)

Lease liabilities as of the year-end are as follows:

| | **December 31, 2023 SR** | December 31, 2022 (Restated Note 26) SR | January 01, 2022 (Restated Note 26) SR |
|---|---|---|---|
| Current portion of lease liabilities | **25,086,962** | 24,634,353 | 21,558,371 |
| Non-current portion of lease liabilities | **214,746,259** | 152,416,192 | 179,510,598 |
| Balance as of December 31 | **239,833,221** | 177,050,545 | 201,068,969 |

| | **December 31, 2023 SR** | December 31, 2022 (Restated Note 26) SR | January 01, 2022 (Restated Note 26) SR |
|---|---|---|---|
| Future minimum lease liabilities | **336,778,097** | 201,104,430 | 239,650,736 |
| Less: un-amortised finance costs | **(96,944,876)** | (24,053,885) | (38,581,767) |
| Present value of minimum lease liabilities | **239,833,221** | 177,050,545 | 201,068,969 |
| Less: current portion of lease liabilities | **(25,086,962)** | (24,634,353) | (21,558,371) |
| Non – current portion of lease liabilities | **214,746,259** | 152,416,192 | 179,510,598 |

## 13. 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 (note 9).

| | **December 31, 2023 SR** | December 31, 2022 (Restated Note 26) SR | January 01, 2022 (Restated Note 26) SR |
|---|---|---|---|
| Balance as of January 01 | **7,968,335** | 10,446,870 | 14,663,035 |
| Paid during the year | **(2,565,280)** | (2,478,535) | (4,216,165) |
| Balance as of December 31 | **5,403,055** | 7,968,335 | 10,446,870 |
| | | | |
| Current portion of long-term government loans | **2,565,278** | 2,565,278 | 2,478,532 |
| Non-current portion of long-term government | **2,837,777** | 5,403,057 | 7,968,338 |
| Balance as of December 31 | **5,403,055** | 7,968,335 | 10,446,870 |

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.

**SPECIALIZED MEDICAL COMPANY**
(A SAUDI CLOSED JOINT STOCK COMPANY)

**NOTES TO THE REISSUED CONSOLIDATED FINANCIAL STATEMENTS (continued)**
**FOR THE YEAR ENDED DECEMBER 31, 2023**

## 13. GOVERNMENT LOAN (continued)

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

| | **2023 SR** | 2022 SR | 2023 SR |
|---|---|---|---|
| Balance as of January 01 | **564,176** | 929,816 | 1,443,023 |
| Amortization during the year | **(278,889)** | (365,640) | (513,207) |
| Balance as of December 31 | **285,287** | 564,176 | 929,816 |

| | **December 31, 2023 SR** | December 31, 2022 (Restated Note 26) SR | January 01, 2022 (Restated Note 26) SR |
|---|---|---|---|
| Current portion of deferred government grant | **189,107** | 278,892 | 365,640 |
| Non-current portion of deferred government grant | **96,180** | 285,284 | 564,176 |
| | **285,287** | 564,176 | 929,816 |

## 14. ACCRUED EXPENSES AND OTHER LIABILITIES

| | **December 31, 2023 SR** | December 31, 2022 (Restated Note 26) SR | January 01, 2022 (Restated Note 26) SR |
|---|---|---|---|
| Employees' salaries and benefits | **47,101,743** | 41,508,574 | 41,872,621 |
| Value added tax | **13,599,521** | 9,617,834 | 8,369,895 |
| Advance from customers | **10,629,187** | 9,454,405 | 7,272,769 |
| Provision for contingent liabilities | **3,300,000** | 3,300,000 | 1,200,000 |
| General organization for social insurance | **2,352,727** | 2,092,973 | 1,581,620 |
| Accrued expenses | **1,541,438** | 1,645,369 | 527,561 |
| Unearned other revenue | **1,158,048** | 2,334,559 | 1,907,537 |
| Others | **9,521,095** | 6,418,816 | 5,254,986 |
| | **89,203,759** | 76,372,530 | 67,986,989 |

## 15. ZAKAT PAYABLE

The principal elements of the zakat base are as follows:

| | **December 31, 2023 SR** | December 31, 2022 SR |
|---|---|---|
| Non-current assets | **1,455,824,584** | 1,391,512,189 |
| Non-current liabilities | **518,265,731** | 505,282,507 |
| Opening shareholders' equity | **731,834,522** | 684,245,692 |
| Profit before zakat | **174,699,588** | 107,115,512 |
| Dividends | **60,000,000** | 50,000,000 |

Some of these amounts have been adjusted in arriving at the zakat charge for the year.

**SPECIALIZED MEDICAL COMPANY**
(A SAUDI CLOSED JOINT STOCK COMPANY)

**NOTES TO THE REISSUED CONSOLIDATED FINANCIAL STATEMENTS (continued)**
**FOR THE YEAR ENDED DECEMBER 31, 2023**

## 15. ZAKAT PAYABLE (continued)

The movement in Zakat provision for the years ended December 31, is as follows:

| | **December 31, 2023 SR** | December 31, 2022 SR |
|---|---|---|
| Balance as of January 01 | **3,957,230** | 3,321,202 |
| Charge for the current year | **6,003,547** | 4,154,844 |
| Paid during the year | **(4,246,135)** | (3,518,816) |
| Balance as of December 31 | **5,714,642** | 3,957,230 |

***Status of assessments:***
Zakat declarations were submitted to the Zakat, Tax and Customs Authority (ZATCA) for all years up to December 31, 2023, and the Group obtained the final assessment up to the year ended 2018, and it is still, awaiting the final assessments for the years from 2019 up to 2023 from ZATCA.

## 16. EMPLOYEES DEFINED BENEFITS LIABILITIES

The Group provides end of service benefits to its employees. The entitlement is based upon the employees' final salary and length of service, provided that a minimum period of service is completed. The entitlement is calculated according to the Saudi Arabian Labor Law and is payable upon resignation or termination of the employee.

| | **December 31, 2023 SR** | December 31, 2022 SR |
|---|---|---|
| Employees' benefit liability | **155,938,697** | 147,367,361 |

The movement of present value of total employee benefits liability recognised in the statement of financial position is as follows:

| | **December 31, 2023 SR** | December 31, 2022 SR |
|---|---|---|
| January 1 | **147,367,361** | 134,284,750 |
| ***Included in profit or loss*** | | |
| Current service cost | **17,895,328** | 15,928,476 |
| Interest cost | **6,379,864** | 3,108,347 |
| | **24,275,192** | 19,036,823 |
| Re-measurement (gains) / losses | **(4,518,662)** | 5,371,838 |
| Benefits paid | **(11,185,194)** | (11,326,050) |
| **December 31** | **155,938,697** | 147,367,361 |

**SPECIALIZED MEDICAL COMPANY**
(A SAUDI CLOSED JOINT STOCK COMPANY)

**NOTES TO THE REISSUED CONSOLIDATED FINANCIAL STATEMENTS (continued)**
**FOR THE YEAR ENDED DECEMBER 31, 2023**

## 16. EMPLOYEES DEFINED BENEFITS LIABILITIES (continued)

The expense recognised in the reissued statement of profit or loss and other comprehensive income is as follows:

| | **2023** | 2022 |
|---|---|---|
| | **SR** | SR |
| Current service cost | **17,895,328** | 15,928,476 |
| Interest cost | **6,379,864** | 3,108,347 |
| | **24,275,192** | 19,036,823 |

**Actuarial assumptions**
The main financial assumptions used to calculate the indicative defined unfunded benefit plans liabilities are as follows:

| | **December 31, 2023** | December 31, 2022 |
|---|---|---|
| Discount rate | **4.75%** | 4.50% |
| Future salary growth/expected rate of salary increase | **3.00%** | 4.50% |
| Withdrawal rate | **22%** | 14% |

The sensitivity of employee benefits obligation to changes in the weighted principal assumptions is as follows:

| | **December 31, 2023** | | |
|---|---|---|---|
| | **Impact on employee benefits liability Increase/(decrease) in actual figures** | | |
| | **Change in assumption by** | **Increase in assumption** | **Decrease in assumption** |
| Discount rate | 1% | **143,427,343** | **154,876,629** |
| Future salary growth/expected rate of salary increase | 1% | **154,921,907** | **143,286,797** |

| | December 31, 2022 | | |
|---|---|---|---|
| | Impact on employee benefits liability Increase/(decrease) in actual figures | | |
| | Change in assumption by | Increase in assumption by | Decrease in assumption by |
| Discount rate | 1% | 137,213,580 | 148,554,855 |
| Future salary growth/expected rate of salary increase | 1% | 148,584,816 | 137,087,288 |

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and mortality. The sensitivity analysis has been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

The sensitivity analysis presented may not be representative of the actual change in the employee benefits liability as it is unlikely that the changes in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

**SPECIALIZED MEDICAL COMPANY**
(A SAUDI CLOSED JOINT STOCK COMPANY)

**NOTES TO THE REISSUED CONSOLIDATED FINANCIAL STATEMENTS (continued)**
**FOR THE YEAR ENDED DECEMBER 31, 2023**

## 16. EMPLOYEES DEFINED BENEFITS LIABILITIES (continued)

In presenting the sensitivity analysis, the present value of the employee benefits liability has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the employee benefits liability recognised in the statement of financial position.
There was no change in the method and assumption used in preparing the sensitivity analysis from prior year.

During the year, an independent actuarial exercise has been conducted to ensure the adequacy of provision for employees' end of service benefits in accordance with the rules stated under the Saudi Arabian Labor Law by using the Projected Unit Credit Method as required under IAS 19.

The expected maturity analysis of the employees benefit liability is as follows:

The weighted average duration of the end of service benefits is 6 years.

| | **December 31, 2023 SR** | December 31, 2022 SR |
|---|---|---|
| Expected total benefits payment | | |
| Year 1 | **46,735,444** | 40,615,779 |
| Year 2 | **20,203,961** | 17,856,561 |
| Year 3 | **18,251,815** | 15,355,755 |
| Year 4 | **18,347,696** | 15,132,843 |
| Year 5 | **13,703,209** | 13,336,383 |
| Year 6 | **74,944,571** | 70,668,681 |

## 17. SHARE CAPITAL

Capital consists of 8,500,000 shares (2022: 8,500,000 shares) of SR 10 (2022: SR 10) each fully paid and held as of December 31, 2023, and December 31, 2022, as follows:

| **Name** | **Nationality** | **Number of shares** | **Percentage** | **Amount** |
|---|---|---|---|---|
| Abdulrahman Saad Al-Rashid & Sons Co. | **Saudi** | **3,433,500** | **40.39%** | **34,335,000** |
| Abdullah Saad Al-Rashid & Sons, Co. | **Saudi** | **1,754,481** | **20.64%** | **17,544,810** |
| Al Thomad Trading & Contracting Co. | **Saudi** | **1,716,750** | **20.20%** | **17,167,500** |
| Rashid Al-Rashid & Sons Co. | **Saudi** | **1,106,769** | **13.02%** | **11,067,690** |
| Dr. Khaled Al Sebaiay | **Saudi** | **325,000** | **3.83%** | **3,250,000** |
| Dr. Mohammad Saleh Al Konbaz. | **Saudi** | **163,500** | **1.92%** | **1,635,000** |
| | | **8,500,000** | **100.00%** | **85,000,000** |

## 18. STATUTORY RESERVE

In accordance with Saudi Arabian Regulations for Companies, the Company has set aside 10% of its yearly net income until it has built a reserve equal to 30% of the share capital. The reserve is not available for dividend distribution.

**SPECIALIZED MEDICAL COMPANY**
(A SAUDI CLOSED JOINT STOCK COMPANY)

**NOTES TO THE REISSUED CONSOLIDATED FINANCIAL STATEMENTS (continued)**
**FOR THE YEAR ENDED DECEMBER 31, 2023**

## 19. GENERAL AND ADMINISTRATIVE EXPENSES

| | **2023** **SR** | 2022 SR |
|---|---|---|
| Employees' salaries & benefits | **92,177,375** | 78,946,922 |
| Depreciation | **10,412,800** | 12,822,370 |
| Repair and maintenance | **7,490,959** | 7,015,847 |
| Expected credit losses | **6,214,023** | 36,125,726 |
| Subscription | **2,136,821** | 2,078,307 |
| Rents | **1,417,842** | 2,033,845 |
| Others | **12,801,525** | 10,456,653 |
| | **132,651,345** | 149,479,670 |

## 20. DIVIDEND DISTRIBUTION

The board of directors approved annual dividend amounting to SR 60 million for the year ended December 31, 2022 (SR 50 million for the year ended December 31, 2021) in their meeting held on February 28, 2023.

## 21. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties include the shareholders, affiliated companies, directors, and relatives thereof. The terms and conditions of such transactions are approved by the management:

| **Name of Related Party** | **Relationship** |
|---|---|
| Saudi Bunyan Company | Common Directorship |
| Snow Bright Laundry Company | Common Directorship |
| Adeem Al Sahra Trading Company | Owned by a close family member of a director |
| Cotton Experts | Owned by a close family member of a director |
| Code Invention Company | Owned by a close family member of a director |
| Mr. Sulaiman Abdulrahman Al-Rashid | Chairman of Board of Directors |
| Al-Thomad Travel and Tourism Company | Shareholder |
| Rashid Saad Al Rashid & Sons Company | Shareholder |
| Abdullah Saad Al Rashid & Sons Company | Shareholder |
| Dr. Mohammad Saleh Al Konbaz | Shareholder |
| Dr. Khalid Al Sebaiay | Shareholder |
| Abdulrahman Saad Al-Rashid & Sons Company | Shareholder |
| Mr. Abdulrahman Al-Rashid | Director |
| Mr. Rashid Saad Al-Rashid | Director |
| Mr. Omran AbdulRahman Al-Rashid | Director |
| Mr. Yousef Rashid Al-Rashid | Director |
| Abdallah A. Al-Twaijri | Director |
| Family members of shareholders, board members, and those related them | Family Members |

**SPECIALIZED MEDICAL COMPANY**
(A SAUDI CLOSED JOINT STOCK COMPANY)

**NOTES TO THE REISSUED CONSOLIDATED FINANCIAL STATEMENTS (continued)**
**FOR THE YEAR ENDED DECEMBER 31, 2023**

## 21. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

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

| Transactions with Related Parties | 2023 SR | 2022 SR |
|---|---|---|
| Purchases and services | **19,463,505** | 5,740,322 |
| Lease rentals payments | **16,236,893** | 14,813,663 |
| Expense incurred on behalf of related party | **9,589,482** | 601,811 |
| Revenue | **1,633,461** | 1,956,267 |

**Due from related parties**

| | December 31, 2023 SR | December 31, 2022 (Restated note 26) SR | January 01, 2022 (Restated note 26) SR |
|---|---|---|---|
| Saudi Bunyan Company | **124,643** | 380,776 | 69,291 |
| Code Invention Company | **48,621** | - | - |
| Rashid Saad Al Rashid & Sons Company | **4,453** | 6,915 | 30,019 |
| Mr. Omran AbdulRahman Al-Rashid | **235,511** | 9,757 | 349,359 |
| Mr. Yousef Rashid Al-Rashid | **78,941** | 6,802 | 16,522 |
| Mr. Sulaiman Abdulrahman Al-Rashid | **29,617** | 71,702 | 399,302 |
| Mr. Abdulrahman Al-Rashid | **22,768** | 9,237 | 265,573 |
| Mr. Rashid Saad Al-Rashid | **18,250** | 15,231 | 51,649 |
| Dr. Mohammad Saleh Al Konbaz | **1,796** | 94,970 | 100,233 |
| Abdallah A. Al-Twaijri | **720** | 11,805 | - |
| Dr. Khalid Al Sebaiay | **-** | 31,650 | 45,780 |
| Family members of shareholders, board members, and those related them | **449,212** | 801,644 | 1,034,186 |
| | **1,014,532** | 1,440,489 | 2,361,914 |

The amount due from related parties represent health care services provided to those related parties in the course of ordinary business with other customers.

**Due to related parties**

| | December 31, 2023 SR | December 31, 2022 (Restated note 26) SR | January 01, 2022 (Restated Note 26) SR |
|---|---|---|---|
| Snow Bright Laundry Company | **377,339** | 197,862 | 180,595 |
| Al-Thomad Travel and Tourism Company | **326,912** | 437,412 | 172,526 |
| Cotton Experts Company | **131,781** | - | - |
| Adeem Al Sahra Trading Company | **59,492** | - | - |
| Code Invention Company | **-** | 290,000 | 97,129 |
| | **895,524** | 925,274 | 450,250 |

**SPECIALIZED MEDICAL COMPANY**
(A SAUDI CLOSED JOINT STOCK COMPANY)

**NOTES TO THE REISSUED CONSOLIDATED FINANCIAL STATEMENTS (continued)**
**FOR THE YEAR ENDED DECEMBER 31, 2023**

## 21. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

**Compensation of key management personnel of the group:**

| | **2023 SR** | 2022 SR |
|---|---|---|
| Short term employment benefits | **10,167,130** | 10,041,682 |
| Board of Directors' remuneration | **1,500,000** | 1,500,000 |
| Post employment benefits | **993,011** | 1,011,595 |
| | **12,660,141** | 12,553,277 |

## 22. COMMITMENTS AND CONTINGENCIES

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

| | **December 31 2023 SR** | December 31 2022 SR |
|---|---|---|
| Capital commitments * | **23,544,956** | 24,403,826 |

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

**Letter of guarantees**
The Group has guarantees related to, as follows:

| | **December 31 2023 SR** | December 31 2022 SR |
|---|---|---|
| Letter of guarantees | **25,307,591** | 23,840,745 |

## 23. EARNINGS PER SHARE

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

| | **2023 SR** | 2022 (Restated note 26) SR |
|---|---|---|
| Total profit for the year attributable to the shareholders | **168,696,041** | 102,960,668 |
| Weighted average number of ordinary shares outstanding for basic EPS | **8,500,000** | 8,500,000 |
| Earnings per share – basic and diluted | **19.85** | 12.11 |

**SPECIALIZED MEDICAL COMPANY**
(A SAUDI CLOSED JOINT STOCK COMPANY)

**NOTES TO THE REISSUED CONSOLIDATED FINANCIAL STATEMENTS (continued)**
**FOR THE YEAR ENDED DECEMBER 31, 2023**

## 24. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

***Fair value measurement***

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. As the group financial instruments are compiled under the historical cost convention, differences may arise between the book values and fair value estimates. Management believes that the fair values of the group financial assets and liabilities are not materially different from their carrying values.

