

Innovative Integrated Healthcare Services for You

Annual Report 2025



بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ



Custodian of the Two Holy Mosques

King Salman bin
Abdulaziz Al Saud

May Allah protect him



His Royal Highness Prince

Mohammed bin Salman bin
Abdulaziz Al Saud

Crown Prince and Prime Minister

May Allah protect him

Innovative Integrated Healthcare Services for You

This year's Annual Report embraces our new brand direction, reflecting a healthcare experience that is modern, human-centered, and seamlessly connected. Grounded in the principle of Innovative Integrated Healthcare Services for You, we reaffirm our commitment to placing every patient at the heart of a smart, compassionate model of care.

Our refreshed visual identity, built around warmth, optimism and a forward-looking approach to health, positions us as a true beacon of modern care. It represents the coming together of advanced technologies, clinical excellence and deeply personalized service. By integrating digital transformation, innovation and a human-first philosophy, we are shaping a healthcare ecosystem designed to meet the evolving needs of our community.

Innovative Integrated Healthcare Services for You is more than a theme - it is a commitment. A promise that every improvement, every investment and every act of care is guided by a singular focus: delivering exceptional, holistic health services that combine innovation with compassion and trust. It celebrates our ongoing transformation and the unified purpose that will lead us into the next chapter of excellence.



Chairman's Message

It is my honor to present our 2025 Annual Report, which is an especially significant publication as it marks our first reporting cycle following SMC's successful listing to the Saudi Stock market on 25 June 2025. This year represents a milestone in our evolution: a year in which we transitioned from a private healthcare organization to a publicly listed company positioned for long-term growth, transparency, and value creation.

The global healthcare environment in 2025 continued to evolve rapidly, shaped by technological advancements, rising patient expectations, demographic shifts and new models of integrated care. Healthcare providers worldwide faced increasing demands for quality, safety, digital readiness and sustainability. In the Kingdom, expectations around service excellence, innovation and patient experience have strengthened, reinforcing the need for healthcare organizations to operate with agility, modernity and a deep sense of responsibility.

In 2025, our commitment remained clear: Innovative Integrated Healthcare Services for You. This theme reflects who we are today and the healthcare system we are building for tomorrow that blends clinical excellence with a human-centred approach, one that integrates services seamlessly across the continuum of care, and one that places each patient firmly at the center of every decision.

Our listing during the first half of the year marked a significant step in our transformation, as we continued to invest in digital transformation, clinical

capacity, workforce development and system-wide integration. We advanced initiatives that elevate patient safety, improve clinical outcomes, and strengthen the operational backbone of our facilities. We also made meaningful progress toward building an integrated, technologically enabled healthcare network, one that reflects both national priorities and the expectations of a modern patient community.

As we look ahead to 2026, our strategic direction is focused and ambitious. We will continue to strengthen our care model, expand our capabilities, deepen integration across our network, and invest in innovation that improves the patient's journey. We will pursue disciplined, sustainable growth while reinforcing the foundations of good governance, transparency and ethical leadership that our stakeholders expect.

On behalf of the Board of Directors, I extend my gratitude to our dedicated teams of physicians, nurses, healthcare professionals, management and support staff whose commitment to excellence defines our organization every day. I also thank our shareholders for the trust they placed in us during our IPO and throughout this important foundational period.

As we enter the next stage of growth, SMC remains committed to shaping a new era of exceptional, innovative and integrated healthcare services for every patient we serve.



2

Hospitals



3

Hospitals under development



+3000

People (SMC1 & SMC2)



581

Beds (SMC1 & SMC2)



Mr. Sulaiman Al Rashid
Chairman of the Board
SMC Healthcare

Table of Contents

1. Overview

About Us	15	Accreditations	31
Our Journey	17	Awards and Recognitions	33
Our Presence in Riyadh	19	Our Investment Case	35
Our Partners	21	Shareholder Information	37
2025 in Review	25		
2025 in Numbers	27		

2. Strategic Review

CEO Message	41	Success Story	59
CFO Message	43	Patient Experience	63
Hospital Executive Directors	47	Operating Review	65
Our Corporate Strategy	49	Market Overview	69
Our Business Model	51	Digital Transformation & Innovation	71
Our Alignment with Vision 2030	53	Risk Management	75
Expansion Plans & Future Outlooks	57		