The management assessed that cash and short-term deposits, trade and other receivables, trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The table below shows the carrying amounts of financial assets and liabilities:

| Financial Assets<br>Amortised cost | Notes | December 31, 2023<br>SR | December 31, 2022 (Restated Note 26)<br>SR | January 01, 2022 (Restated Note 26)<br>SR |
|---|---|---|---|---|
| Trade and other receivables | 6 | **508,445,998** | 425,611,639 | 340,637,480 |
| Due from related parties | 21 | **1,014,532** | 1,440,489 | 2,361,914 |
| Other debit balances | 8 | **1,493,000** | 2,058,718 | 3,395,316 |
| Cash and cash equivalents | 5 | **47,822,985** | 21,783,087 | 12,816,106 |
| | | **558,776,515** | 450,893,933 | 359,210,816 |

| Financial Liabilities<br>Amortised cost | | December 31, 2023<br>SR | December 31, 2022 (Restated Note 26)<br>SR | January 01, 2022 (Restated Note 26)<br>SR |
|---|---|---|---|---|
| Long term loans | 11 & 13 | **206,831,626** | 242,968,335 | 313,196,870 |
| Short term loans | 10 | **415,000,000** | 395,000,000 | 335,000,000 |
| Lease liabilities | 12 | **239,833,221** | 177,050,545 | 201,068,969 |
| Due to related parties | 21 | **895,524** | 925,274 | 450,250 |
| Trade payables | | **115,478,265** | 110,802,373 | 95,933,385 |
| | | **978,038,636** | 926,746,527 | 945,649,474 |

**SPECIALIZED MEDICAL COMPANY**
(A SAUDI CLOSED JOINT STOCK COMPANY)

**NOTES TO THE REISSUED CONSOLIDATED FINANCIAL STATEMENTS (continued)**
**FOR THE YEAR ENDED DECEMBER 31, 2023**

## 24. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

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

When measuring the fair value of an asset or a liability, the group uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e. derived from prices)

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs). If the inputs used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. Management believes that its estimates and judgments are reasonable and adequate.

***Financial risk management***

The Board of Directors of the group has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board is also responsible for developing and monitoring the Group's risk management policies.

The group has exposure to the following risks from its use of financial instruments.

- Credit risk
- Liquidity risk
- Market risk
- Foreign Currency risk
- Commission rate risk
- Capital Management

**Credit risk**
Credit risk is the risk that one party will fail to discharge its obligation and will cause the other party to incur a financial loss.

The group assets that are subject to credit risks comprise of bank balances, bank deposits, advances to suppliers, receivables and other debit balances. Cash is placed with banks with high credit ratings and credit limits to the customers are monitored on regular basis thus reduces credit risk.

The group does not believe that there is a significant risk of non-performance by these financial institutions, the group does not consider itself exposed to a concentration of credit risk with respect to accounts receivable due to its diverse customer base operating in various industries and located in many regions.

The carrying amount of the financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the financial position date was as follows:

**SPECIALIZED MEDICAL COMPANY**
(A SAUDI CLOSED JOINT STOCK COMPANY)

**NOTES TO THE REISSUED CONSOLIDATED FINANCIAL STATEMENTS (continued)**
**FOR THE YEAR ENDED DECEMBER 31, 2023**

## 24. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

**Credit risk** (continued)

| | **December 31, 2023 SR** | December 31, 2022 (Restated Note 26) SR | January 01, 2022 (Restated Note 26) SR |
|---|---|---|---|
| Trade and other receivables | **508,445,998** | 425,611,639 | 340,637,480 |
| Due from related parties | **1,014,532** | 1,440,489 | 2,361,914 |
| Other debit balances | **1,493,000** | 2,058,718 | 3,395,316 |
| Cash and cash equivalents | **47,822,985** | 21,783,087 | 12,816,106 |
| | **558,776,515** | 450,893,933 | 359,210,816 |

**Liquidity risk**
Liquidity risk is the risk that the group will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value. Liquidity risk is managed by monitoring on a regular basis to ensure that sufficient funds are available to meet any future commitments. The group approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stress conditions, without incurring unacceptable losses or risking damage to the group reputation.

The following are the contracted maturities of financial liabilities, including estimated interest payments:

| **December 31, 2023** | **Carrying Amount SR** | **Contractual Cash Flows SR** | **Less than a year SR** | **More than a year SR** |
|---|---|---|---|---|
| **Non-derivative financial liabilities** | | | | |
| Long term loans | **206,831,626** | **230,557,374** | **71,603,211** | **158,954,163** |
| Short term loan | **415,000,000** | **424,931,250** | **424,931,250** | **-** |
| Lease liabilities | **239,833,221** | **336,778,098** | **25,549,819** | **311,228,279** |
| Due to related parties | **895,524** | **895,524** | **895,524** | **-** |
| Trade payables | **115,478,265** | **115,478,265** | **114,708,998** | **769,267** |
| | **978,038,636** | **1,108,640,511** | **637,688,802** | **470,951,709** |

| December 31, 2022 | Carrying Amount SR | Contractual Cash Flows SR | Less than a year SR | More than a year SR |
|---|---|---|---|---|
| Non-derivative financial liabilities | | | | |
| Long term loans | 242,968,335 | 281,546,472 | 51,553,288 | 229,993,184 |
| Short term loan | 395,000,000 | 405,672,343 | 405,672,343 | - |
| Lease liabilities | 177,050,545 | 201,104,430 | 25,128,233 | 175,976,197 |
| Due to related parties | 925,274 | 925,274 | 925,274 | - |
| Trade payables | 110,802,373 | 110,802,373 | 109,695,464 | 1,106,909 |
| | 926,746,527 | 1,000,050,892 | 592,974,602 | 407,076,290 |

**SPECIALIZED MEDICAL COMPANY**
(A SAUDI CLOSED JOINT STOCK COMPANY)

**NOTES TO THE REISSUED CONSOLIDATED FINANCIAL STATEMENTS (continued)**
**FOR THE YEAR ENDED DECEMBER 31, 2023**

## 24. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

**Market risk**
Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: interest rate risk, currency risk and other price risk such as equity price risk and commodity price risk. Financial instruments affected by market risk include loans and borrowings and deposits.

**Foreign currency risk**
Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Management monitors the fluctuation in currency exchange rates and believes that the currency risk is not significant. The Group's transaction is principally in Saudi Riyals.

**Commission rate risk**
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's financial assets and liabilities as of the consolidated financial position date, except for some banking facilities and long-term loans, are not exposed to interest rate risk.

**Capital management**
Capital includes equity attributable to the equity holders of the parent. The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches of the financial covenants of any interest bearing loans and borrowing in the current period. Surplus cash is either reinvested in the business, used to repay debt or returned to shareholders.

No changes were made in the objectives, policies or processes for managing capital during the year ended December 31, 2023.

**SPECIALIZED MEDICAL COMPANY**
(A SAUDI CLOSED JOINT STOCK COMPANY)

**NOTES TO THE REISSUED CONSOLIDATED FINANCIAL STATEMENTS (continued)**
**FOR THE YEAR ENDED DECEMBER 31, 2023**

## 25. 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 profit is a consistent measure within the Group. The identified key segments are medical services, and trading and retail.

The following table presents segment information (assets, liabilities, revenue and net income) foreach of the business segments as at and for the year ended December 31:

| | **Medical services SR** | **Trading, retail & others SR** | **Total SR** |
|---|---|---|---|
| **For the year ended December 31, 2023** | | | |
| Revenue | **1,105,991,035** | **261,938,532** | **1,367,929,567** |
| Gross profit | **282,886,947** | **73,562,293** | **356,449,240** |
| **As of December 31, 2023** | | | |
| Total assets | **2,074,230,246** | **-** | **2,074,230,246** |
| Total liabilities | **1,196,949,151** | **32,231,870** | **1,229,181,021** |

| | Medical services SR | Trading, retail & others SR | Total SR |
|---|---|---|---|
| For the year ended December 31, 2022 | | | |
| Revenue | 1,007,990,300 | 200,663,739 | 1,208,654,039 |
| Gross profit | 229,840,676 | 55,834,595 | 285,675,271 |
| As of December 31, 2022 | | | |
| Total assets | 1,886,842,346 | - | 1,886,842,346 |
| Total liabilities | 1,119,582,365 | 35,425,459 | 1,155,007,824 |

**SPECIALIZED MEDICAL COMPANY**
(A SAUDI CLOSED JOINT STOCK COMPANY)

**NOTES TO THE REISSUED CONSOLIDATED FINANCIAL STATEMENTS (continued)**
**FOR THE YEAR ENDED DECEMBER 31, 2023**

## 26. COMPARATIVE INFORMATION

The consolidated financial statements for the years ended December 31, 2022 and 2021 have been restated due to errors identified in the classification and adjustments of certain balances and expenses. In accordance with the requirements of IAS 1 Presentation of Financial Statements and IAS 8 Accounting policies, Changes in Estimates and Errors, the above items have been corrected retrospectively and accordingly balances in the consolidated statement of financial position as of January 01, 2022 and December 31, 2022 have been restated and the consolidated statement of profit or loss and other comprehensive income for the year ended December 31, 2022 has been reclassified/restated as follows:

| December 31, 2022 | Notes | As previously reported SR | Reclassification SR | Restatement SR | Restated Amount SR |
|---|---|---|---|---|---|
| ***Statement of financial position*** | | | | | |
| Property and equipment | i | 1,391,512,189 | (178,426,063) | - | 1,213,086,126 |
| Right-of-use assets | i | - | 178,426,063 | - | 178,426,063 |
| Trade and other receivables | iv to vii | 512,024,033 | 1,912,980 | (88,325,374) | 425,611,639 |
| Due from related parties | v | - | 1,440,489 | - | 1,440,489 |
| Prepayments and other assets | iii & iv | 30,312,152 | (3,872,782) | - | 26,439,370 |
| Cash and cash equivalents | iii | 21,263,774 | 519,313 | - | 21,783,087 |
| Retained earnings | vi | 685,506,658 | - | (88,325,374) | 597,181,284 |
| Non-current portion of long-term loans | xii | 243,703,704 | (45,000,000) | - | 198,703,704 |
| Non-current portion of lease liabilities | i | 156,087,803 | (3,671,611) | - | 152,416,192 |
| Non-current portion of deferred income government grant | viii | 564,176 | (278,892) | - | 285,284 |
| Long term trade payables | ix | - | 1,106,909 | - | 1,106,909 |
| Trade payables | vii & ix to xi | 111,437,647 | (1,742,183) | - | 109,695,464 |
| Due to related parties | xi | - | 925,274 | - | 925,274 |
| Short-term loans | xii | 350,000,000 | 45,000,000 | - | 395,000,000 |
| Current portion of lease liabilities | i | 19,680,485 | 4,953,868 | - | 24,634,353 |
| Current portion of deferred income government grant | viii | - | 278,892 | - | 278,892 |
| Current portion of finance lease liabilities | i | 1,282,257 | (1,282,257) | - | - |
| Accrued expenses and other liabilities | x | 76,662,530 | (290,000) | - | 76,372,530 |
| ***Statement of profit or loss and other comprehensive income for the year ended December 31, 2022*** | | | | | |
| Revenue | vi & xvi | 1,212,154,039 | - | (3,500,000) | 1,208,654,039 |
| Cost of revenue | xiii | (907,425,122) | (15,553,646) | - | (922,978,768) |
| General and administrative expenses | vi & xiii to xv | (137,626,059) | 20,806,861 | (32,660,472) | (149,479,670) |
| Expected credit loss on trade and other receivables | vi | (3,280,955) | 3,280,955 | | - |
| Finance cost | xv | (26,759,549) | (3,061,445) | - | (29,820,994) |
| Net profit for the year before Zakat | | 137,803,259 | 5,472,725 | (36,160,472) | 107,115,512 |
| Re measurement of employees defined benefits liabilities | xiv | 100,887 | (5,472,725) | - | (5,371,838) |
| ***Statement of cash flows*** | | | | | |
| Net cash generated from operating activities | | 178,430,612 | (948,699) | - | 177,481,913 |
| Net cash used in financing activities | | (108,687,687) | 993,968 | - | (107,693,719) |

**SPECIALIZED MEDICAL COMPANY**
(A SAUDI CLOSED JOINT STOCK COMPANY)

**NOTES TO THE REISSUED CONSOLIDATED FINANCIAL STATEMENTS (continued)**
**FOR THE YEAR ENDED DECEMBER 31, 2023**

## 26. COMPARATIVE INFORMATION (continued)

| 2021 | Notes | As previously reported SR | Reclassification SR | Restatement SR | Restated Amount SR |
|---|---|---|---|---|---|
| **Statement of Financial position** | | | | | |
| Property and equipment | i & ii | 1,436,851,319 | (415,321,635) | - | 1,021,529,684 |
| Right of use assets | i | - | 209,805,591 | - | 209,805,591 |
| Trade and other receivables | v, vi &vii | 398,241,470 | (5,439,088) | (52,164,902) | 340,637,480 |
| Due from related parties | v | - | 2,361,914 | - | 2,361,914 |
| Prepayments and other assets | ii & iii | 24,963,897 | 205,042,000 | - | 230,005,897 |
| Cash and cash equivalents | iii | 12,342,062 | 474,044 | - | 12,816,106 |
| Retained earnings | vi | 601,757,356 | - | (52,164,902) | 549,592,454 |
| Non-current portion of lease liabilities | i | 177,863,469 | 1,647,129 | - | 179,510,598 |
| Non-current portion of deferred income government grant | viii | 929,816 | (365,640) | - | 564,176 |
| Long term trade payable | ix | - | 5,524,097 | - | 5,524,097 |
| Non-current portion of finance lease liabilities | i | 1,647,129 | (1,647,129) | - | - |
| Trade payables | vii, ix & xi | 99,460,809 | (9,051,521) | - | 90,409,288 |
| Due to related parties | xi | - | 450,250 | - | 450,250 |
| Current portion of lease liabilities | i | 19,204,845 | 2,353,526 | - | 21,558,371 |
| Current portion of deferred income government grant | viii | - | 365,640 | - | 365,640 |
| Current portion of finance lease liabilities | i | 2,353,526 | (2,353,526) | - | - |

***Reissued consolidated statement of financial position reclassifications:***

i) As of December 31, 2022 and January 01, 2022, building and renovation, medical equipment, and furniture and fixtures included amounts of SR 16,087,068 and SR 21,884,181 respectively, representing right-of-use assets that were incorrectly classified under property and equipment. Consequently, management reclassified these amounts to right-of-use assets, resulting in total right-of-use assets of SR 178,426,063 and SR 209,805,591 as of December 31, 2022, and January 01, 2022, respectively. Management identified the right-of-use asset amount as material and accordingly reclassified it as a separate line item in the reissued consolidated financial statements. Additionally, management reclassified related amounts of SR 1,282,257 and SR 2,353,526 from current portions of finance lease liabilities to current portions of lease liabilities as of December 31, 2022 and January 01, 2022, respectively, and amounts of SR nil and SR 1,647,129 from non-current portions of finance lease liabilities to non-current portions of lease liabilities as of December 31, 2022 and January 01, 2022, respectively, and amount of SR 3,671,611 from non-current portion of lease liability to current portion of lease liability as of December 31, 2022.

ii) In 2021, the Company paid an advance of SR 205,516,044 for the purchase of land, which was recorded under property and equipment as of January 01, 2022. However, the title deed of the land was transferred to the Company in 2022. Accordingly, the Company reclassified the advance paid from property and equipment to Prepayments and other assets as of January 01, 2022, and recorded the land under property and equipment in 2022.

iii) During the year, the Company identified that as of December 31, 2022, and January 01,2022, petty cash amounts of SR 519,313 and SR 474,044 respectively, previously included under Prepayments and other assets, which should have been classified under Cash and cash equivalents. Consequently, the Company reclassified these amounts from Prepayments and other assets to Cash and cash equivalents as of December 31, 2022, and January 01, 2022. This reclassification has been made to present the liquidity of these funds more accurately in accordance with the Company's accounting policies.

**SPECIALIZED MEDICAL COMPANY**
(A SAUDI CLOSED JOINT STOCK COMPANY)

**NOTES TO THE REISSUED CONSOLIDATED FINANCIAL STATEMENTS (continued)**
**FOR THE YEAR ENDED DECEMBER 31, 2023**

**26. COMPARATIVE INFORMATION (continued)**

iv) As of December 31, 2022, Prepayments and other assets included trade and other receivables amounting to SR 3,353,469. As a result, the Company has reclassified this amount as of December 31, 2022 from prepayment and other assets to trade and other receivables.

v) As of December 31, 2022, and January 01, 2022, trade and other receivables included related party balances amounting to SR 1,440,489 and SR 2,361,914 respectively. As a result, the Company has reclassified the amount of SR 1,440,489 and SR 2,361,914 on December 31, 2022, and January 01, 2022 from trade and other receivables to due from related parties respectively.

vi) During the year, the Company identified that adequate expected credit loss allowance on trade and other receivables was not recognised as of December 31, 2022, and January 01, 2022. Consequently, the Company has recognised the required allowances for expected credit loss amounting to SR 81,325,374 and SR 48,664,902 as of December 31, 2022, and January 01, 2022, respectively. Accordingly, an additional amount of SR 32,660,472 has been recognised under general and administrative expenses during the year ended December 31, 2022. Furthermore, an amount of SR 3,280,955, previously recognised on the face of the statement of profit or loss and other comprehensive income, has also been reclassified to general and administrative expenses during the year ended December 31, 2022.

The Company identified that trade and other receivables in previously issued consolidated financial statements for the year ended December 31, 2021 and 2022 included an amount of SR 3.5 million and 3.5 million respectively related to insurance claims which was rejected. Accordingly, trade and other receivables and retained earnings has been decreased by SR 7 million in these reissued consolidated financial statements.

vii) As of December 31, 2021, the trade payable included an amount of 3,077,174 payable to wholly owned subsidiary and trade and other receivables included same amount as receivable in subsidiary account. This balance should be eliminated from consolidated financial statements, accordingly, the company eliminated SR 3,077,174 from trade and other receivables and trade payable as of December 31, 2021.

viii) During the year, the Company classify current and non-current portion of deferred income government grant separately, as a result, the Company has reclassified SR 278,892 and SR 365,640 as of December 31, 2022 and January 01, 2022, respectively, from non-current portion of deferred income government grant to current portion of deferred income government grant.

ix) During the year, the Company identified that trade payables include long term payables of SR 1,106,909 and SR 5,524,097 as of December 31, 2022 and January 01, 2022 respectively. As a result, the Company has reclassified SR 1,106,909 and SR 5,524,097 as of December 31, 2022, and January 01, 2022, from trade payables to long term trade payables.

x) During the year, the Company identified that accrued expenses and other credit liabilities include trade payables balance of SR 290,000 as of December 31, 2022. As a result, the Company has reclassified SR 290,000 as of December 31, 2022, from accrued expenses and other credit liabilities to trade payables.

xi) As of December 31, 2022, and January 01, 2022, trade payables included related party balances amounting to SR 925,274 and SR 450,250 respectively. As a result, management has reclassified the amount of SR 925,274 and SR 450,250 from trade payables to due to related parties.

xii) During the year, the Company identified that short term loan of SR 45,000,000 was classified as long term loan as of December 31, 2022. As a result, the Company has classified SR 45,000,000 from long term loan to short term loan.

xiii) During the year ended December 31, 2022, management identified that certain cost of sales expenses amounting to SR 15,553,646 was classified in general and administrative expenses. Accordingly, these expenses have been reclassified to cost of sales.

xiv) During the year ended December 31, 2022, the re-measurement loss on of employees defined benefits liabilities amounting SR 5,472,725 was included under general and admins expenses. Accordingly, these losses have been reclassified to Re-measurement of employees defined benefits liabilities.

**SPECIALIZED MEDICAL COMPANY**
(A SAUDI CLOSED JOINT STOCK COMPANY)

**NOTES TO THE REISSUED CONSOLIDATED FINANCIAL STATEMENTS (continued)**
**FOR THE YEAR ENDED DECEMBER 31, 2023**

## 26. COMPARATIVE INFORMATION (continued)

xv) During the year ended December 31, 2022, management classified interest cost associated with end of service balance from General and administrative expenses to finance cost amounting to SR 3,061,445.

xvi) In addition, the Company identified that trade and other receivables in previously issued consolidated financial statements for the year ended December 31, 2021 and 2022 included an amount of SR 3.5 million and 3.5 million respectively related to insurance claims which was rejected. Accordingly, trade and other receivables and retained earnings has been decreased by SR 7 million in these reissued consolidated financial statements.

## 27. REISSUED CONSOLIDATED FINANCIAL STATEMENTS ADJUSTMENTS

The Group has reissued consolidated financial statements for current year to replace the consolidated financial statements that were approved on 28 Dhul-Qidah 1445 (Corresponding June 5, 2024), the details of adjustments made on the consolidated statement of financial position, the consolidated statement of profit or loss and other comprehensive income and the consolidated statement of cash flows are as follows:

**Reissued consolidated statement of financial position:**

| | Notes | Before reissuance December 31, 2023 SR | Adjustments | After reissuance December 31, 2023 SR |
|---|---|---|---|---|
| **Assets** | | | | |
| **Current assets** | | | | |
| Cash and cash equivalents | vi | **47,295,219** | **527,766** | **47,822,985** |
| Trade and other receivables | iv & v | **635,602,392** | **(127,156,394)** | **508,445,998** |
| Due from related parties | | **1,014,532** | **-** | **1,014,532** |
| Inventories | | **25,948,321** | **-** | **25,948,321** |
| Prepayments and other assets | vi & vii | **36,051,253** | **(877,427)** | **35,173,826** |
| **Total current assets** | | **745,911,717** | **(127,506,055)** | **618,405,662** |
| **Non-current assets** | | | | |
| Property and equipment | i & iii | **1,363,241,968** | **(136,664,295)** | **1,226,577,673** |
| Right-of-use assets | i & ii | **-** | **229,246,911** | **229,246,911** |
| **Total non-current assets** | | **1,363,241,968** | **92,582,616** | **1,455,824,584** |
| **Total assets** | | **2,109,153,685** | **(34,923,439)** | **2,074,230,246** |

**SPECIALIZED MEDICAL COMPANY**
(A SAUDI CLOSED JOINT STOCK COMPANY)

**NOTES TO THE REISSUED CONSOLIDATED FINANCIAL STATEMENTS (continued)**
**FOR THE YEAR ENDED DECEMBER 31, 2023**

## 27. REISSUED CONSOLIDATED FINANCIAL STATEMENTS ADJUSTMENTS (continued)

| | Notes | Before reissuance December 31, 2023 SR | Adjustments | After reissuance December 31, 2023 SR |
|---|---|---|---|---|
| **Liabilities and Equity** | | | | |
| **Current liabilities** | | | | |
| Trade payables | viii & ix | 114,460,690 | 248,308 | 114,708,998 |
| Due to related parties | viii | 704,251 | 191,273 | 895,524 |
| Short-term loans | | 415,000,000 | - | 415,000,000 |
| Long-term loans | | 57,551,020 | - | 57,551,020 |
| Lease liabilities | | 25,086,962 | - | 25,086,962 |
| Government loans | | 2,565,278 | - | 2,565,278 |
| Deferred government grant | | 189,107 | - | 189,107 |
| Current portion of letter of credit | ix | 439,581 | (439,581) | - |
| Accrued expenses and other liabilities | vii | 89,553,420 | (349,661) | 89,203,759 |
| Zakat Payable | | 5,714,642 | - | 5,714,642 |
| **Total current liabilities** | | 711,264,951 | (349,661) | 710,915,290 |
| **Non-current liabilities** | | | | |
| Long-term loans | | 143,877,551 | - | 143,877,551 |
| Government loan | | 2,837,777 | - | 2,837,777 |
| Lease liabilities | ii | 133,030,596 | 81,715,663 | 214,746,259 |
| Deferred government grant | | 96,180 | - | 96,180 |
| Trade payables | | 769,267 | - | 769,267 |
| Employees defined benefits liabilities | | 155,938,697 | - | 155,938,697 |
| **Total non-current liabilities** | | 436,550,068 | 81,715,663 | 518,265,731 |
| **Total liabilities** | | 1,147,815,019 | 81,366,002 | 1,229,181,021 |
| **Equity** | | | | |
| Share capital | | 85,000,000 | - | 85,000,000 |
| Statutory reserve | | 49,653,238 | - | 49,653,238 |
| Retained earnings | iv & v | 826,685,428 | (116,289,441) | 710,395,987 |
| **Total equity** | | 961,338,666 | (116,289,441) | 845,049,225 |
| **Total Liabilities and equity** | | 2,109,153,685 | (34,923,439) | 2,074,230,246 |

**SPECIALIZED MEDICAL COMPANY**
(A SAUDI CLOSED JOINT STOCK COMPANY)

**NOTES TO THE REISSUED CONSOLIDATED FINANCIAL STATEMENTS (continued)**
**FOR THE YEAR ENDED DECEMBER 31, 2023**

**27. REISSUED CONSOLIDATED FINANCIAL STATEMENTS ADJUSTMENTS (continued)**

**Reissued consolidated statement of profit or loss and other comprehensive income:**

| | Notes | Before reissuance December 31, 2023 SR | Adjustments | After reissuance December 31, 2023 SR |
|---|---|---|---|---|
| Revenue | v | 1,404,152,040 | (36,222,473) | 1,367,929,567 |
| Cost of revenue | ii, iii, x & xii | (1,010,981,945) | (498,382) | (1,011,480,327) |
| **Gross profit** | | 393,170,095 | (36,720,855) | 356,449,240 |
| General and administrative expenses | iv, xi to xiii | (141,004,308) | 8,352,963 | (132,651,345) |
| Selling and marketing expenses | | (9,215,406) | - | (9,215,406) |
| Expected credit loss on account receivables | iv | (3,605,476) | 3,605,476 | - |
| **Operating profit** | | 239,344,905 | (24,762,416) | 214,582,489 |
| Finance costs | ii & xi | (42,952,951) | (5,505,845) | (48,458,796) |
| Other income | xiii | 10,212,778 | (1,636,883) | 8,575,895 |
| **Profit for the year before zakat** | | 206,604,732 | (31,905,144) | 174,699,588 |
| Zakat | | (6,003,547) | - | (6,003,547) |
| **Profit for the year** | | 200,601,185 | (31,905,144) | 168,696,041 |
| **Other comprehensive income:** | | | | |
| **Items which will not be reclassified to profit or loss:** | | | | |
| Re-measurement of employees defined benefits liabilities | x | 577,585 | 3,941,077 | 4,518,662 |
| **Total other comprehensive loss for the year** | | 577,585 | 3,941,077 | 4,518,662 |
| **Total comprehensive income for the year** | | 201,178,770 | (27,964,067) | 173,214,703 |
| **Earnings per share (EPS)** | | 23.60 | (3.75) | 19.85 |

i) As of December 31, 2023, building and renovation included amounts of SR 10,289,951 representing right-of-use assets that were incorrectly classified under property and equipment, Consequently, management reclassified this amount to right-of-use assets, resulting in total right-of-use assets of SR 152,296,184 as of December 31, 2023. Management identified the right-of-use asset amount as material and accordingly reclassified it as a separate line item in these reissued consolidated financial statements.

ii) In 2023, lease term of a building was increased by way of lease modification which was not accounted for by the Company in previously issued financial statements. This modification results in increase of right of use of assets and lease liability by SR 78,005,617 at modification date, and addition of cost of revenue and finance costs of SR 1,054,890 and SR 3,710,046 respectively. Accordingly, right of use of assets and lease liability as of December 31, 2023 have been increased by SR by SR 76,950,727 and SR 81,715,663 respectively, and cost of revenue and finance costs has been increased by SR 1,054,890, and SR 3,710,046 respectively in these reissued consolidated financial statements.

iii) In 2023, the Company revised estimated total useful lives of certain property and equipment which result in decrease in depreciation for the year by SR 15,631,889. Accordingly, property and equipment has been increased and cost of revenue has been decreased by SR 15,631,889 in these reissued consolidated financial statements.

**SPECIALIZED MEDICAL COMPANY**
(A SAUDI CLOSED JOINT STOCK COMPANY)

**NOTES TO THE REISSUED CONSOLIDATED FINANCIAL STATEMENTS (continued)**
**FOR THE YEAR ENDED DECEMBER 31, 2023**

**27. REISSUED CONSOLIDATED FINANCIAL STATEMENTS ADJUSTMENTS (continued)**

iv) The Company identified that expected credit loss allowance on trade and other receivables was not recognised as of December 31, 2023, December 31, 2022, and December 31, 2021. Consequently, the Company has recognised the required allowances for expected credit loss on trade and other receivables amounting to SR 2,608,547, and SR 32,660,472, and SR 48,664,902 as of December 31, 2023, December 31, 2022, and December 31, 2021, respectively in these reissued consolidated financial statements. Accordingly, general and administrative expenses for the year have been increased by 2,608,547 and retained earnings has been decreased by SR 81,325,374 as of December 31, 2023, in these reissued consolidated financial statements. Furthermore, expected credit loss amounting to SR 3,605,476, previously recognised on the face of the consolidated statement of profit or loss and other comprehensive income, has also been reclassified to general and administrative expenses in these reissued consolidated financial statements.

v) The Company identified that trade and other receivables in previously issued consolidated financial statements included an amount of SR 36,222,473 related to insurance claims which was rejected. Accordingly, trade and other receivables and revenue has been decreased by SR 36,222,473 in these reissued consolidated financial statements.

The Company identified that trade and other receivables in previously issued consolidated financial statements for the year ended December 31, 2021 and 2022 included an amount of SR 3.5 million and 3.5 million respectively related to insurance claims which was rejected. Accordingly, trade and other receivables and retained earnings has been decreased by SR 7 million in these reissued consolidated financial statements.

vi) The Company identified that prepayment and other assets in previously issued consolidated financial statements included petty cash amount of SR 527,766 which should have been classified under Cash and cash equivalents. Consequently, the Company reclassified this amount from Prepayments and other assets to Cash and cash equivalents in these reissued consolidated financial statements.

vii) The Company identified that prepayment and other assets in previously issued consolidated financial statements included an amount of SR 349,661 related to accrued expenses and other liabilities which should have been classified under accrued expenses and other liabilities. Consequently, the Company reclassified this amount from Prepayments and other assets to accrued expenses and other liabilities in these reissued consolidated financial statements.

viii) The Company identified that trade payables in previously issued consolidated financial statements included an amount of SR 191,273 which was due to related parties which should have been classified under due to related parties. Consequently, the Company reclassified this amount from trade payables to due to related parties in these reissued consolidated financial statements.

ix) The Company presented liabilities of SR 439,581 related to letter of credits on the face consolidated statement of financial position in previously issued consolidated financial statements which should have been classified under trade payables. Consequently, the Company reclassified this amount from letter of credits to trade payables in these reissued consolidated financial statements.

x) The Company identified that the re-measurement gain on of employees defined benefits liabilities amounting SR 3,941,077 was offset under cost of revenue in previously issued consolidated financial statements which should have been classified under other comprehensive income. Accordingly, this gain has been reclassified to Re-measurement of employees defined benefits liabilities under other comprehensive income in these reissued consolidated financial statements.

xi) The Company identified that interest cost of SR 1,795,799 associated with end of service benefit was classified under general and administrative expenses in previously issued consolidated financial statements which should have been classified under finance costs. Accordingly, interest cost has been reclassified to finance costs in these reissued consolidated financial statements.

**SPECIALIZED MEDICAL COMPANY**
(A SAUDI CLOSED JOINT STOCK COMPANY)

**NOTES TO THE REISSUED CONSOLIDATED FINANCIAL STATEMENTS (continued)**
**FOR THE YEAR ENDED DECEMBER 31, 2023**

## 27. REISSUED CONSOLIDATED FINANCIAL STATEMENTS ADJUSTMENTS (continued)

xii) The Company identified that depreciation for the year was not allocated correctly in previously issued consolidated financial statements. Accordingly, depreciation expense of SR 11,134,304 has been reclassified from general and administrative expense to cost of revenue in these reissued consolidated financial statements.

xiii) The Company identified that other income includes rental income of SR 1,636,883 earned from wholly owned subsidiary which was recorded in general and administrative expenses in subsidiary account in previously issued consolidated financial statements. This balance should be eliminated from consolidated financial statements. Accordingly, the Company eliminated SR 1,636,883 from general and administrative expenses and other income in these reissued consolidated financial statements.

xiv) Based on the adjustments above, the consolidated statement of cash flows for the year ended December 31, 2023 has been adjusted as follows:

| | As previously reported SR | Restatements and Reclassifications SR | Restated amounts SR |
|---|---|---|---|
| Cash flows from operating activities | 231,364,254 | 2,007,192 | 233,371,446 |
| Cash flows from investing activities | (71,165,201) | (838,020) | (72,003,221) |
| Cash flows from financing activities | (134,167,608) | (1,160,719) | (135,328,327) |

## 28. SUBSEQUENT EVENTS

The Company's share capital as of December 31, 2023 is SR 85 million (December 2022: SR 85 million) consisting of 8.5 million ordinary shares (December 2022: 8.5 million ordinary shares), fully paid up with a nominal value of SR 10. During the subsequent period, the Company resolved to increase the share capital by SR 165 million by capitalizing the retained earnings with a total value SR 165 million as per approval of the Board of Director dated August 27, 2024 and approval of Extraordinary General Assembly of the Company in its meeting held on September 15, 2024. The increase has been recorded as an additional contribution to share capital and the Company obtained the Ministry of Commerce approval and updated the Commercial Registration on November 19, 2024.

There were no events, except for aforementioned, subsequent to December 31, 2023, and occurring before the date of the approval of the financial statements that are expected to have a significant impact on these consolidated financial statements.

## 29. APPROVAL ON THE REISSUED CONSOLIDATED FINANCIAL STATEMENTS

The reissued consolidated financial statements have been approved by the board of directors on 11 Jumada II 1446 H (corresponding to December 12, 2024).