3. ESG Review

Our Sustainability Strategy	83
Our Materiality Topics	87
Our Alignment with UN's SDGs	97
ESG Projects & Initiatives	101
CSR Activities & Campaigns	105

4. Governance

Board of Directors, Executive Management and Committees	109
Company's Policy on Distributing Share Dividends and Shareholders' Rights	151
The Company and Its Subsidiaries	157
Governance Policies & Declaration	163
Internal Audit and Board of Directors' Confirmations	167

5. Financial Statements

Independent Auditor's Report	173
Consolidated Statement of Financial Position	179
Consolidated Statement of Profit or Loss and other Comprehensive Income	181
Consolidated Statement of Changes in Equity	182
Consolidated Statement of Cash Flows	183
Notes to the Consolidated Financial Statements	185

1. Overview

About Us

Our Journey

Our Presence in Riyadh

Our Partners

2025 in Review

2025 in Numbers

Accreditations

Awards and Recognitions

Our Investment Case

Shareholder Information



About Us

SMC Healthcare is recognized as one of Saudi Arabia’s leading integrated healthcare providers, offering specialized, tertiary, and primary care services to meet the needs of a rapidly expanding population. With a strong footprint in Riyadh and a proven capability to deliver high quality clinical operations, SMC stands out for its focus on innovation, advanced medical expertise, and a patient-centred philosophy.

Our services encompass inpatient and outpatient care, specialized centers, diagnostic services, nutrition, pharmaceuticals, and comprehensive medical supply chain operations.

This integrated model is designed to ensure seamless patient journeys across the continuum of care, supporting consistent clinical standards, coordinated services, and improved health outcomes.

SMC also operates complementary subsidiaries, namely the fully-owned International Specialized Food Co. and Al-Mukhtas Al-Sehhi Medical Co., a joint venture with Dr. Ebel Kliniken International GmbH Company and Health Gates, in which SMC holds a 51% share. Together, these entities strengthen SMC’s operational base through food services, patient nutrition, and healthcare facilities management support.

With an extensive clinic network and a strong pipeline of new facilities, the Company affirms its commitment to ensuring the patient-led care to a diverse and growing population. In January 2026, SMC launched SMC Clinics – Al Malqa, its first standalone outpatient clinic center, featuring 35 clinics for integrated care.



Vision and Mission

Our Vision

To be a regional provider for excellence and innovation in the delivery of healthcare and patient safety, continuously improving the quality of services and patient care experience



Our Mission

SMC Healthcare is dedicated to improving the health of the community we serve by delivering quality and value-priced healthcare services.



Our Journey

+25 Years



Our Presence in Riyadh

SMC Healthcare plays a vital role in serving the growing population of Riyadh. Our two established hospitals and extensive outpatient network ensure broad accessibility to high-quality patient-led care. With three new hospitals under development in key north and north-western zones in Riyadh, SMC will significantly expand its reach, doubling both bed and outpatient clinic capacity and strengthening its leadership in the Kingdom's largest healthcare market.