**SPECIALIZED MEDICAL COMPANY**
(A SAUDI CLOSED JOINT STOCK COMPANY)

**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**
**AND INDEPENDENT AUDITORS' REVIEW REPORT**
**FOR THE THREE MONTHS AND NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2024**

**SPECIALIZED MEDICAL COMPANY**
(A SAUDI CLOSED JOINT STOCK COMPANY)

**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**
**AND INDEPENDENT AUDITORS' REVIEW REPORT**
**FOR THE THREE AND NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2024**

**Deloitte and Touche & Co.**
**Chartered Accountants**
Metro Boulevard – Al-Aqiq
King Abdullah Financial District
P.O. Box 213 - Riyadh 11411
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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 subsidiary (collectively referred to as "the Group") as at September 30, 2024, and the related statement of profit or loss and other comprehensive income for the three-months and nine-months period ended September 30, 2024 and September 30, 2023, and the related statements of changes in equity and cash flows for the nine-months period then ended and material accounting policy information and 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") as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on this interim 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 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
24 Jumada Al Akhira 1446
December 25, 2024

- 1 -

**SPECIALIZED MEDICAL COMPANY**
(A SAUDI CLOSED JOINT STOCK COMPANY)

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**
**AS AT SEPTEMBER 30, 2024**

| | Notes | September 30, 2024 (Unaudited) SR | December 31, 2023 (Audited) SR |
|---|---|---|---|
| **Assets** | | | |
| **Current assets** | | | |
| Cash and cash equivalents | | **51,949,581** | 47,822,985 |
| Trade and other receivables | | **615,388,042** | 508,445,998 |
| Due from related parties | 8 | **1,021,941** | 1,014,532 |
| Inventories | | **23,954,206** | 25,948,321 |
| Prepayments and other assets | | **43,601,191** | 35,173,826 |
| **Total current assets** | | **735,914,961** | 618,405,662 |
| **Non-current assets** | | | |
| Property and equipment | | **1,260,011,088** | 1,226,577,673 |
| Right-of-use assets | | **207,804,473** | 229,246,911 |
| **Total non-current assets** | | **1,467,815,561** | 1,455,824,584 |
| **Total assets** | | **2,203,730,522** | 2,074,230,246 |
| **Liabilities and equity** | | | |
| **Current liabilities** | | | |
| Trade payables | | **99,233,670** | 114,708,998 |
| Due to related parties | 8 | **976,647** | 895,524 |
| Short-term loans | 4 | **540,000,000** | 415,000,000 |
| Long-term loans | 5 | **57,551,020** | 57,551,020 |
| Lease liabilities | | **22,947,904** | 25,086,962 |
| Government loan | 6 | **2,747,992** | 2,565,278 |
| Deferred government grant | | **96,177** | 189,107 |
| Accrued expenses and other liabilities | | **99,296,202** | 89,203,759 |
| Zakat Payable | | **6,120,116** | 5,714,642 |
| **Total current liabilities** | | **828,969,728** | 710,915,290 |
| **Non-current liabilities** | | | |
| Long-term loans | 5 | **100,714,286** | 143,877,551 |
| Government loan | 6 | **-** | 2,837,777 |
| Lease liabilities | | **204,550,663** | 214,746,259 |
| Deferred government grant | | **-** | 96,180 |
| Trade payables | | **-** | 769,267 |
| Employees defined benefits liabilities | | **161,858,597** | 155,938,697 |
| **Total non-current liabilities** | | **467,123,546** | 518,265,731 |
| **Total liabilities** | | **1,296,093,274** | 1,229,181,021 |
| **Equity** | | | |
| Share capital | | **85,000,000** | 85,000,000 |
| Additional contribution to share capital | 1 | **165,000,000** | - |
| Statutory reserve | | **49,653,238** | 49,653,238 |
| Retained earnings | | **607,984,010** | 710,395,987 |
| **Total equity** | | **907,637,248** | 845,049,225 |
| **Total Liabilities and equity** | | **2,203,730,522** | 2,074,230,246 |

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 AND NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2024**

| | | SR | | | |
|---|---|---|---|---|---|
| | | **For the three-month period ended September 30,** | | **For the nine-month period ended September 30,** | |
| | **Note** | **2024 (Unaudited)** | 2023 (Unaudited) | **2024 (Unaudited)** | 2023 (Unaudited) |
| Revenue | | **383,268,294** | 321,423,172 | **1,111,287,2** | 992,793,968 |
| Cost of revenue | | **(248,636,381)** | (234,958,378) | **(768,514,657)** | (737,667,600) |
| **Gross profit** | | **134,631,913** | 86,464,794 | **342,772,595** | 255,126,368 |
| General and administrative expenses | | **(57,342,715)** | (36,525,295) | **(136,470,512)** | (105,070,433) |
| Selling and marketing expenses | | **(3,960,769)** | (2,513,415) | **(7,260,179)** | (6,587,986) |
| **Operating profit** | | **73,328,429** | 47,426,084 | **199,041,904** | 143,467,949 |
| Finance costs | | **(13,816,847)** | (12,919,568) | **(39,486,922)** | (35,864,443) |
| Other income | | **1,576,708** | 2,680,391 | **5,712,595** | 6,528,031 |
| **Profit before zakat** | | **61,088,290** | 37,186,907 | **165,267,577** | 114,131,537 |
| Zakat | | **(2,173,731)** | (1,541,779) | **(6,204,111)** | (4,428,448) |
| **Profit for the period** | | **58,914,559** | 35,645,128 | **159,063,466** | 109,703,089 |
| **Other comprehensive income:** | | | | | |
| ***Items which will not be reclassified to profit or loss:*** | | | | | |
| Remeasurement of employees defined benefits liabilities | | **1,174,852** | 1,129,666 | **3,524,557** | 3,388,998 |
| **Total other comprehensive income for the period** | | **1,174,852** | 1,129,666 | **3,524,557** | 3,388,998 |
| **Total comprehensive income for the period** | | **60,089,411** | 36,774,794 | **162,588,023** | 113,092,087 |
| **Earnings per share (EPS)** | | **6.93** | 4.19 | **18.71** | 12.91 |
| Basic and diluted EPS | 10 | **6.93** | 4.19 | **18.71** | 12.91 |

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 CHANGES IN EQUITY**
**FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2024**

| | Notes | Share capital SR | Statutory reserves SR | Additional contribution to share capital SR | Retained earnings SR | Total SR |
|---|---|---|---|---|---|---|
| **Balance at the beginning of the period (Audited)** | | **85,000,000** | **49,653,238** | **-** | **710,395,987** | **845,049,225** |
| Profit for the period | | - | - | - | **159,063,466** | **159,063,466** |
| Total other comprehensive income for the period | | - | - | - | **3,524,557** | **3,524,557** |
| Total comprehensive income for the period | | - | - | | **162,588,023** | **162,588,023** |
| Increase in additional contribution | 1 | - | - | **165,000,000** | **165,000,000)** | **-** |
| Dividends | 7 | - | - | - | **100,000,000)** | **100,000,000)** |
| **Balance at September 30, 2024 (Unaudited)** | | **85,000,000** | **49,653,238** | **165,000,000** | **607,984,010** | **907,637,248** |
| Balance at the beginning of the period (Audited) | | **85,000,000** | **49,653,238** | **-** | **597,181,284** | **731,834,522** |
| Profit for the period | | - | - | - | 109,703,089 | 109,703,089 |
| Total other comprehensive income for the period | | - | - | - | 3,388,998 | 3,388,998 |
| Total comprehensive income for the period | | - | - | - | 113,092,087 | 113,092,087 |
| Dividends | 7 | - | - | - | (60,000,000) | (60,000,000) |
| Balance at September 30, 2023 (Unaudited) | | 85,000,000 | 49,653,238 | - | 650,273,371 | 784,926,609 |

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 CASH FLOWS**
**FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2024**

| | | **2024** | 2023 |
|---|---|---|---|
| | | **(Unaudited)** | (Unaudited) |
| **Cash flows from operating activities** | Notes | **SR** | SR |
| Profit before zakat | | | |
| **Adjustments for:** | | **165,267,577** | 114,131,537 |
| Depreciation of property and equipment | | **42,620,357** | 47,752,277 |
| Depreciation of right-of-use assets | | **21,442,437** | 17,397,222 |
| Expected credit loss charged for the period | | **20,000,000** | - |
| Amortization of government grant | | **(189,110)** | (278,895) |
| Employees defined benefits liabilities | | **18,837,799** | 14,304,793 |
| Finance costs | | **39,486,922** | 35,864,443 |
| (Gain) / loss from disposal property and equipment | | **(23,306)** | 1,490 |
| | | **307,442,676** | 229,172,867 |
| **Working capital changes:** | | | |
| Trade and other receivables | | **(126,942,044)** | (105,777,452) |
| Due from related parties | | **(7,409)** | (2,891,955) |
| Inventories | | **1,994,128** | (3,227,198) |
| Prepayments and other assets | | **(4,868,418)** | (17,922,163) |
| Trade payables | | **(16,244,596)** | 56,482,949 |
| Due to related parties | | **77,058** | 6,231,680 |
| Accrued expenses and other liabilities | | **6,537,551** | 19,743,572 |
| **Cash generated from operating activities** | | **167,988,946** | 181,812,300 |
| Zakat paid | | **(5,798,636)** | (4,244,993) |
| Employees defined benefits liabilities paid | | **(14,369,638)** | (5,847,028) |
| **Net cash generated from operating activities** | | **147,820,672** | 171,720,279 |
| **Cash flows from investing activities** | | | |
| Purchase of property and equipment | | **(51,169,643)** | (25,631,230) |
| Proceeds from disposal of property and equipment | | **24,300** | 598,536 |
| Additions on projects under progress | | **(24,887,854)** | (19,689,184) |
| **Net cash used in investing activities** | | **(76,033,197)** | (44,721,878) |
| **Cash flows from financing activities** | | | |
| Dividends paid | 7 | **(100,000,000)** | (60,000,000) |
| Proceeds from short term loans - net | 4 | **125,000,000** | 55,000,000 |
| Repayment of long term loans - net | 5 | **(43,163,265)** | (19,183,673) |
| Repayment of government loan | 6 | **(2,655,063)** | (2,565,280) |
| Payment of lease liabilities | | **(19,259,143)** | (18,849,660) |
| Finance cost paid | | **(27,583,408)** | (29,473,065) |
| **Net cash used in financing activities** | | **(67,660,879)** | (75,071,678) |
| **Net increase in cash and cash equivalents during the period** | | **4,126,596** | 51,926,723 |
| Cash and cash equivalents at beginning of the period | | **47,822,985** | 21,783,087 |
| **Cash and cash equivalents at end of the period** | | **51,949,581** | 73,709,810 |
| | | | |
| **Non-cash items** | | | |
| Re-measurement of employees defined benefits liabilities | | **(3,524,557)** | (3,388,998) |

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

**SPECIALIZED MEDICAL COMPANY**
(A SAUDI CLOSED JOINT STOCK COMPANY)

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2024**

## 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).

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.

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 wholly owned subsidiary (2023: 100%);

| Names | Country of Incorporation | Activities |
|---|---|---|
| International Specialized Food Company | Saudi Arabia | Food and catering services |

These interim condensed consolidated financial statements include the financial information of the Company, its subsidiary 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 – King Fahad Road | 1010150227 | Hospitals | Riyadh | 23/06/1998 |
| Diet World – SMC | 1010156585 | Nutrition Centers | Riyadh | 12/03/1999 |
| Diet World – SMC | 2051030207 | Nutrition Centers | Khobar | 11/01/2004 |
| Diet World – SMC | 4030169166 | Activities of caters who provide food services and nutrition | Jeddah | 05/05/2007 |
| Specialized Medical Center – SMC -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 operations | Riyadh | 22/03/2015 |
| Specialized Medical Company – SMC - Northern Ring Road | 1010851377 | Public hospitals | Riyadh | 22/12/2022 |

The Company's share capital as of September 30, 2024 is SR 85 million (December 2023: SR 85 million) consisting of 8.5 million ordinary shares (December 2023: 8.5 million ordinary shares), fully paid up with a nominal value of SR 10. During the period, the Company resolved to increase the share capital by SR 165 million by capitalizing the retained earnings with a total value SR 165 million as per approval of the Board of Director dated August 27, 2024 and approval of Extraordinary General Assembly of the Company in its meeting held on September 15, 2024. The increase has been recorded as an additional contribution to share capital and the Company obtained the Ministry of Commerce approval and updated the Commercial Registration on November 19, 2024.

**SPECIALIZED MEDICAL COMPANY**
(A SAUDI CLOSED JOINT STOCK COMPANY)

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**
(continued)
**FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2024**

## 2. NEW STANDARDS EFFECTIVE AS OF 1 JANUARY 2024

***Amendments to IFRS 16: Lease Liability in a Sale and Leaseback:***
In September 2022, the IASB issued amendments to IFRS 16 to specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognize any amount of the gain or loss that relates to the right of use it retains. The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must applied retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.
The amendments had no material impact on the Group's interim condensed consolidated financial statements.

***Amendments to IAS 1:***
***Classification of Liabilities as Current or Non-current:***
In January 2020 and October 2022, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument, would the terms of a liability does not impact its classification.

In addition, a requirement has been introduced to require disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants. within twelve months.
The amendments had no impact on the Group's interim condensed consolidated financial statements.

***Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7:***
In May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.
The amendments had no material impact on the Group's interim condensed consolidated financial statements.

## 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 Kingdome of Saudi Arabia ("IFRS").

The interim condensed consolidated financial statements should be read in conjunction with the Company's annual reissued audited financial statements as at and for the year ended December 31, 2023 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 reissued 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 reissued consolidated financial statements for the year ended December 31, 2023.

**SPECIALIZED MEDICAL COMPANY**
(A SAUDI CLOSED JOINT STOCK COMPANY)

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS** (continued)
**FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2024**

## 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 subsidiary (the "Group") listed in note (1) above. The Company and its subsidiary are collectively referred to as the "Group". Subsidiary 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. Subsidiary 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 subsidiary is aligned, where necessary, to ensure consistency with the policies adopted by the Group. The Company and its subsidiary 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. 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, with corporate and personal guarantees from the shareholders, the value of the withdrawal until September 30, 2024: SR 540,000,000 (December 31, 2023: SR 415,000,000).

## 5. LONG -TERM LOANS

| | **September 30, 2024 (Unaudited) SR** | December 31, 2023 (Audited) SR |
|---|---|---|
| Balance at the beginning of the period / year | **201,428,571** | 235,000,000 |
| Paid during the period / year | **(43,163,265)** | (33,571,429) |
| Balance at the end of the period / year | **158,265,306** | 201,428,571 |
| Current portion of long-term loans | **57,551,020** | 57,551,020 |
| Non-current portion of long-term loans | **100,714,286** | 143,877,551 |
| | **158,265,306** | 201,428,571 |

The Group utilized bank facilities from local commercial banks with a rate of one month SIBOR + agreed rates to finance the working capital. Further it also utilized for the purchase of land for branch 3, with corporate and personal guarantees from the shareholders, as the value of the withdrawal until September 30, 2024: SR 158,265,306 (December 31, 2023: SR 201,428,571).

As of the period end, the company 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.

**SPECIALIZED MEDICAL COMPANY**
(A SAUDI CLOSED JOINT STOCK COMPANY)

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**
(continued)
**FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2024**

## 6. 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.

| | **September 30, 2024 (Unaudited) SR** | December 31, 2023 (Audited) SR |
|---|---|---|
| Balance at the beginning of the period / year | **5,403,055** | 7,968,335 |
| Paid during the period / year | **(2,655,063)** | (2,565,280) |
| Balance at the end of the period / year | **2,747,992** | 5,403,055 |
| Current portion of long-term government loans | **2,747,992** | 2,565,278 |
| Non-current portion of long-term government loans | **-** | 2,837,777 |
| Balance as of the end of the period / year | **2,747,992** | 5,403,055 |

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.

## 7. DIVIDEND DISTRIBUTION

During the period ended September 30, 2024, the Board of Directors at their meeting held on February 27, 2024 resolved to distribute interim dividends of SR 100 million (December 30, 2023: SR 60 million).

## 8. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties include the shareholders, affiliated companies, directors, and relatives thereof. The terms and conditions of such transactions are approved by the management:

| Name of Related Party | Relationship |
|---|---|
| Saudi Bunyan Company | Common Directorship |
| Snow Bright Laundry Company | Common Directorship |
| Adeem Al Sahra Trading Company | Owned by a close family member of a director |
| Cotton Experts Company | Owned by a close family member of a director |
| Code Invention Company | Owned by a close family member of a director |
| Mr. Sulaiman Abdulrahman Al-Rashid | Chairman of Board of Directors |
| Al-Thomad Travel and Tourism Company | Shareholder |
| Rashid Saad Al Rashid & Sons Company | Shareholder |
| Abdullah Saad Al Rashid & Sons Company | Shareholder |
| Dr. Mohammad Saleh Al Konbaz | Shareholder |
| Dr. Khalid Al Sebaiay | Shareholder |
| Mr. Abdulrahman Al-Rashid | Director |
| Mr. Rashid Saad Al-Rashid | Director |
| Mr. Omran AbdulRahman Al-Rashid | Director |
| Mr. Yousef Rashid Al-Rashid | Director |
| Mr. Abdallah A. Al-Twaijri | Director |
| Family members of shareholders, board members, and those related them | Family Members |

**SPECIALIZED MEDICAL COMPANY**
(A SAUDI CLOSED JOINT STOCK COMPANY)

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS** (continued)
**FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2024**

**8. RELATED PARTY TRANSACTIONS AND BALANCES** (continued)

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

| Nature of transactions with related parties | September 30, 2024 (Unaudited) SR | September 30, 2023 (Unaudited) SR |
|---|---|---|
| Lease rentals payments | **12,177,669** | 16,236,893 |
| Purchases and services | **7,243,516** | 19,463,505 |
| Revenue | **2,296,185** | 1,633,461 |
| Expense incurred on behalf of related party | **158,000** | 9,589,482 |

| Due from related parties | September 30, 2024 (Unaudited) SR | December 31, 2023 (Audited) SR |
|---|---|---|
| Mr. Omran AbdulRahman Al-Rashid | **210,827** | 235,511 |
| Dr. Khalid Al Sebaiay | **15,014** | - |
| Mr. Abdulrahman Al-Rashid | **14,387** | 22,768 |
| Mr. Sulaiman Abdulrahman Al-Rashid | **10,956** | 29,617 |
| Mr. Yousef Rashid Al-Rashid | **8,962** | 78,941 |
| Mr. Rashid Saad Al-Rashid | **7,282** | 18,250 |
| Rashid Saad Al Rashid & Sons Company | **5,382** | 4,453 |
| Mr. Abdallah A. Al-Twaijri | **5,145** | 720 |
| Saudi Bunyan Company | **-** | 124,643 |
| Code Invention Company | **-** | 48,621 |
| Dr. Mohammad Saleh Al Konbaz | **-** | 1,796 |
| Family members of shareholders, board members, and those related them | **743,986** | 449,212 |
| | **1,021,941** | 1,014,532 |

The amount due from related parties represent health care services provided to those related parties in the course of ordinary business with other customers.

| Due to related parties | September 30, 2024 (Unaudited) SR | December 31, 2023 (Audited) SR |
|---|---|---|
| Abdulrahman Saad Al-Rashid & Sons Company | **467,580** | - |
| Snow Bright Laundry Company | **197,573** | 377,339 |
| Al-Thomad Travel and Tourism Company | **168,549** | 326,912 |
| Cotton Experts Company | **85,025** | 131,781 |
| Adeem Al Sahra Trading Company | **37,576** | 59,492 |
| Code Invention Company | **20,344** | - |
| | **976,647** | 895,524 |

**SPECIALIZED MEDICAL COMPANY**
(A SAUDI CLOSED JOINT STOCK COMPANY)

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**
(continued)
**FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2024**

## 9. COMMITMENTS AND CONTINGENCIES

**Capital commitments**

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

| | **September 30, 2024 (Unaudited) SR** | December 31, 2023 (Audited) SR |
|---|---|---|
| Capital commitments * | **11,922,532** | 23,544,956 |

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

**Letter of guarantees**

The Group has guarantees related to, as follows:

| | **September 30, 2024 (Unaudited) SR** | December 31, 2023 (Audited) SR |
|---|---|---|
| Letter of guarantees | **86,914,620** | 25,307,591 |

## 10. EARNINGS PER SHARE

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

| | **September 30, 2024 (Unaudited) SR** | September 30, 2023 (Unaudited) SR |
|---|---|---|
| Total profit for the period attributable to the shareholders | **159,063,466** | 109,703,089 |
| Weighted average number of ordinary shares outstanding for basic EPS | **8,500,000** | 8,500,000 |
| Earnings per share - basic and diluted | **18.71** | 12.91 |

The basic and diluted earnings per share is calculated by dividing the profit of the period by the weighted average number of ordinary shares of shareholders of the parent company in place during the period.