Current Capacity



502
Doctors



1,077
Nurses



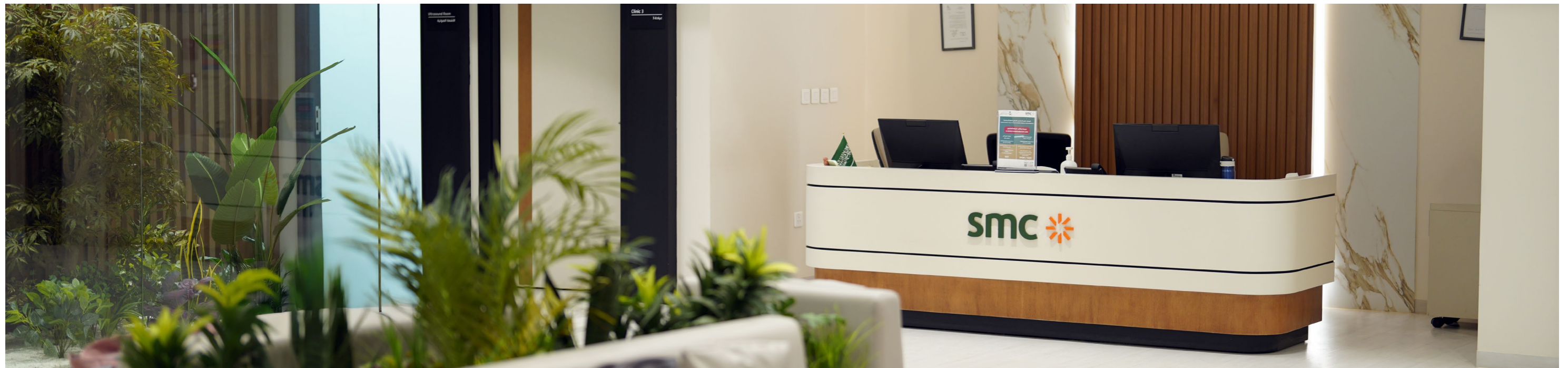
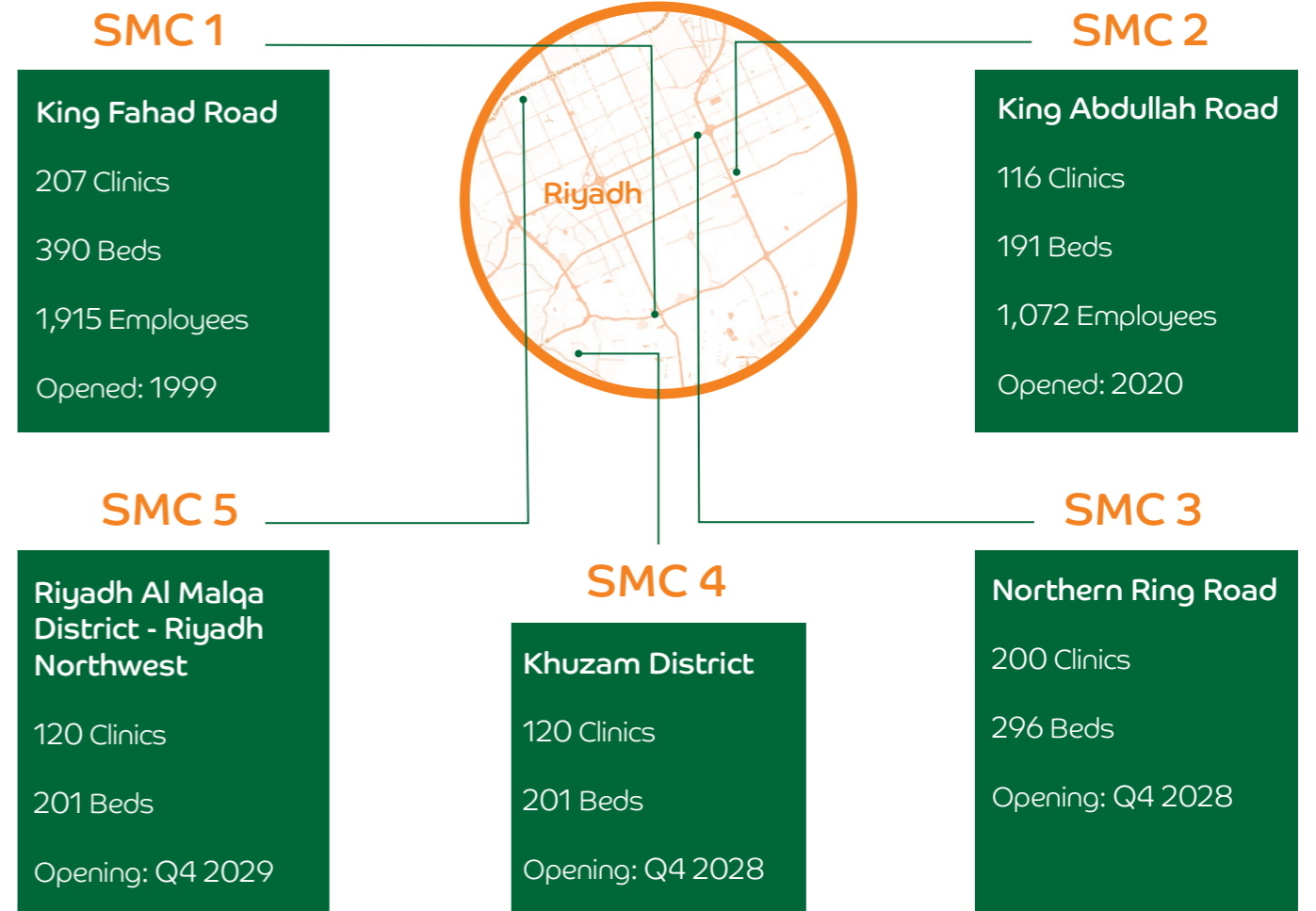
581
Inpatient Beds



323
Outpatient Clinics



494
Medical Ancillary Staff



Our Partners

At SMC, stakeholder engagement is embedded in our governance framework and our strategic priorities. We engage closely with patients, employees, regulators, investors, and community partners to ensure that their expectations shape the services we provide and the decisions we make. This collaborative approach strengthens trust, supports transparency and enhances our long-term sustainability.

Patients

Key Needs & Expectations

Safe, high-quality clinical care; Compassionate communication; Access to specialized treatments and timely appointments; Transparent pricing and insurance clarity; Integrated digital experience.

Engagement Approach & Activities

Patient satisfaction surveys and real-time feedback tools; Digital platforms including mobile app and telehealth; Clinical quality dashboards; Dedicated patient relations teams; Patient education programs.



Employees & Medical Staff

Key Needs & Expectations

Safe and supportive work environment; Competitive benefits and career progression; Continuous professional development; Recognition, well-being and work-life balance.

Engagement Approach & Activities

Annual performance reviews and pulse surveys; Training and CME programs; Internal communication channels and town halls; Staff wellness programs; Leadership development workshops



Families & Caregivers

Key Needs & Expectations

Clear communication regarding care plans; Emotional and logistical support; Comfortable and accessible visiting environments.

Engagement Approach & Activities

Family briefings and consultation meetings; Educational materials and support groups; Care coordination teams.



Regulators & Government Entities

Key Needs & Expectations

Compliance with healthcare, safety, data, and accreditation standards; Transparency in clinical and operational reporting; Support for national healthcare transformation goals.

Engagement Approach & Activities

Regulatory reporting; Participation in audits and accreditation programs; Collaboration on national initiatives; Policy consultations.



Our Partners (Continued)

Investors & Shareholders

Key Needs & Expectations

Clear financial performance and strategic direction; Strong governance and risk management; Sustainable long-term growth; Transparent ESG reporting.

Engagement Approach & Activities

Quarterly reporting, earnings calls and analyst briefings; AGM and investor roadshows; Dedicated IR communication channels; Continuous disclosure compliance.



Suppliers & Strategic Partners

Key Needs & Expectations

Fair procurement practices; Long-term collaboration; Clear technical and compliance requirements.

Engagement Approach & Activities

Supplier evaluations; Strategic supply agreements; Joint improvement initiatives.



Community

Key Needs & Expectations

Access to quality healthcare; Public health initiatives; Responsible corporate citizenship; Local economic and employment contribution.

Engagement Approach & Activities

Outreach programs and screening campaigns; CSR initiatives; Partnerships with NGOs; Employment and training for local talent.



Academic & Training Institutions

Key Needs & Expectations

Clinical training opportunities; Research and workforce development partnerships.

Engagement Approach & Activities

Clinical training rotations; Joint research initiatives; Educational collaborations.



Insurance Companies & Payers

Key Needs & Expectations

Efficient claims processing; High-quality and cost-effective care; Transparent communication on service eligibility.

Engagement Approach & Activities

Contract management meetings; NPHIES-integrated claims systems; Regular payer process reviews.



2025 in Review

2025 was a transformative year marked by operational expansion, technological advancement, clinical milestones and our transition to a publicly listed company. Key milestones throughout the year include:

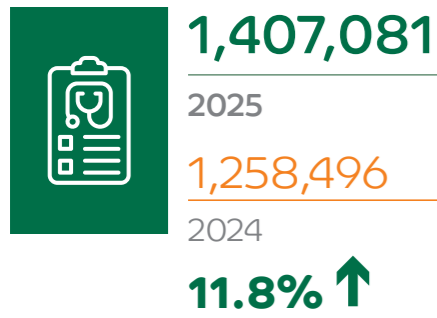


2025 in Numbers

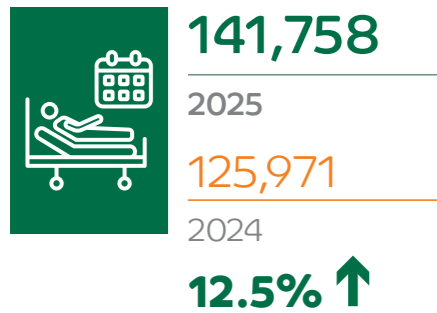
Our 2025 performance demonstrates strong operational momentum supported by rising patient demand, expanded clinical services and increased digital engagement. The following indicators summarize our operational and financial activity for the year, highlighting growth across key service lines and strategic priorities.