**SPECIALIZED MEDICAL COMPANY**
(A SAUDI CLOSED JOINT STOCK COMPANY)

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**
(continued)
**FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2024**

## 11. 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 profit is a consistent measure within the Group. The identified key segments are medical services, and trading and retail.

The following table presents segment information (assets, liabilities, revenue and gross profit) for each of the business segments as at and for the period ended September 30:

| | Medical services SR | Trading, retail & others SR | Total SR |
|---|---|---|---|
| **For the period ended September 30, 2024** | | | |
| Revenue | **906,757,520** | **204,529,732** | **1,111,287,252** |
| Gross profit | **275,881,521** | **66,891,074** | **342,772,595** |
| **As of September 30, 2024** | | | |
| Total assets | **2,203,730,522** | **-** | **2,203,730,522** |
| Total liabilities | **1,266,106,728** | **29,986,546** | **1,296,093,274** |

| | Medical services SR | Trading, retail & others SR | Total SR |
|---|---|---|---|
| **For the period ended September 30, 2023** | | | |
| Revenue | 803,976,756 | 188,817,212 | 992,793,968 |
| Gross profit | 206,797,325 | 48,329,043 | 255,126,368 |
| **As of December 31, 2023** | | | |
| Total assets | 2,074,230,246 | - | 2,074,230,246 |
| Total liabilities | 1,196,949,151 | 32,231,870 | 1,229,181,021 |

## 12. SUBSEQUENT EVENTS

In the opinion of management, there were no events subsequent to September 30, 2024, 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.

## 13. APPROVAL ON THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim condensed consolidated financial statements have been approved by the board of directors on 11 Jumada II 1446H (corresponding to December 12, 2024).

**SPECIALIZED MEDICAL COMPANY**
(A SAUDI CLOSED JOINT STOCK COMPANY)

**CONSOLIDATED FINANCIAL STATEMENTS AND**
**INDEPENDENT AUDITOR'S REPORT**
**FOR THE YEAR ENDED DECEMBER 31, 2024**

**SPECIALIZED MEDICAL COMPANY**
(A SAUDI CLOSED JOINT STOCK COMPANY)

**CONSOLIDATED FINANCIAL STATEMENTS AND**
**INDEPENDENT AUDITOR'S REPORT**
**FOR THE YEAR ENDED DECEMBER 31, 2024**

Deloitte.

**Deloitte and Touche & Co.**
**Chartered Accountants**
(Professional Simplified Joint Stock Company)
Paid-up capital SR 5,000,000
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# INDEPENDENT AUDITOR'S REPORT

To the shareholders
Specialized Medical Company
Riyadh, Kingdom of Saudi Arabia

**Opinion**

We have audited the consolidated financial statements of **Specialized Medical Company** (the "Company") **and its subsidiary** (the "Group"), which comprise the consolidated statement of financial position as of December 31, 2024, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2024 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

**Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing ("ISAs") that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) ("the Code") as endorsed in the Kingdom of Saudi Arabia, that are relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with the requirements of the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Deloitte.

Deloitte and Touche & Co.
Chartered Accountants

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF SPECIALIZED MEDICAL COMPANY (CONTINUED)**

**Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA and applicable requirements of the Regulations for Companies and the Company's By-laws and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, i.e., Board of directors, are responsible for overseeing the Group's financial reporting process.

**Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs that are endorsed in the Kingdom of Saudi Arabia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

**Deloitte.**

**Deloitte and Touche & Co.**
**Chartered Accountants**

**INDEPENDENT AUDITOR'S REPORT TO THE MANAGEMENT OF SPECIALIZED MEDICAL COMPANY (CONTINUED)**

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

- Obtain sufficient appropriate audit evidence regarding the consolidated financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance i.e. Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**Deloitte and Touche & Co.**
**Chartered Accountants**

Mazen A. Al Omari
License No. 480
Shawwal 30, 1446 H
April 28, 2025

**SPECIALIZED MEDICAL COMPANY**
(A SAUDI CLOSED JOINT STOCK COMPANY)
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**
**AS AT DECEMBER 31, 2024**

| | Notes | December 31, 2024 SR | December 31, 2023 SR |
|---|---|---|---|
| **Assets** | | | |
| **Current assets** | | | |
| Cash and cash equivalents | 5 | **92,487,981** | 47,822,985 |
| Trade and other receivables | 6 | **406,603,950** | 508,445,998 |
| Due from related parties | 24 | **6,545,669** | 1,014,532 |
| Inventories | 7 | **22,762,339** | 25,948,321 |
| Prepayments and other assets | 8 | **54,460,047** | 35,173,826 |
| **Total current assets** | | **582,859,986** | 618,405,662 |
| **Non-current assets** | | | |
| Property and equipment | 9 | **1,259,153,397** | 1,226,577,673 |
| Right-of-use assets | 12 | **201,878,285** | 229,246,911 |
| **Total non-current assets** | | **1,461,031,682** | 1,455,824,584 |
| **Total assets** | | **2,043,891,668** | 2,074,230,246 |
| **Liabilities and equity** | | | |
| **Current liabilities** | | | |
| Trade payables | | **104,158,709** | 114,708,998 |
| Due to related parties | 24 | **384,626** | 895,524 |
| Short-term loans | 10 | **490,537,492** | 415,000,000 |
| Long-term loans - current portion | 11 | **57,551,020** | 57,551,020 |
| Lease liabilities | 12 | **23,536,645** | 25,086,962 |
| Government loan | 13 | **2,747,992** | 2,565,278 |
| Deferred government grant | 13 | **96,177** | 189,107 |
| Accrued expenses and other liabilities | 14 | **81,231,888** | 89,203,759 |
| Zakat Payable | 15 | **8,351,552** | 5,714,642 |
| **Total current liabilities** | | **768,596,101** | 710,915,290 |
| **Non-current liabilities** | | | |
| Long-term loans – non-current portion | 11 | **86,326,531** | 143,877,551 |
| Government loan | 13 | **-** | 2,837,777 |
| Lease liabilities | 12 | **201,991,562** | 214,746,259 |
| Deferred government grant | 13 | **-** | 96,180 |
| Trade payables | | **329,686** | 769,267 |
| Employees defined benefits liabilities | 16 | **159,552,201** | 155,938,697 |
| **Total non-current liabilities** | | **448,199,980** | 518,265,731 |
| **Total liabilities** | | **1,216,796,081** | 1,229,181,021 |
| **Equity** | | | |
| Share capital | 17 | **250,000,000** | 85,000,000 |
| Statutory reserve | 18 | **49,653,238** | 49,653,238 |
| Retained earnings | | **527,442,349** | 710,395,987 |
| **Total equity** | | **827,095,587** | 845,049,225 |
| **Total Liabilities and equity** | | **2,043,891,668** | 2,074,230,246 |

| 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 consolidated financial statements.

**SPECIALIZED MEDICAL COMPANY**
(A SAUDI CLOSED JOINT STOCK COMPANY)
**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**
**FOR THE YEAR ENDED DECEMBER 31, 2024**

| | Notes | 2024 SR | 2023 SR |
|---|---|---|---|
| Revenue | 19 | **1,439,585,531** | 1,367,929,567 |
| Cost of revenue | 20 | **(1,047,424,902)** | (1,011,480,327) |
| **Gross profit** | | **392,160,629** | 356,449,240 |
| General and administrative expenses | 21 | **(143,599,592)** | (132,651,345) |
| Selling and marketing expenses | | **(11,455,956)** | (9,215,406) |
| **Operating profit** | | **237,105,081** | 214,582,489 |
| Finance costs | 22 | **(51,967,712)** | (48,458,796) |
| Other income | | **8,517,698** | 8,575,895 |
| **Profit before zakat** | | **193,655,067** | 174,699,588 |
| Zakat | 15 | **(8,435,573)** | (6,003,547) |
| **Profit for the year** | | **185,219,494** | 168,696,041 |
| **Other comprehensive income:** | | | |
| ***Items which will not be reclassified subsequently to profit or loss:*** | | | |
| Re-measurement of employees defined benefits liabilities | 16 | **(3,173,132)** | 4,518,662 |
| **Total other comprehensive (loss) / income for the year** | | **(3,173,132)** | 4,518,662 |
| **Total comprehensive income for the year** | | **182,046,362** | 173,214,703 |
| **Earnings per share (EPS)** | | | |
| Basic and diluted EPS | 26 | **0.74** | 0.68 |

| | | |
|---|---|---|
| APPROVED BY :<br>HANI CHARANI<br>CFO | APPROVED BY :<br>BASSAM CHAHINE<br>CEO | APPROVED BY :<br>SULAIMAN AL-RASHID<br>CHAIRMAN |

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

5

**SPECIALIZED MEDICAL COMPANY**
(A Saudi Closed Joint Stock Company)
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**
**FOR THE YEAR ENDED DECEMBER 31, 2024**

| | Notes | Share capital SR | Statutory reserves SR | Retained earnings SR | Total SR |
|---|---|---|---|---|---|
| Balance as of January 1, 2023 | | 85,000,000 | 49,653,238 | 597,181,284 | 731,834,522 |
| Profit for the year | | - | - | 168,696,041 | 168,696,041 |
| Total other comprehensive income | | - | - | 4,518,662 | 4,518,662 |
| Total comprehensive income for the year | | - | - | 173,214,703 | 173,214,703 |
| Dividends | 23 | - | - | (60,000,000) | (60,000,000) |
| Balance as of December 31, 2023 | | 85,000,000 | 49,653,238 | 710,395,987 | 845,049,225 |
| Profit for the year | | - | - | **185,219,494** | **185,219,494** |
| Total other comprehensive loss | | - | - | **(3,173,132)** | **(3,173,132)** |
| Total comprehensive income for the year | | - | - | **182,046,362** | **182,046,362** |
| Transfer during the year | 17 | **165,000,000** | - | **(165,000,000)** | - |
| Dividends | 23 | - | - | **(200,000,000)** | **(200,000,000)** |
| **Balance as of December 31, 2024** | | **250,000,000** | **49,653,238** | **527,442,349** | **827,095,587** |

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 consolidated financial statements.

6

**SPECIALIZED MEDICAL COMPANY**
(A SAUDI CLOSED JOINT STOCK COMPANY)
**CONSOLIDATED STATEMENT OF CASH FLOWS**
**FOR THE YEAR ENDED DECEMBER 31, 2024**

| | Notes | 2024 SR | 2023 SR |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Profit before zakat | | **193,655,067** | 174,699,588 |
| **Adjustments for:** | | | |
| Depreciation of property and equipment | 9 | **58,466,711** | 58,492,649 |
| Depreciation of right-of-use assets | 12 | **29,012,344** | 29,270,009 |
| Expected credit loss charged for the year | 6 | **9,678,156** | 6,214,023 |
| Amortization of government grant | 13 | **(189,110)** | (278,889) |
| Employees defined benefits liabilities charged for the year | 16 | **19,112,901** | 17,895,328 |
| Finance costs | | **51,967,712** | 48,458,796 |
| Loss from disposal property and equipment | | **2,293,977** | 19,025 |
| | | **363,997,758** | 334,770,529 |
| **Working capital changes:** | | | |
| Trade and other receivables | | **92,163,892** | (89,048,382) |
| Due from related parties | | **(5,531,137)** | 425,957 |
| Inventories | | **3,185,982** | (5,892,749) |
| Prepayments and other assets | | **(19,286,221)** | (8,734,456) |
| Trade payables | | **(10,989,870)** | 4,675,892 |
| Due to related parties | | **(510,898)** | (29,750) |
| Accrued expenses and other liabilities | | **(7,971,871)** | 12,635,734 |
| **Cash generated from operating activities** | | **415,057,635** | 248,802,775 |
| Zakat paid | 15 | **(5,798,663)** | (4,246,135) |
| Employees defined benefits liabilities paid | 16 | **(25,474,596)** | (11,185,194 ) |
| **Net cash generated from operating activities** | | **383,784,376** | 233,371,446 |
| **Cash flows from investing activities** | | | |
| Purchase of property and equipment | 9 | **(67,471,090)** | (45,296,950) |
| Proceeds from disposal of property and equipment | | **930,513** | 837,936 |
| Additions on projects under progress | 9 | **(26,795,835)** | (27,544,207) |
| **Net cash used in investing activities** | | **(93,336,412)** | (72,003,221) |
| **Cash flows from financing activities** | | | |
| Dividends paid | 23 | **(200,000,000)** | (60,000,000) |
| Proceeds from short term loans - net | 10 | **75,537,492** | 20,000,000 |
| Repayment of long term loans – net | 11 | **(57,551,020)** | (33,571,429) |
| Repayment of government loan | 13 | **(2,655,063)** | (2,565,280) |
| Payment of lease liabilities | 12 | **(25,307,878)** | (25,981,515) |
| Finance cost paid | | **(35,806,499)** | (33,210,103) |
| **Net cash used in financing activities** | | **(245,782,968)** | (135,328,327) |
| **Net increase in cash and cash equivalents during the year** | | **44,664,996** | 26,039,898 |
| Cash and cash equivalents as of January 1 | | **47,822,985** | 21,783,087 |
| **Cash and cash equivalents as of December 31** | 5 | **92,487,981** | 47,822,985 |

| | | |
|---|---|---|
| APPROVED BY :<br>HANI CHARANI<br>CFO | APPROVED BY :<br>BASSAM CHAHINE<br>CEO | APPROVED BY :<br>SULAIMAN AL-RASHID<br>CHAIRMAN |

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

**SPECIALIZED MEDICAL COMPANY**
(A SAUDI CLOSED JOINT STOCK COMPANY)
**CONSOLIDATED STATEMENT OF CASH FLOWS (continued)**
**FOR THE YEAR ENDED DECEMBER 31, 2024**

| Non-cash transactions | Notes | 2024 SR | 2023 SR |
|---|---|---|---|
| Increase share capital through retained earnings | 17 | **165,000,000** | - |
| Transfer of projects under progress to property and equipment | 9 | **29,234,646** | 47,191,437 |
| Re-measurement of employees defined benefits liabilities | 16 | **(3,173,132)** | 4,518,662 |
| Additions of right of use assets and lease liabilities | 12 | **1,643,718** | 2,085,240 |
| Modification of right of use assets and lease liabilities | 12 | **-** | 78,005,617 |

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 consolidated financial statements.

**SPECIALIZED MEDICAL COMPANY**
(A SAUDI CLOSED JOINT STOCK COMPANY)
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**
**FOR THE YEAR ENDED DECEMBER 31, 2024**

## 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.

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 wholly owned subsidiary (2023: 100%);

| Name | Country of Incorporation | Activities |
|---|---|---|
| International Specialized Food Company | Saudi Arabia | Food and catering services |

These consolidated financial statements include the financial information of the Company, its subsidiary 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 operations | Riyadh | 22/03/2015 |
| Specialized Medical Company – SMC 3 – Northern Ring Road | 1010851377 | Public hospitals | Riyadh | 22/12/2022 |

## 2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)

### 2.1 Accounting standards effective during the year

The International Accounting Standard Board (IASB) has issued following accounting standards, amendments which were effective from January 1, 2024 but does not have significant impact on the consolidated financial statements of the Group.

| Standard/ interpretation | Description | Effective from periods beginning on or after |
|---|---|---|
| Amendment to IFRS 16 – Leases on sale and leaseback | These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted. | 1 January 2024 |
| Amendments to IAS 7 and IFRS 7 on Supplier finance arrangements | These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis. | 1 January 2024 |
| Amendment to IAS 1 – Non-current liabilities with covenants and Classification of liabilities as current or non-current | These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions. | 1 January 2024 |
| 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. | 1 January 2024 subject to endorsement from SOCPA |
| IFRS S2, 'Climate-related disclosures' | This is the first thematic standard issued that sets out requirements for entities to disclose information about climate-related risks and opportunities. | 1 January 2024 subject to endorsement from SOCPA |

### 2.2 Accounting standards issued but not yet effective

The International Accounting Standard Board (IASB) has issued the following accounting standards, amendments which are effective from period on or after January 1, 2025. The Group has opted not to early adopt these pronouncements and they do not have a significant impact on the consolidated financial statements of the Group.

| Standard/ interpretation | Description | Effective from periods beginning on or after |
|---|---|---|
| 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. | 1 January 2025 |

**SPECIALIZED MEDICAL COMPANY**
(A SAUDI CLOSED JOINT STOCK COMPANY)
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (continued)
**FOR THE YEAR ENDED DECEMBER 31, 2024**

**2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (continued)**

**2.2 Accounting standards issued but not yet effective (continued)**

The International Accounting Standard Board (IASB) has issued the following accounting standards, amendments which are effective from period on or after January 1, 2025. The Group has opted not to early adopt these pronouncements and they do not have a significant impact on the consolidated financial statements of the Group.

| Standard/ interpretation | Description | Effective from periods beginning on or after |
|---|---|---|
| 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.<br>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. | 1 January 2026. |
| 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. | 1 January 2027 |
| IFRS19,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. | 1 January 2027 |

## 3. MATERIAL ACCOUNTING POLICY INFORMATION

***Statement of compliance***

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as endorsed in Saudi Arabia and other relevant pronouncements endorsed by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

***Basis of Consolidation***

The 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.

These consolidated financial statements include the assets, liabilities and results of operations of the Company and its subsidiary (the "Group") listed in note (1) above. The Company and its subsidiary are collectively referred to as the "Group". Subsidiary 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. Subsidiary 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 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 subsidiary is aligned, where necessary, to ensure consistency with the policies adopted by the Group. The Company and its subsidiary have the same reporting periods.

***Functional and presentation currency***

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

***Cash and cash equivalents***

Cash and cash equivalents in the consolidated statement of financial position comprise cash at banks, and cash on hand.

***Inventories***

Inventories are stated at lower of cost or estimated net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less any cost to complete the selling process. Cost is determined using weighted average method. Appropriate provision is made for slow moving inventories, if any.

Cost includes the expenditure incurred in acquiring the inventories and costs incurred in bringing the inventories to their existing location and conditions.

**3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

***Property and equipment***

Property and equipment are stated at cost, net of accumulated depreciation and/or accumulated impairment losses, (if any) except for assets under construction and lands which are stated at cost and are not depreciated. Assets under construction represent all costs relating directly to the projects in progress and are capitalized as property and equipment when the project is completed.

Costs includes all expenditures directly attributable to the construction or purchase of the item of property and equipment. Such costs include the cost of replacing parts of the property and equipment and borrowing costs for' long-term construction projects if the recognition criteria are met. When significant parts of property and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful life and depreciates them accordingly. All repair' and maintenance costs are recognised in the consolidated statement of profit or loss and Comprehensive Income as incurred. Improvements that increase the value or materially extend the life of the related assets are capitalized.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, lease hold improvements are depreciated at the lower of its useful life or' lease term. The annual depreciation rates used are as follows:

| Description | Depreciation Percentage |
|---|---|
| Building and renovation | 1.75% - 6.67% |
| Medical equipment | 10% |
| Furniture and fixtures | 10% - 20% |
| Computer and Software | 10% - 25% |
| General equipment | 6.67% - 10% |
| Motor vehicles | 25% |

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of Comprehensive Income when the asset is derecognised.

The residual values, useful life and methods of depreciation of property and equipment are reviewed at the end of each financial year and adjusted prospectively, if appropriate.

***Right-of-use Assets and Lease Liabilities***
The group has recognised assets and liabilities for its finance leases of various types of contracts including buildings, lands, warehouse and depot facilities, accommodation/office rental premises, medical equipment's etc. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the consolidated Statement of Profit or Loss and other Comprehensive Income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis.

***Right-of-use assets are measured at cost comprising the following:***
- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and - restoration costs.

Right-of-use assets are subsequently measured at cost less accumulated depreciation.

**3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

***Right-of-use Assets and Lease Liabilities*** *(continued)*

***Lease liabilities include the net present value of the following lease payments:***

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the incremental borrowing rate, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the consolidated statement of profit or loss, short-term leases are leases with a lease term of 12 months or less. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options are only included in the lease term if the lease is reasonably certain to be extended. In determining the lease term, the management generally considers certain factors including historical lease durations and the costs and business disruption required to replace the leased asset.

***Financial instruments***
Financial instruments are recognised when the Group becomes a party to the contractual provisions of the instrument. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

***Financial assets***
Group requires all financial assets to be classified and subsequently' measured at either amortised cost or fair value. The classification depends on the business model for managing the financial asset and the contractual cash flow characteristics of financial asset, determined at the time of initial recognition.

Financial assets are classified into the following specified categories under IFRS 9:

- Debt instruments at amortised cost;
- Debt instruments at fair value through other comprehensive income (FVOCI), with gains or losses recycled to Comprehensive Income on derecognition:
- Equity instruments at FVOCI, with no recycling of gains or losses to Comprehensive Income on derecognition; and financial assets at fair value through profit and loss (FVPL).

*Financial assets classified as amortised cost*
Debt instruments that meet the following conditions are subsequently measured at amortised cost less impairment loss (except for debt investments that are designated as at fair value through Comprehensive Income on initial recognition):

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

If a financial asset does not meet both of these conditions, it is measured at fair value.

**SPECIALIZED MEDICAL COMPANY**
(A SAUDI CLOSED JOINT STOCK COMPANY)
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (continued)
**FOR THE YEAR ENDED DECEMBER 31, 2024**

**3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

***Financial instruments*** *(continued)*

*Financial assets designated as FVOCI*

Debt instruments that meet the following conditions are subsequently measured at FVOCI:

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount Outstanding.

*Investment in equity instruments designated as FVOCI*

On initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

As of reporting date, the Group do not possess any equity instruments designated as at FVOCI.

*Financial assets classified as FVPL*
Investments in equity instruments are classified as at FVPL, unless the Group designates an investment that is not held for trading as at FVOCI on initial recognition.

As of reporting date, the Group does not possess any financial assets classified as at FVPL

***Impairment of financial assets***
The Group recognises a loss allowance for expected credit losses (ECL) on debt instruments that are measured at amortised cost such as trade receivables and other financial assets.

No impairment loss is recognised for investments in equity instruments. The amount of expected credit losses reflects changes in credit risk since initial recognition of the respective financial instrument.

The Group applies the simplified approach to calculate impairment on trade receivables and this always recognises lifetime ECL on such exposures. ECL on these financial assets are estimated using a flow rate based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group applies the general approach to calculate impairment. Lifetime ECL is recognised when there has been a significant increase in credit risk since initial recognition and 12 month ECL is recognised the credit risk on the financial instrument which has not increased significantly since initial recognition. The assessment of whether credit risk of the financial instrument has increased significantly since initial recognition is made through considering the change in risk of default occurring over the remaining life of the financial instrument.

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e., the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of' default is based on historical data adjusted by forward-looking information as described above.

As for the exposure at default for financial assets, this is represented by the assets' gross carrying amount at the reporting date. Exposure at default for off balance sheet items is arrived at by applying a credit conversion factor to the undrawn portion of the exposure.

## 3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

***Financial instruments*** *(continued)*

***Impairment of financial assets (continued)***
Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are companied on the following basis:

**Measurement and recognition of expected credit losses**

- Nature of financial instruments (i.e., the Group's trade and other receivables, and amounts due from customers are each assessed as a separate group. Amounts due from related parties are assessed for expected credit losses on an individual basis);
- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The Group recognises an impairment gain or loss in the consolidated Statement of Comprehensive Income for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVOCl, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the Financial asset in the Consolidated statement of financial position.

**Derecognition of financial assets**
The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset or substantially all the risk and rewards of ownership to another entity. If the Group neither transfer nor retains substantially all the risks and reward of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and associated liability for' amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralized borrowing for the proceeds received.

**Financial liabilities**
Financial liabilities carried at amortised cost have been classified and measured at amortised cost using the effective yield method.

For financial liabilities that are designated as at FVPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other- comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other- comprehensive income would create or enlarge an accounting mismatch in consolidated statement of profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to consolidated statement of comprehensive income. The liability credit reserve includes the cumulative changes in the fair value of the financial liabilities designated as at fair value through Comprehensive Income that are attributable to changes in the credit risk of these liabilities and which would not create or enlarge accounting mismatch in consolidated statement of profit or loss. Amount presented in liability credit reserve are not subsequently transferred to consolidated statement of profit or' loss. When such investments are derecognised, the related cumulative amount in the liability credit reserve is transferred to retained earnings.

**Derecognition of financial liabilities**
The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expired.

**3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

***Zakat and Taxation***

The Company and its subsidiary are subject to zakat according to the regulations of the the Zakat, Tax and Customs Authority (ZATCA). Zakat is calculated according to the Zakat rule on the basis of the consolidated financial statements of the Company and its subsidiary. The calculated Zakat provision is distributed between the Company and its subsidiary. Any difference between the provisions and the final assessment is recorded in the year in which the final assessment occurs.

**Value Added Tax**

Expenses, and assets are recognized net of the amount of VAT, except:

• When the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable; and/or

• When receivables and payables are stated with the amount of VAT included.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated statement of financial position.

**Withholding Tax**

The Group withholds taxes on transactions with non-resident parties in accordance with ZATCA regulations. These amounts are recorded as liabilities payable to ZATCA on behalf of the counterparty from whom the amounts are withheld.

***Employees benefits***

**Short term obligations**

Liabilities for wages and salaries and any other short term benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees, under the related service are recognised in respect of employee's services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the consolidated statement of financial position.

**Post-employment liabilities**

**Defined contribution plans**

Retirement benefit in the Form of General Organization of Social Insurance (GOSl) is a defined contribution scheme. The Group has no obligation, other than the contribution payable to the GOSl. The Group recognises contribution payable to the GOSl as an expense, when an employee renders the related service.

**Defined benefits plans**

The cost of providing benefits under the defined benefit plans is determined using the projected unit credit method. Re-measurements, comprising of actuarial gains and losses, are recognised immediately in the consolidated statement of financial position included the retained earnings through other comprehensive income in the period in which they occur. Re-measurements are not reclassified to consolidated statement of comprehensive income in subsequent periods.

The discount rate for discounting the estimated future cash outflows is required to be based on the yield on corporate bonds of duration and currency consistent with the liabilities. Where there is no deep market in corporate bonds in the currency under consideration, the yields on government bonds are used. In the absence of deep bond market in KSA, the discount rate used is based on US Corporate Bond Rates.

Past service costs are recognised in the consolidated statement of profit or loss and other Comprehensive Income on the earlier of the date of the plan amendment or curtailment and the date on which the Group recognises related restructuring costs. Net interest is calculated by applying the discount rate to the net defined benefit liability. The Group recognises the changes in the net defined benefit obligation under 'cost of revenue, and 'general and administrative expenses' in the consolidated statement of profit or loss.

**3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

***Government grants***

Government grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be compiled with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed. Where the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

The Group has received interest free loans from Ministry of finance with a condition to use the proceeds only for the purpose of the purchase of medical equipment and furniture. The difference between the initial carrying value of the loan (its fair value) and the proceeds received is treated as a Government grant. The grant income is deferred and subsequently released in the consolidated statement of comprehensive income for the same period as the depreciation of the relevant asset.

***Impairment of non-financial assets***

For all tangible and intangible assets, the Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an assets or cash generating unit's ("CGU") fair value less costs of disposal and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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

The Group bases its impairment calculation on detailed budgets and forecasts which are prepared separately for each of the Group's CGU to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of three years. A long-term growth rate is calculated and applied to project future cash flows after the third year.

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

***Revenue***

The Group recognises revenue from customers based on following five steps:

**Step 1:** Identify the contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met:

**Step 2:** Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer:

**Step 3:** Determine the transaction price: the transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

**Step 4:** Allocate the transaction price to the performance obligations in the contract: For a contract that has more than on performance obligation, the Group will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.

## 3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

***Revenue*** *(continued)*

**Step 5**: Recognise revenue when (or as) the entity satisfies a performance obligation.

The Group satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

a) the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs.
b) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced,
c) the Group's performance does not create an asset with an alternate use to the Group and the Group has an enforceable right to payment for performance completed to date.

For performance obligations where one of the above conditions are not met, revenue is recognised at the point in time at which the performance obligation is satisfied.

When the Group satisfies a performance obligation by delivering the promised services it creates a contract based asset on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised this gives rise to a contract liability.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes and duty. The Group assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent.

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably.

**Patient services**
The patient services revenue is recognized when the services are rendered to the patient net off for any discount or rebates expected at the time of providing services to the patients. Revenue from outpatient is recognized at point in time while revenue from inpatients is recognized over period of time.

**Sale of goods**
The sales from medicine, cosmetics, food, catering, medical supplies and medical equipment are recognized when goods are delivered to patients and all the control have been transferred to them. The sales are recorded net off any discount or rebates expected at the time of delivery of goods to the patients.

For advance from customer or accounts receivable, the Group used the practical expedient. As such, the Group will not adjust the promised amount of the consideration for the effects of a financing component in contracts, where the Group expects, at contract inception, that the period between the time the customer pays for the good or service and when the Group transfers that promised good or service to the customer will be one year or less.

***Cost of revenue***

Cost of revenue represents expenses directly related to the generation of revenue, including but not limited to salaries and benefits, materials and supplies, depreciation and other direct costs.

***General and administrative expenses***

General and administrative expenses include direct and indirect costs that do not specifically form part of the medical cost. Allocations between general, administrative, and medical cost, when required, are made on a consistent basis.

## 3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

***Foreign currencies***

Transactions in foreign currencies are initially recorded by the Group at functional currency spot rate at the date the transaction qualifies for recognition.
Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the financial statements date. All differences are recognised in the consolidated statement of profit and loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

***Borrowing costs***

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

***Provisions***

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the consolidated statement of profit or loss and other Comprehensive Income net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

***Contingent liabilities***

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or nonoccurrence of one or more uncertain future events not wholly within the control of the Group or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

## 4. SIGNIFICANT JUDGEMENTS ASSUMPTION AND ESTIMATES

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that are behaved to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are addressed below:

**Judgments**
In the process of applying the Group's accounting policies, management has made judgements, which have the effect on the amounts recognised in the consolidated financial statements.

**SPECIALIZED MEDICAL COMPANY**
(A SAUDI CLOSED JOINT STOCK COMPANY)
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (continued)
**FOR THE YEAR ENDED DECEMBER 31, 2024**

## 4. SIGNIFICANT JUDGEMENTS ASSUMPTION AND ESTIMATES (continued)

**Assumptions and estimates**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

**Revenue recognition**

The application of IFRS 15 has required management to make the following judgement:

- ***Satisfaction of performance obligations***
  The Group is required to assess each of its contracts with customer to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method of recognising revenue.

- ***Determination of transaction prices***
  The Group is required to determine the transaction price in respect of each of its agreements with customers. In making such judgment the Group assess the impact of any variable consideration in the contract, due to insurance claims discount or any other variable items, the existence of any significant financing component in the contract and any non-cash consideration in the contract.

- ***Transfer of control in contracts with customers***
  In case where the Group determines that performance obligation are satisfied at a point in time, revenue is recognised when services or control over the assets that is subject of contract is transferred to the patients.

**Medical claims objections**

The objections of medical claims are estimated from customers based on the Group's past experience and are recognised against revenue earned during the year. These estimates are subsequently adjusted to the actual settlement with the customers.

**Allowance for expected credit losses**

When measuring expected credit losses, the Group uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the Group would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring expected credit losses. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

**Useful lives of property and equipment**

The useful life of each of the Group's items of property and equipment is estimated based on the period over which the asset is expected to be available for use. Such estimation is based on a collective assessment of practices of similar businesses, internal technical evaluation, experience with similar assets and application of judgment as to when the assets become available for use and the commencement of the depreciation charge.

The estimated useful life of each asset is reviewed periodically and updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the asset. It is possible, however, that future results of operations could be materially affected by changes in the amounts and timing of recorded expenses brought about by changes in the factors mentioned above. A reduction in the estimated useful life of any item of property and equipment would increase the recorded operating expenses and decrease non-current assets.

## 4. SIGNIFICANT JUDGEMENTS ASSUMPTION AND ESTIMATES (continued)

**Measurement of employees' defined benefits liabilities**
The Group net obligation in respect of defined benefit schemes is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods: that benefit is discounted to determine its present value, and the fair value of any plan assets is deducted.

The present value of the obligation is determined based on actuarial valuation at the statement of financial position date by an independent actuary using the Projected Unit Credit Method, which recognises each period of service as giving rise to an additional unit of employee benefit entitlement and measures. The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plan, are determined by reference to US bond yields, (as the Saudi Riyal is pegged to the US dollar), adjusted for an additional risk premium reflecting the possibility of the linkage being broken.

**SPECIALIZED MEDICAL COMPANY**
(A SAUDI CLOSED JOINT STOCK COMPANY)
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (continued)
**FOR THE YEAR ENDED DECEMBER 31, 2024**

## 5. CASH AND CASH EQUIVALENTS

| | **December 31, 2024 SR** | December 31, 2023 SR |
|---|---|---|
| Cash at banks | **92,001,325** | 47,295,219 |
| Cash in hand | **486,656** | 527,766 |
| | **92,487,981** | 47,822,985 |

Cash and cash equivalents are subject to the impairment requirements of IFRS 9 and the identified impairment loss was immaterial.

## 6. TRADE AND OTHER RECEIVABLES

| | **December 31, 2024 SR** | December 31, 2023 SR |
|---|---|---|
| Trade and other receivables | **424,869,155** | 595,099,687 |
| Less: Provision of expected credit losses | **(18,265,205)** | (86,653,689) |
| | **406,603,950** | 508,445,998 |

| **Movement in the provision of expected credit losses is as follows:** | **December 31, 2024 SR** | December 31, 2023 SR |
|---|---|---|
| Balance as of January 01 | **86,653,689** | 84,890,629 |
| Charged during the year | **9,678,156** | 6,214,023 |
| Written-off during the year * | **(78,066,640)** | (4,450,963) |
| Balance as of December 31 | **18,265,205** | 86,653,689 |

* The Board of Directors in their meeting held on November 5, 2024 approved to write-off the above trade receivable balances of 78 million.

**SPECIALIZED MEDICAL COMPANY**
(A SAUDI CLOSED JOINT STOCK COMPANY)
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (continued)
**FOR THE YEAR ENDED DECEMBER 31, 2024**

## 6. TRADE AND OTHER RECEIVABLES (continued)

As of December 31, the aging analysis of unimpaired trade and other receivables is as follows:

| | Less than one year SR | More than one year SR | Total SR |
|---|---|---|---|
| **December 31, 2024** | **395,717,833** | **10,886,117** | **406,603,950** |
| December 31, 2023 | 428,364,241 | 80,081,757 | 508,445,998 |

Unimpaired receivables are expected, on the basis of past experience, to be fully recoverable. As at 31 December 2024 the allowance for expected credit losses reached SR 18,265,205 (as at 31 December 2023: SR 86,653,689).

As of 31 December 2024, approximately 94% of the Group's accounts receivable balance was due from various governmental and insurance entities (31 December 2023: 96%).

The Group's credit terms require receivables to be repaid within 30-90 days' period of the claim date depending on the type of customer, which is in line with healthcare industry. Due to short credit period offered to customers, a significant amount of accounts receivable is neither past due nor impaired.

## 7. INVENTORIES

| | December 31, 2024 SR | December 31, 2023 SR |
|---|---|---|
| Medical and operating room supplies* | **18,884,830** | 22,010,083 |
| Other | **3,877,509** | 3,938,238 |
| | **22,762,339** | 25,948,321 |

* In accordance with the terms of the suppliers' agreements, the Group is entitled to return the nearing expire products to the supplier.