Operational Metrics

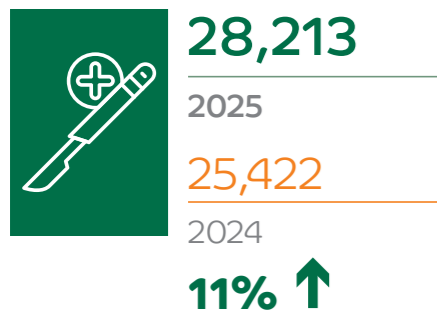
OPD Visits



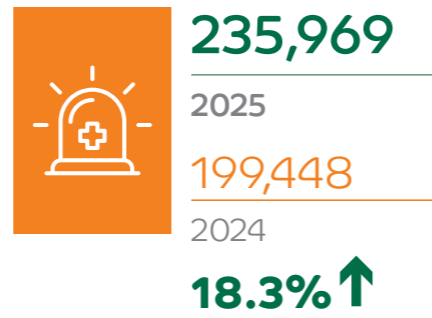
Inpatient Nights (R&B) - Excluding LTC Beds



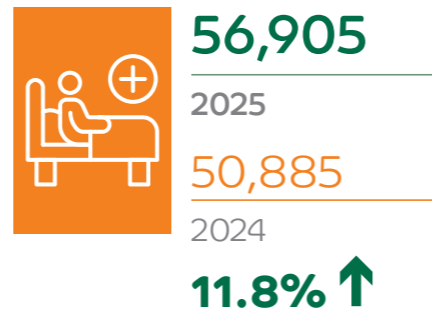
Surgical Procedures



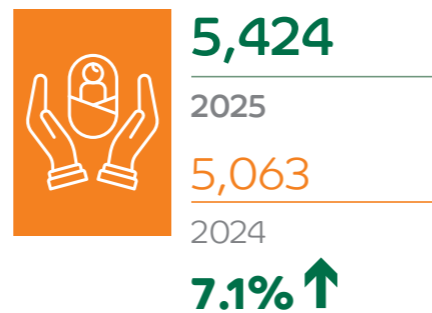
Emergency Visits



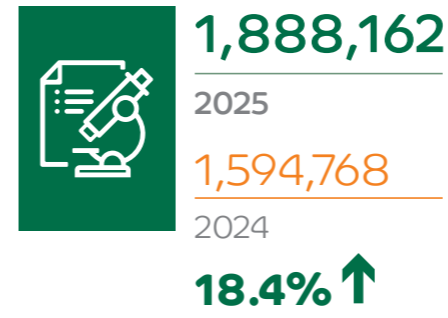
Inpatient Admissions - Excluding LTC Beds