## 8. PREPAYMENTS AND OTHER ASSETS

| | December 31, 2024 SR | December 31, 2023 SR |
|---|---|---|
| Advance payments to suppliers | **22,185,144** | 13,083,510 |
| Prepaid expenses | **20,948,681** | 17,147,755 |
| Contract assets | **7,477,455** | - |
| Employee receivables | **2,882,517** | 3,449,561 |
| Others | **966,250** | 1,493,000 |
| | **54,460,047** | 35,173,826 |

**SPECIALIZED MEDICAL COMPANY**
(A SAUDI CLOSED JOINT STOCK COMPANY)
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (continued)
**FOR THE YEAR ENDED DECEMBER 31, 2024**

## 9. PROPERTY AND EQUIPMENT

| | Land* SR | Building and renovation* SR | Medical equipment SR | Furniture and fixtures SR | Computers and software SR | General equipment SR | Motor vehicles SR | Capital work in progress** SR | Total SR |
|---|---|---|---|---|---|---|---|---|---|
| **Cost** | | | | | | | | | |
| As of January 1, 2023 | 326,550,389 | 770,332,395 | 402,846,404 | 28,883,136 | 84,023,586 | 42,836,466 | 6,295,176 | 71,836,198 | 1,733,603,750 |
| Additions | 11,032,500 | 12,100,498 | 15,451,943 | 2,329,563 | 2,420,140 | 1,962,306 | - | 27,544,207 | 72,841,157 |
| Transfers | - | 40,910,360 | - | 415,273 | 91,184 | 5,774,620 | - | (47,191,437) | - |
| Disposals | - | (899,456) | (2,984,594) | (34,648) | (36,497) | (633,482) | - | - | (4,588,677) |
| As of December 31, 2023 | 337,582,889 | 822,443,797 | 415,313,753 | 31,593,324 | 86,498,413 | 49,939,910 | 6,295,176 | 52,188,968 | 1,801,856,230 |
| Additions | **-** | **19,494,972** | **35,000,155** | **708,531** | **5,717,281** | **5,964,351** | **585,800** | **26,795,835** | **94,266,925** |
| Transfers | **-** | **29,234,646** | **-** | **-** | **-** | **-** | **-** | **(29,234,646)** | **-** |
| Disposals | **-** | **(3,711,194)** | **(5,941,277)** | **(22,921)** | **(254,719)** | **(1,779,012)** | **(871,450)** | **-** | **(12,580,573)** |
| **As of December 31, 2024** | **337,582,889** | **867,462,221** | **444,372,631** | **32,278,934** | **91,960,975** | **54,125,249** | **6,009,526** | **49,750,157** | **1,883,542,582** |
| **Accumulated depreciation** | | | | | | | | | |
| As of January 1, 2023 | - | 151,686,188 | 251,223,729 | 17,523,957 | 70,662,245 | 23,852,895 | 5,568,610 | - | 520,517,624 |
| Charge for the year | - | 23,446,088 | 25,601,176 | 2,737,417 | 3,991,230 | 2,303,131 | 413,607 | - | 58,492,649 |
| Disposals | - | (402,393) | (2,881,461) | (17,387) | (13,477) | (416,998) | - | - | (3,731,716) |
| As of December 31, 2023 | - | 174,729,883 | 273,943,444 | 20,243,987 | 74,639,998 | 25,739,028 | 5,982,217 | - | 575,278,557 |
| Charge for the year | **-** | **24,576,773** | **24,410,883** | **977,077** | **3,683,808** | **4,579,024** | **239,146** | **-** | **58,466,711** |
| Disposals | **-** | **(1,588,495)** | **(5,931,388)** | **(19,998)** | **(246,087)** | **(698,665)** | **(871,450)** | **-** | **(9,356,083)** |
| **As of December 31, 2024** | **-** | **197,718,161** | **292,422,939** | **21,201,066** | **78,077,719** | **29,619,387** | **5,349,913** | **-** | **624,389,185** |
| **Net book value:** | | | | | | | | | |
| **As of December 31, 2024** | **337,582,889** | **669,744,060** | **151,949,692** | **11,077,868** | **13,883,256** | **24,505,862** | **659,613** | **49,750,157** | **1,259,153,397** |
| As of December 31, 2023 | 337,582,889 | 647,713,914 | 141,370,309 | 11,349,337 | 11,858,415 | 24,200,882 | 312,959 | 52,188,968 | 1,226,577,673 |

*Land, building and renovation includes an amount of SR 60,983,414 land and building mortgaged against the loan from ministry of finance (note 13) the Group paid last instalment for loan in February 27,2025 and started the procedures to release this mortgage.

** During the year ended 31 December 2024, an amount of SR 12,302,261 (2023: SR 12,405,874) was capitalized as borrowing cost in capital work in progress.

## 9. PROPERTY AND EQUIPMENT (continued)

The depreciation expense for the year has been allocated in the statement of profit or loss and other comprehensive income as follows:

| | **2024 SR** | 2023 SR |
|---|---|---|
| Cost of revenue | **51,660,082** | 51,373,805 |
| General and administrative expenses | **6,806,629** | 7,118,844 |
| | **58,466,711** | 58,492,649 |

**Movement of capital work progress is summarized as following:**

| | **2024 SR** | 2023 SR |
|---|---|---|
| Balance as of January 01 | **52,188,968** | 71,836,198 |
| Additions during the year | **26,795,835** | 27,544,207 |
| Transfers during the year | **(29,234,646)** | (47,191,437) |
| Balance as of December 31* | **49,750,157** | 52,188,968 |

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

## 10. 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 December 31, 2024: 490,537,492 SR (December 31, 2023: SR 415,000,000).

## 11. LONG -TERM LOANS

| | **December 31, 2024 SR** | December 31, 2023 SR |
|---|---|---|
| Balance as of January 01 | **201,428,571** | 235,000,000 |
| Paid during the year | **(57,551,020)** | (33,571,429) |
| Balance as of December 31 | **143,877,551** | 201,428,571 |
| | | |
| Current portion of long-term loans | **57,551,020** | 57,551,020 |
| Non-current portion of long-term loans | **86,326,531** | 143,877,551 |
| | **143,877,551** | 201,428,571 |

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 December 31, 2024: SR 143,877,551 (December 31, 2023: SR 201,428,571).

As of the year 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.

**SPECIALIZED MEDICAL COMPANY**
(A SAUDI CLOSED JOINT STOCK COMPANY)
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (continued)
**FOR THE YEAR ENDED DECEMBER 31, 2024**

## 12. 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.

| | **December 31, 2024 SR** | December 31, 2023 SR |
|---|---|---|
| **Cost** | | |
| Balance as of January 01 | **378,901,195** | 315,023,121 |
| Additions during the year | **1,643,718** | 2,085,240 |
| Adjustment | **(9,962,511)** | (16,212,783) |
| Modification during the year | **-** | 78,005,617 |
| Balance as of December 31 | **370,582,402** | 378,901,195 |
| **Accumulated Depreciation** | | |
| Balance as of January 01 | **149,654,284** | 136,597,058 |
| Charge for the year | **29,012,344** | 29,270,009 |
| Adjustment | **(9,962,511)** | (16,212,783) |
| Balance as of December 31 | **168,704,117** | 149,654,284 |
| **Net book value** | | |
| **As of December 31,** | **201,878,285** | 229,246,911 |

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

| | **2024 SR** | 2023 SR |
|---|---|---|
| Cost of revenue | **22,790,286** | 25,976,053 |
| General and administrative expenses | **6,222,058** | 3,293,956 |
| | **29,012,344** | 29,270,009 |

| **Lease liabilities** | **December 31, 2024 SR** | December 31, 2023 SR |
|---|---|---|
| Balance as of January 01 | **239,833,221** | 177,050,545 |
| Additions during the year | **1,643,718** | 2,085,240 |
| Finance cost during the year | **9,359,146** | 8,673,334 |
| Payments during the year | **(25,307,878)** | (25,981,515) |
| Modification during the year | **-** | 78,005,617 |
| Balance as of December 31 | **225,528,207** | 239,833,221 |

**SPECIALIZED MEDICAL COMPANY**
(A SAUDI CLOSED JOINT STOCK COMPANY)
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (continued)
**FOR THE YEAR ENDED DECEMBER 31, 2024**

## 12. RIGHT OF USE ASSETS AND LEASE LIABILITIES (continued)

| | **December 31, 2024 SR** | December 31, 2023 SR |
|---|---|---|
| **Lease liabilities as of the year-end are as follows:** | | |
| Current portion of lease liabilities | **23,536,645** | 25,086,962 |
| Non-current portion of lease liabilities | **201,991,562** | 214,746,259 |
| | **225,528,207** | 239,833,221 |

| | **December 31, 2024 SR** | December 31, 2023 SR |
|---|---|---|
| Future minimum lease liabilities | **313,306,639** | 336,778,097 |
| Less: un-amortised finance costs | **(87,778,432)** | (96,944,876) |
| Present value of minimum lease liabilities | **225,528,207** | 239,833,221 |
| Less: current portion of lease liabilities | **(23,536,645)** | (25,086,962) |
| Non – current portion of lease liabilities | **201,991,562** | 214,746,259 |

## 13. 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 (note 9) the Group paid last instalment for loan in February 27,2025 and started the procedures to release this mortgage.

| | **December 31, 2024 SR** | December 31, 2023 SR |
|---|---|---|
| Balance as of January 01 | **5,403,055** | 7,968,335 |
| Paid during the year | **(2,655,063)** | (2,565,280) |
| Balance as of December 31 | **2,747,992** | 5,403,055 |
| | | |
| Current portion of long-term government loans | **2,747,992** | 2,565,278 |
| Non-current portion of long-term government loans | **-** | 2,837,777 |
| | **2,747,992** | 5,403,055 |

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 year is shown as follows:

| | **2024 SR** | 2023 SR |
|---|---|---|
| Balance as of January 01 | **285,287** | 564,176 |
| Amortization during the year | **(189,110)** | (278,889) |
| Balance as of December 31 | **96,177** | 285,287 |
| | | |
| Current portion of deferred government grant | **96,177** | 189,107 |
| Non-current portion of deferred government grant | **-** | 96,180 |
| | **96,177** | 285,287 |

**SPECIALIZED MEDICAL COMPANY**
(A SAUDI CLOSED JOINT STOCK COMPANY)
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (continued)
**FOR THE YEAR ENDED DECEMBER 31, 2024**

## 14. ACCRUED EXPENSES AND OTHER LIABILITIES

| | **December 31, 2024 SR** | December 31, 2023 SR |
|---|---|---|
| Employees' salaries and benefits | **51,406,839** | 47,101,743 |
| Contract liability | **9,341,309** | 10,629,187 |
| Accrued expenses | **7,996,456** | 8,628,961 |
| Value added tax | **2,893,949** | 13,599,521 |
| General organization for social insurance | **2,301,326** | 2,352,727 |
| Unearned other revenue | **1,176,406** | 1,158,048 |
| Others | **6,115,603** | 5,733,572 |
| | **81,231,888** | 89,203,759 |

## 15. ZAKAT PAYABLE

The principal elements of the zakat base are as follows:

| | **December 31, 2024 SR** | December 31, 2023 SR |
|---|---|---|
| Equity and equivalents | **838,747,166** | 845,049,225 |
| Non-current liabilities | **622,284,516** | 518,265,731 |
| Adjustments | **-** | 138,034,696 |
| Less: Non-current assets | **(1,461,031,682)** | (1,455,824,584) |
| Zakat base | **-** | 230,544,324 |
| Minimum Zakat base | **185,219,494** | 168,696,041 |
| Maximum zakat base | **838,747,166** | 845,049,225 |
| Zakat due on minimum zakat base | **4,787,453** | 5,763,608 |

Some of these amounts have been adjusted in arriving at the zakat charge for the year.

## 15. ZAKAT PAYABLE (continued)

The movement in Zakat provision for the years ended December 31, is as follows:

| | **December 31, 2024 SR** | December 31, 2023 SR |
|---|---|---|
| Balance as of January 01 | **5,714,642** | 3,957,230 |
| Charge for the current year | **8,435,573** | 6,003,547 |
| Paid during the year | **(5,798,663)** | (4,246,135) |
| Balance as of December 31 | **8,351,552** | 5,714,642 |

***Status of assessments:***
Zakat declarations were submitted to the Zakat, Tax and Customs Authority (ZATCA) for all years up to December 31, 2023, and the Group obtained the final assessment up to the year ended 2018, and it is still, awaiting the final assessments for the years from 2019 up to 2023 from ZATCA.

## 16. EMPLOYEES DEFINED BENEFITS LIABILITIES

The Group provides end of service benefits to its employees. The entitlement is based upon the employees' final salary and length of service, provided that a minimum period of service is completed. The entitlement is calculated according to the Saudi Arabian Labor Law and is payable upon resignation or termination of the employee.

| | **December 31, 2024 SR** | December 31, 2023 SR |
|---|---|---|
| Employees' benefit liability | **159,552,201** | 155,938,697 |

The movement of present value of total employee benefits liability recognised in the statement of financial position is as follows:

| | **December 31, 2024 SR** | December 31, 2023 SR |
|---|---|---|
| Balance as of January 01 | **155,938,697** | 147,367,361 |
| ***Included in profit or loss*** | | |
| Current service cost | **19,112,901** | 17,895,328 |
| Interest cost | **6,802,067** | 6,379,864 |
| | **25,914,968** | 24,275,192 |
| Re-measurement losses/ (gains) | **3,173,132** | (4,518,662) |
| Benefits paid | **(25,474,596)** | (11,185,194) |
| **Balance as of December 31** | **159,552,201** | 155,938,697 |

**16. EMPLOYEES DEFINED BENEFITS LIABILITIES (continued)**

The expense recognised in the statement of profit or loss and other comprehensive income is as follows:

| | **2024 SR** | 2023 SR |
|---|---|---|
| Current service cost | **19,112,901** | 17,895,328 |
| Interest cost | **6,802,067** | 6,379,864 |
| | **25,914,968** | 24,275,192 |

**Actuarial assumptions**
The main financial assumptions used to calculate the indicative defined unfunded benefit plans liabilities is as follows:

| | **December 31, 2024** | December 31, 2023 |
|---|---|---|
| Discount rate | **5.25%** | 4.75% |
| Future salary growth/expected rate of salary increase | **3.75%** | 3.00% |
| Withdrawal rate | **22%** | 22% |

The sensitivity of employee benefits obligation to changes in the weighted principal assumptions is as follows:

| | **December 31, 2024** | | |
|---|---|---|---|
| | **Impact on employee benefits liability Increase/(decrease) in actual figures** | | |
| | **Change in assumption by** | **Increase in assumption** | **Decrease in assumption** |
| Discount rate | **1%** | **153,050,552** | **167,748,726** |
| Future salary growth/expected rate of salary increase | **1%** | **167,806,938** | **152,872,165** |

| | December 31, 2023 | | |
|---|---|---|---|
| | Impact on employee benefits liability Increase/(decrease) in actual figures | | |
| | Change in assumption by | Increase in assumption by | Decrease in assumption by |
| Discount rate | 1% | 143,427,343 | 154,876,629 |
| Future salary growth/expected rate of salary increase | 1% | 154,921,907 | 143,286,797 |

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and mortality. The sensitivity analysis has been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

The sensitivity analysis presented may not be representative of the actual change in the employee benefits liability as it is unlikely that the changes in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

**SPECIALIZED MEDICAL COMPANY**
(A SAUDI CLOSED JOINT STOCK COMPANY)
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (continued)
**FOR THE YEAR ENDED DECEMBER 31, 2024**

**16. EMPLOYEES DEFINED BENEFITS LIABILITIES (continued)**

In presenting the sensitivity analysis, the present value of the employee benefits liability has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the employee benefits liability recognised in the statement of financial position.
There was no change in the method and assumption used in preparing the sensitivity analysis from prior year.

During the year, an independent actuarial exercise has been conducted to ensure the adequacy of provision for employees' end of service benefits in accordance with the rules stated under the Saudi Arabian Labor Law by using the Projected Unit Credit Method as required under IAS 19.

The expected maturity analysis of the employees benefit liability is as follows:

The weighted average duration of the end of service benefits is 6 years.

| Expected total benefits payment | **December 31, 2024 SR** | December 31, 2023 SR |
|---|---|---|
| Year 1 | **34,593,760** | 46,735,444 |
| Year 2 | **22,950,457** | 20,203,961 |
| Year 3 | **18,660,223** | 18,251,815 |
| Year 4 | **18,558,437** | 18,347,696 |
| Year 5 | **15,710,622** | 13,703,209 |
| Year 6 and above | **100,669,307** | 74,944,571 |

**17. SHARE CAPITAL**

The Company's share capital as of December 31, 2023 is SR 85,000,000 consisting of 8,500,000 ordinary shares, fully paid up with a nominal value of SR 10. During the year 2024, the Company resolved to increase the share capital by SR 165,000,000 by capitalizing the retained earnings with a total value SR 165,000,000 and split the share from SR 10 to SR 1 as per the approval of the board of directors dated August 27, 2024 and the approval of extraordinary general assembly of the Company in its meeting held on September 15, 2024.The Company obtained the ministry of commerce approval and updated the commercial registration on November 19, 2024.capital consists as of December 31, 2024, and December 31, 2023, as follows:

| | | **As of December 31, 2024** | | |
|---|---|---|---|---|
| **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 Sebaiay | **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** |

| | | As of December 31, 2023 | | |
|---|---|---|---|---|
| Name | Nationality | Number of shares | Percentage | Amount |
| Abdulrahman Saad Al-Rashid & Sons Company | Saudi | 3,433,500 | 40.39% | 34,335,000 |
| Abdullah Saad Al Rashid & Sons Company | Saudi | 1,754,481 | 20.64% | 17,544,810 |
| Al-Thomad Travel and Tourism Company | Saudi | 1,716,750 | 20.20% | 17,167,500 |
| Rashid Saad Al Rashid & Sons Company | Saudi | 1,106,769 | 13.02% | 11,067,690 |
| Dr. Khaled Al Sebaiay | Saudi | 325,000 | 3.83% | 3,250,000 |
| Dr. Mohammad Saleh Al Konbaz. | Saudi | 163,500 | 1.92% | 1,635,000 |
| | | 8,500,000 | 100.00% | 85,000,000 |

**SPECIALIZED MEDICAL COMPANY**
(A SAUDI CLOSED JOINT STOCK COMPANY)
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (continued)
**FOR THE YEAR ENDED DECEMBER 31, 2024**

## 18. STATUTORY RESERVE

The statutory reserve included in the consolidated financial statements as of December 31, 2024, and December 31, 2023, was required under the Company's previous by-laws. However, following amendments to the Company's by-laws during the year ended December 31, 2024, the requirement to set aside a statutory reserve has been removed.