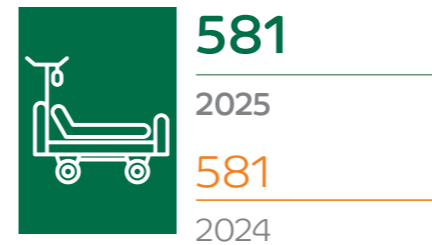
Deliveries



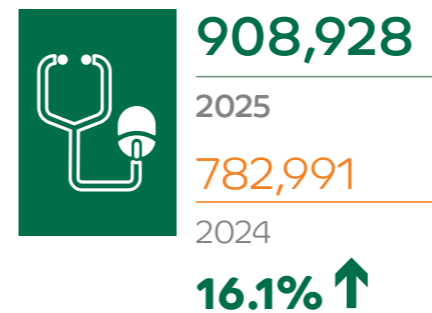
Laboratory



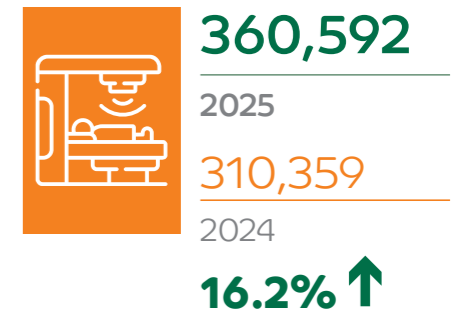
Beds



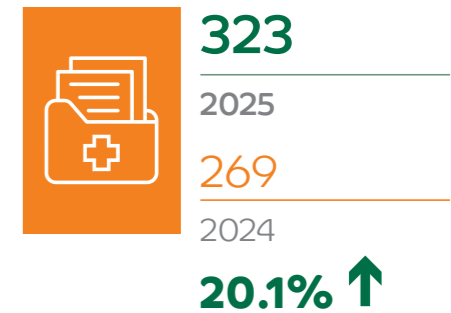
Online Appointments



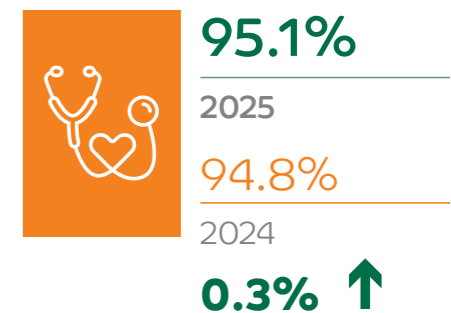
Radiology



Clinics

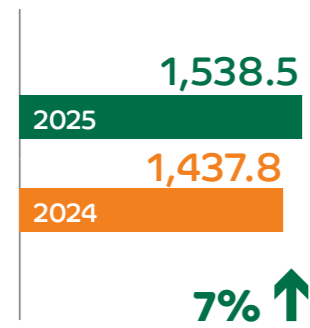


Doctor Satisfaction Score

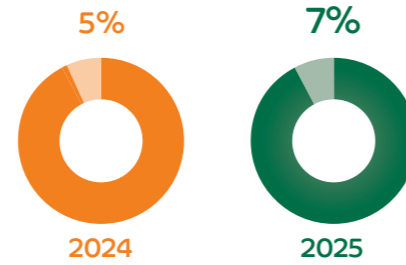


Financial Metrics*

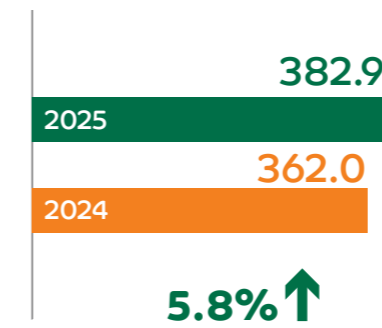
Revenue



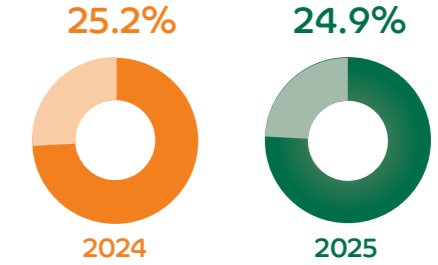
Revenue Growth



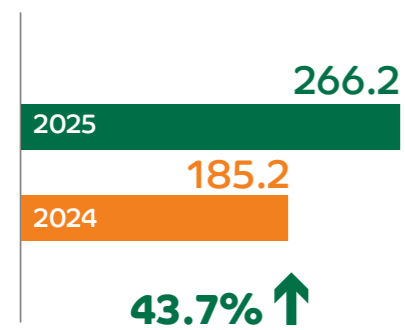
Gross Profit



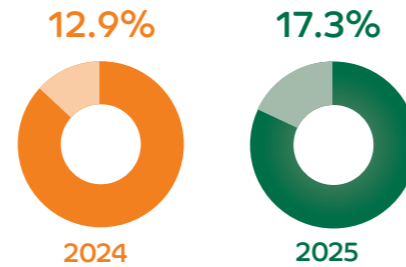
Gross Margin (%)