## 19. 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.

| | **2024 SR** | 2023 SR |
|---|---|---|
| Medical services | **1,163,439,463** | 1,105,991,035 |
| Pharmaceuticals | **254,524,472** | 232,753,575 |
| Food and catering | **21,621,596** | 29,184,957 |
| | **1,439,585,531** | 1,367,929,567 |

## 20. COST OF REVENUE

| | **2024 SR** | 2023 SR |
|---|---|---|
| Employees 'salaries & benefits | **560,419,315** | 543,297,518 |
| Medicines , operating room supplies and food | **389,007,490** | 374,830,620 |
| Depreciation | **74,450,368** | 77,349,858 |
| Repair and maintenance | **6,330,572** | 4,709,785 |
| Others | **17,217,157** | 11,292,546 |
| | **1,047,424,902** | 1,011,480,327 |

## 21. GENERAL AND ADMINISTRATIVE EXPENSES

| | **2024 SR** | 2023 SR |
|---|---|---|
| Employees 'salaries & benefits | **98,302,828** | 92,177,375 |
| Depreciation | **13,028,687** | 10,412,800 |
| Expected credit losses | **9,678,156** | 6,214,023 |
| Repair and maintenance | **7,307,321** | 7,490,959 |
| Subscription | **2,002,173** | 2,136,821 |
| Others | **13,280,427** | 14,219,367 |
| | **143,599,592** | 132,651,345 |

**SPECIALIZED MEDICAL COMPANY**
(A SAUDI CLOSED JOINT STOCK COMPANY)
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (continued)
**FOR THE YEAR ENDED DECEMBER 31, 2024**

## 22. FINANCE COST

| | 2024<br>SR | 2023<br>SR |
|---|---|---|
| Interest cost on long and short term loans | **35,617,389** | 33,126,709 |
| Interest cost on lease liabilities | **9,359,146** | 8,673,334 |
| Interest cost on Employees defined benefits liabilities | **6,802,067** | 6,379,864 |
| Unwinding of deferred income on MOF loan | **189,110** | 278,889 |
| | **51,967,712** | 48,458,796 |

## 23. DIVIDEND DISTRIBUTION

The General Assembly, in their meeting held on December 15, 2024, approved annual dividend amounting to SR 200,000,000 for the year ended December 31, 2024 (SR 60,000,000 for the year ended December 31, 2023).

## 24. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties include the shareholders, affiliated companies, directors, and relatives thereof. The terms and conditions of such transactions are approved by the management:

| Name of Related Party | Relationship |
|---|---|
| Saudi Bunyan Company | Common Directorship |
| Snow Bright Laundry Company | Common Directorship |
| Advance food Company | Owned by a close family member of a director |
| Adeem Al Sahra Trading Company | Owned by a close family member of a director |
| Cotton Experts Company | Owned by a close family member of a director |
| Code Invention Company | Owned by a close family member of a director |
| 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 Sebaiay | Shareholder |
| Dr. Mohammad Saleh Al Konbaz | Shareholder |
| Mr. Sulaiman Abdulrahman Al-Rashid | Chairman of Board of Directors |
| Mr. Abdulrahman Al-Rashid | Director |
| Mr. Rashid Saad Al-Rashid | Director |
| Mr. Omran AbdulRahman Al-Rashid | Director |
| Mr. Yousef Rashid Al-Rashid | Director |
| Mr. Abdallah A. Al-Twaijri | Director |
| Family members of shareholders, board members, and those related them | Family Members |

**SPECIALIZED MEDICAL COMPANY**
(A SAUDI CLOSED JOINT STOCK COMPANY)
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (continued)
**FOR THE YEAR ENDED DECEMBER 31, 2024**

## 24. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

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

| Transactions with Related Parties | 2024 SR | 2023 SR |
|---|---|---|
| Purchases and services | **18,869,906** | 19,463,505 |
| Lease rentals payments | **16,506,892** | 16,236,893 |
| Expenses incurred on behalf of related parties | **3,988,694** | 478,979 |
| Revenue | **3,433,236** | 1,633,461 |
| Other income | **1,271,900** | - |
| Advance payments | **724,958** | - |

| Due from related parties | December 31, 2024 SR | December 31, 2023 SR |
|---|---|---|
| Abdulrahman Saad Al-Rashid & Sons Company | **1,449,949** | - |
| Advance food Company | **1,271,900** | - |
| Abdullah Saad Al Rashid & Sons Company | **738,166** | - |
| Al-Thomad Travel and Tourism Company | **722,291** | - |
| Cotton Experts Company | **720,266** | - |
| Rashid Saad Al Rashid & Sons Company | **465,647** | 4,453 |
| Saudi Bunyan Company | **394,336** | 124,643 |
| Dr. Khalid Al Sebaiay | **136,732** | - |
| Dr. Mohammad Saleh Al Konbaz | **68,785** | 1,796 |
| Code Invention Company | **-** | 48,621 |
| Mr. Omran Abdulrahman Al-Rashid | **-** | 235,511 |
| Mr. Yousef Rashid Al-Rashid | **-** | 78,941 |
| Mr. Sulaiman Abdulrahman Al-Rashid | **-** | 29,617 |
| Mr. Abdulrahman Al-Rashid | **-** | 22,768 |
| Mr. Rashid Saad Al-Rashid | **-** | 18,250 |
| Mr. Abdallah A. Al-Twaijri | **-** | 720 |
| Family members of shareholders, board members, and those related them | **577,597** | 449,212 |
| | **6,545,669** | 1,014,532 |

The amount due from related parties represent health care services provided to those related parties in the course of ordinary business with other customers and amounts paid on behalf of shareholders.

| Due to related parties | December 31, 2024 SR | December 31, 2023 SR |
|---|---|---|
| Snow Bright Laundry Company | **228,618** | 377,339 |
| Code Invention Company | **107,858** | - |
| Adeem Al Sahra Trading Company | **48,150** | 59,492 |
| Al-Thomad Travel and Tourism Company | **-** | 326,912 |
| Cotton Experts Company | **-** | 131,781 |
| | **384,626** | 895,524 |

**24. RELATED PARTY TRANSACTIONS AND BALANCES (continued)**

| Compensation of key management personnel of the group: | 2024 SR | 2023 SR |
|---|---|---|
| Short term employment benefits | **7,917,508** | 10,167,130 |
| Board of Directors' remuneration | **1,500,000** | 1,500,000 |
| Post-employment benefits | **1,154,848** | 993,011 |
| | **10,572,356** | 12,660,141 |

## 25. COMMITMENTS AND CONTINGENCIES

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

| | December 31 2024 SR | December 31 2023 SR |
|---|---|---|
| Capital commitments * | **11,758,277** | 23,544,956 |

* 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:

| | December 31 2024 SR | December 31 2023 SR |
|---|---|---|
| Letter of guarantees | **81,153,071** | 25,307,591 |

## 26. EARNINGS PER SHARE

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

| | 2024 SR | 2023 SR |
|---|---|---|
| Total profit for the year attributable to the shareholders | **185,219,494** | 168,696,041 |
| Weighted average number of ordinary shares outstanding * | **250,000,000** | 250,000,000 |
| **Earnings per share – basic and diluted** | **0.74** | 0.68 |

Earnings per share for the year ended December 31, 2024 and 2023 is calculated by dividing profit for the year 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 split the share and of the increase in share capital by SR 165,000,000 by capitalizing the retained earnings with a total value SR 165,000,000.

## 27. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

***Fair value measurement***

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. As the group financial instruments are compiled under the historical cost convention, differences may arise between the book values and fair value estimates. Management believes that the fair values of the group financial assets and liabilities are not materially different from their carrying values.

The management assessed that cash and short-term deposits, trade and other receivables, trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The table below shows the carrying amounts of financial assets and liabilities:

| **Financial Assets**<br>**Amortised cost** | Notes | **December 31, 2024**<br>**SR** | December 31, 2023<br>SR |
|---|---|---|---|
| Trade and other receivables | 6 | **406,603,950** | 508,445,998 |
| Due from related parties | 26 | **6,545,669** | 1,014,532 |
| Other debit balances | 8 | **8,443,705** | 1,493,000 |
| Cash and cash equivalents | 5 | **92,487,981** | 47,822,985 |
| | | **514,081,305** | 558,776,515 |

| **Financial Liabilities**<br>**Amortised cost** | | **December 31, 2024**<br>**SR** | December 31, 2023<br>SR |
|---|---|---|---|
| Long term loans | 11 & 13 | **146,625,543** | 206,831,626 |
| Short term loans | 10 | **490,537,492** | 415,000,000 |
| Lease liabilities | 12 | **225,528,207** | 239,833,221 |
| Due to related parties | 26 | **384,626** | 895,524 |
| Trade payables | | **104,488,395** | 115,478,265 |
| | | **967,564,263** | 978,038,636 |

**27. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)**

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

When measuring the fair value of an asset or a liability, the group uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e. derived from prices)

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs). If the inputs used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. Management believes that its estimates and judgments are reasonable and adequate.

***Financial risk management***

The board of directors of the group has overall responsibility for the establishment and oversight of the Group's risk management framework. The board is also responsible for developing and monitoring the Group's risk management policies.

The group has exposure to the following risks from its use of financial instruments.

- Credit risk
- Liquidity risk
- Market risk
- Foreign Currency risk
- Commission rate risk
- Capital Management

**Credit risk**
Credit risk is the risk that one party will fail to discharge its obligation and will cause the other party to incur a financial loss.

The group assets that are subject to credit risks comprise of bank balances, bank deposits, advances to suppliers, receivables and other debit balances. Cash is placed with banks with high credit ratings and credit limits to the customers are monitored on regular basis thus reduces credit risk.

The group does not believe that there is a significant risk of non-performance by these financial institutions, the group does not consider itself exposed to a concentration of credit risk with respect to accounts receivable due to its diverse customer base operating in various industries.

The carrying amount of the financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the financial position date was as follows:

**SPECIALIZED MEDICAL COMPANY**
(A SAUDI CLOSED JOINT STOCK COMPANY)
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (continued)
**FOR THE YEAR ENDED DECEMBER 31, 2024**

**27. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)**

| **Credit risk** (continued) | **December 31, 2024 SR** | December 31, 2023 SR |
|---|---|---|
| Trade and other receivables | **406,603,950** | 508,445,998 |
| Due from related parties | **6,545,669** | 1,014,532 |
| Other debit balances | **8,443,705** | 1,493,000 |
| Cash and cash equivalents | **92,487,981** | 47,822,985 |
| | **514,081,305** | 558,776,515 |

**Liquidity risk**
Liquidity risk is the risk that the group will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value. Liquidity risk is managed by monitoring on a regular basis to ensure that sufficient funds are available to meet any future commitments. The group approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stress conditions, without incurring unacceptable losses or risking damage to the group reputation.

The following are the contracted maturities of financial liabilities, including estimated interest payments:

| **December 31, 2024** | **Carrying Amount SR** | **Contractual Cash Flows SR** | **Less than a year SR** | **More than a year SR** |
|---|---|---|---|---|
| **Non-derivative financial liabilities** | | | | |
| Long term loans | **146,625,543** | **158,620,894** | **68,525,198** | **90,095,696** |
| Short term loan | **490,537,492** | **519,171,179** | **519,171,179** | **-** |
| Lease liabilities | **225,528,207** | **313,306,639** | **23,536,645** | **289,769,994** |
| Due to related parties | **384,626** | **384,626** | **384,626** | **-** |
| Trade payables | **104,488,395** | **104,488,395** | **104,158,709** | **329,686** |
| | **967,564,263** | **1,095,971,733** | **715,776,357** | **380,195,376** |

| December 31, 2023 | Carrying Amount SR | Contractual Cash Flows SR | Less than a year SR | More than a year SR |
|---|---|---|---|---|
| Non-derivative financial liabilities | | | | |
| Long term loans | 206,831,626 | 230,557,374 | 71,603,211 | 158,954,163 |
| Short term loan | 415,000,000 | 424,931,250 | 424,931,250 | - |
| Lease liabilities | 239,833,221 | 336,778,098 | 25,086,962 | 311,691,136 |
| Due to related parties | 895,524 | 895,524 | 895,524 | - |
| Trade payables | 115,478,265 | 115,478,265 | 114,708,998 | 769,267 |
| | 978,038,636 | 1,108,640,511 | 637,225,945 | 471,414,566 |

**27. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)**

**Market risk**
Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: interest rate risk, currency risk and other price risk such as equity price risk and commodity price risk. Financial instruments affected by market risk include loans and borrowings and deposits.

**Foreign currency risk**
Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Management monitors the fluctuation in currency exchange rates and believes that the currency risk is not significant. The Group's transaction is principally in Saudi Riyals.

**Commission rate risk**
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's financial assets and liabilities as of the consolidated financial position date, except for some banking facilities and long-term loans, are not exposed to interest rate risk.

**Capital management**
Capital includes equity attributable to the equity holders of the parent. The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches of the financial covenants of any interest bearing loans and borrowing in the current period. Surplus cash is either reinvested in the business, used to repay debt or returned to shareholders.

No changes were made in the objectives, policies or processes for managing capital during the year ended December 31, 2024.

**SPECIALIZED MEDICAL COMPANY**
(A SAUDI CLOSED JOINT STOCK COMPANY)
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (continued)
**FOR THE YEAR ENDED DECEMBER 31, 2024**

## 28. 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 profit is a consistent measure within the Group. The identified key segments are medical services, and trading and retail.

The following table presents segment information (assets, liabilities, revenue and net income) for each of the business segments as at and for the year ended December 31:

| | Medical services SR | Pharmacies & others SR | Total SR |
|---|---|---|---|
| **For the year ended December 31, 2024** | | | |
| Revenue | **1,163,439,463** | **276,146,068** | **1,439,585,531** |
| Gross profit | **306,357,120** | **85,803,509** | **392,160,629** |
| For the year ended December 31, 2023 | | | |
| Revenue | 1,105,991,035 | 261,938,532 | 1,367,929,567 |
| Gross profit | 282,886,947 | 73,562,293 | 356,449,240 |
| **As of December 31, 2024** | | | |
| 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** |
| As of December 31, 2023 | | | |
| Total assets | 2,004,067,080 | 70,163,166 | 2,074,230,246 |
| Total liabilities | 1,183,650,755 | 45,530,266 | 1,229,181,021 |

## 29. SUBSEQUENT EVENTS

Subsequent to the reporting period, 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. This event does not require adjustments to the financial statements, and its financial effects cannot be reliably estimated at this stage.

There were no events, except for aforementioned, subsequent to December 31, 2024, and occurring before the date of the approval of the financial statements that are expected to have a significant impact on these consolidated financial statements.

## 30. APPROVAL ON THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been approved by the board of directors on April 24, 2025 (corresponding to Shawwal 26, 1446 H).

| APPROVED BY : | APPROVED BY : | APPROVED BY : |
|---|---|---|
| HANI CHARANI | BASSAM CHAHINE | SULAIMAN AL-RASHID |
| CFO | CEO | CHAIRMAN |

**SPECIALIZED MEDICAL COMPANY**
(A SAUDI CLOSED JOINT STOCK COMPANY)

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

**SPECIALIZED MEDICAL COMPANY**
(A SAUDI CLOSED JOINT STOCK COMPANY)

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

Deloitte.

**Deloitte and Touche & Co.**
**Chartered Accountants**
(Professional Simplified Joint Stock Company)
Paid-up capital SR 5,000,000
Metro Boulevard – Al-Aqiq
King Abdullah Financial District
P.O. Box 213 - Riyadh 11411
Saudi Arabia
C.R. No. 1010600030

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www.deloitte.com

***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

ديلويت آند توش وشركاهم
CR.: 1010600030
HO-Riyadh
Chartered Accountants
Deloitte and Touche & Co.

**SPECIALIZED MEDICAL COMPANY**
(A SAUDI CLOSED JOINT STOCK COMPANY)

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

| | Notes | March 31, 2025 SR (Unaudited) | December 31, 2024 SR (Audited) |
|---|---|---|---|
| **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.

- 2 -

**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**

| | Notes | For the three months' period ended March 31, 2025 SR | For the three months' period ended March 31, 2024 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 |

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.

- 3 -

**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** |

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.

- 4 -

**SPECIALIZED MEDICAL COMPANY**
(A SAUDI CLOSED JOINT STOCK COMPANY)

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

| | Notes | For the three months' period ended March 31, 2025 SR (Unaudited) | For the three months' period ended March 31, 2024 SR (Unaudited) |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Profit before zakat | | 31,141,163 | 51,294,066 |
| **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 | - |

| | | |
|---|---|---|
| APPROVED BY : | APPROVED BY : | APPROVED BY : |
| HANI CHARANI | BASSAM CHAHINE | SULAIMAN AL-RASHID |
| CFO | CEO | CHAIRMAN |

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

- 5 -

**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 |

**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**

## 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.<br><br>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 |

**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**

## 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 Kingdome 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.

**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**

## 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 |

| **Movement in the provision of expected credit losses is as follows:** | March 31, 2025 SR (Unaudited) | December 31, 2024 SR (Audited) |
|---|---|---|
| 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**
(A SAUDI CLOSED JOINT STOCK COMPANY)

**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 Sebaiay | 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:

| Transactions with related parties | For the three months' period ended March 31, 2025 SR (Unaudited) | For the three months' period ended March 31, 2024 SR (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**
(A SAUDI CLOSED JOINT STOCK COMPANY)

**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)

| Due from related parties | March 31, 2025 SR (Unaudited) | December 31, 2024 SR (Audited) |
|---|---|---|
| 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 Sebaiay | 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.

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

| Compensation of key management personnel of the group: | For the three months' period ended March 31, 2025 SR (Unaudited) | For the three months' period ended March 31, 2024 SR (Unaudited) |
|---|---|---|
| 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

| 7.1 Reconciliation of carrying amounts | March 31, 2025 SR (Unaudited) | December 31, 2024 SR (Audited) |
|---|---|---|
| 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 |

**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**

## 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 |

**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**

## 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 |

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

| **Lease liabilities as of the period / year-end are as follows:** | March 31, 2025 SR (Unaudited) | December 31, 2024 SR (Audited) |
|---|---|---|
| Current portion of lease liabilities | 28,991,211 | 23,536,645 |
| Non-current portion of lease liabilities | 210,425,302 | 201,991,562 |
| | 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 Sebaiay | 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 SR (Unaudited)** | For the three months' period ended March 31, 2024 SR (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 SR (Unaudited)** | For the three months' period ended March 31, 2024 SR (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.

**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**

## 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 * | **11,609,521** | 11,758,277 |

* 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 | **81,153,071** | 81,153,071 |

## 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.

**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**

## 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.

**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**

**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 : | APPROVED BY : | APPROVED BY : |
|---|---|---|
| HANI CHARANI | BASSAM CHAHINE | SULAIMAN AL-RASHID |
| CFO | CEO | CHAIRMAN |

Specialized Medical Company الشركة الطبية التخصصية

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