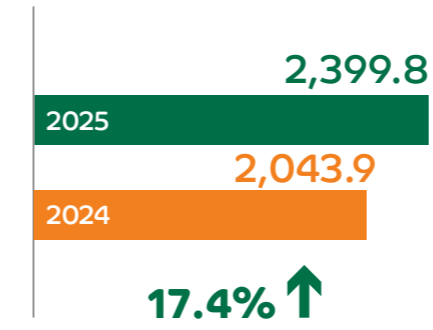
Net Profit



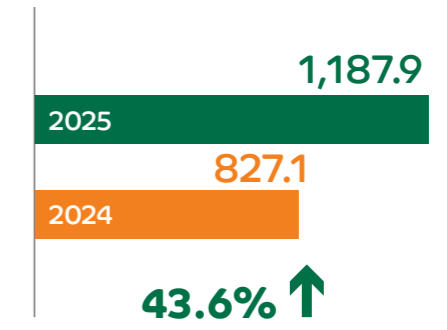
Net Profit Margin (%)



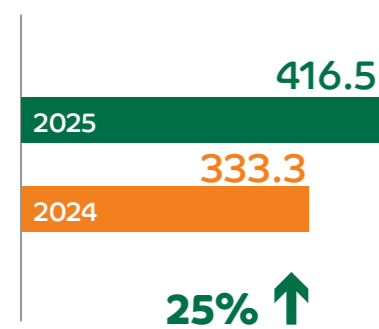
Total Assets



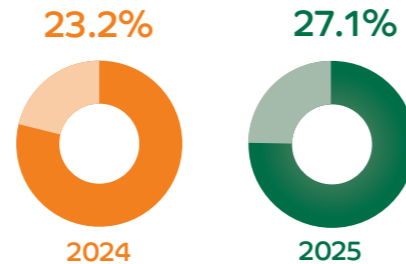
Total Equity



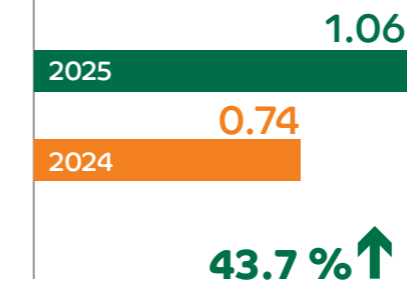
EBITDA



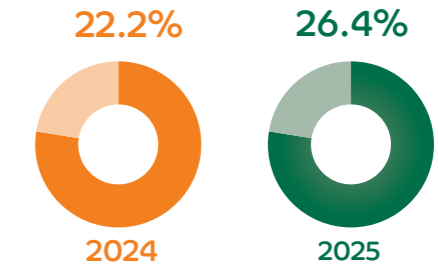
EBITDA Margin (%)



Earnings per Share (EPS) (SAR)



Return on Equity (ROE)



*(All Numbers In millions) SAR

*All financial metrics for FY2025 Includes a SAR 60.6 million one-off gain on sale of land contribution to the Wadi Fund project. Excluding this non-recurring item, underlying operating performance continued to reflect solid growth driven by improved service mix, operational efficiency and disciplined cost management.

*Numbers presented may not add up precisely to the totals provided due to rounding

Accreditations



Certificate of Accreditation for Passing National Standards
SMC 1 - SMC 2



Certificate of qualification for operators of private health institutions
The Company



Accreditation of the facility's commitment to codes, labels, and stickers
SMC 1



Certificate of Good Practice for Blood Facilities
SMC 1



Accreditation of the skills development center of health facilities
SMC 1



المركز السعودي لزراعة الأعضاء
Saudi Center for Organ Transplantation

License for Renal Transplant Program
SMC 1



Accreditation for application of Stage 6 standards, the pinnacle of data-driven system utilization
The Company



Accreditation promoting the highest standards of quality and safety for blood and biotherapy facilities
SMC 1 - SMC 2



Accreditation for clinical laboratories and blood banks
SMC 1



Accreditation certificate for advanced cardiac life support courses
SMC 1

Accreditation of hospital laboratory standards
SMC 2

Accreditation certificate for basic life support courses
SMC 1



الهيئة السعودية للتخصصات الصحية
Saudi Commission for Health Specialties

Saudi Board Programs Accreditation – Adult ICU

Accreditation as a Continuing Medical Education and Professional Development Provider

Certificate of accreditation of a Training center

Saudi Board Programs Accreditation – Internal Medicine

Saudi Board Programs Accreditation – Ob-Gynae

Saudi Board Programs Accreditation – General Surgery

Institutional Accreditation

Saudi Board Programs Accreditation – Pediatrics

SMC1 Accreditations:

Awards and Recognitions

SMC Healthcare’s achievements in 2025 reflect our commitment to excellence, innovation and patient-centered care. Our clinical teams, operational units and support functions earned recognition locally, regionally and internationally for outstanding performance, safety, service quality and innovation. These accolades reinforce our position as a leading healthcare provider in the Kingdom.

Awards

<p>Innovation in Healthcare Award Governmental</p> <p>Award from the Healthcare Model Forum for innovation in health services</p>	<p>Responsibility Category (Silver) Local Award</p> <p>Silver-level Social Responsibility Award from the Ministry of Human Resources & Social Development</p>	<p>Arab Hospitals Federation – Patient Experience Award International Award</p> <p>Award for excellence in patient experience</p>
<p>MarCom Gold Award – Creativity & Marketing International Award</p> <p>Gold Award for creative and marketing excellence</p>	<p>World Best Specialized Hospitals in Middle East International (Statista Newsweek)</p> <p>SMC1 & SMC2 have been featured in 2026 ranking of the Best Specialized Hospitals in the Middle East in partnership with Statista – Newsweek</p>	<p>Arab Hospitals Federation – Safety & Quality of Care Award International Award</p> <p>Award for excellence in safety and quality of care</p>
<p>Modern Healthcare Model Award in the Innovation Track</p> <p>Highlighting patient-centered care and high-level medical expertise</p>	<p>Saudi CX Awards</p> <p>Recognition of SMC’s excellence and innovation in patient experience</p>	<p>CEO Recognition Honor Leadership / Industry Recognition</p> <p>CEO honored as one of the leading executive pioneers in the Saudi healthcare sector</p>





Recognitions

<p>First Robotic Surgery in Urology Healthcare – SMC</p> <p>Recognition for performing the first robotic urological surgery</p>	<p>IPO Listing on the Saudi Exchange Market / Capital Markets</p> <p>Commencement of trading of SMC Healthcare on the Saudi Exchange (Tadawul)</p>	<p>Renewal of Collaboration Agreement Strategic Partnership</p> <p>Renewal of cooperation agreement between SMC Healthcare and Mayo Clinic Laboratories</p>
<p>Saving the Life of a Child with Prune Belly Syndrome Healthcare – SMC</p> <p>Recognition for a lifesaving pediatric surgical intervention</p>	<p>Successful Completion of 5 Kidney Transplants Healthcare – SMC</p> <p>Recognition for undertaking 5 successful kidney transplant procedures</p>	<p>First AI-Powered, Helium-Free MRI System Launch Healthcare – SMC</p> <p>Recognition for deploying the first AI-supported, helium-free MRI system</p>
<p>Complex & Rare Pelvic Floor Reconstruction Surgery Healthcare – SMC</p> <p>Recognition for completing a rare and complex surgical reconstruction</p>	<p>Launch of Saudi Products Promotion Initiative Government Launch</p> <p>Launch of initiative in partnership with the Saudi Export Development Authority</p>	<p>First AI-Enabled Lens Implant Surgery in the Kingdom Healthcare – SMC</p> <p>Recognition for performing the first AI-based lens implantation surgery in Saudi Arabia</p>

First case in Saudi Arabia to treat a patient with Glomus Tympanicum using innovative surgical technique
Healthcare – SMC

Trans canal endoscopic coblation excision of Glomus Tympanicum

Our Investment Case

SMC is a full-service healthcare provider, offering a broad range of specialized medical services that encompass the entire healthcare value chain. With our key specialties and advanced procedures, we are uniquely positioned to meet the diverse needs of patients, establishing a competitive edge within Saudi Arabia's private healthcare market.

1. Robust Macro Environment and Favorable Demographics Supported by KSA's Vision 2030

SMC operates in a rapidly expanding healthcare market supported by strong macroeconomic fundamentals and demographic growth. Vision 2030 continues to prioritize healthcare transformation, with more than USD 1.3 trillion committed to mega and giga projects that enhance national infrastructure and unlock private-sector participation.

Saudi Arabia's GDP is projected to grow at a 3.7% CAGR between 2023 and 2035, with the population expected to reach 42.8 million. Healthcare demand is forecast to rise at a 4.6% CAGR, driven by higher chronic disease prevalence, broader insurance coverage and the shift toward private providers. These dynamics create a highly attractive environment for SMC's long-term expansion.

2. Strong Roots in Riyadh, KSA - Driving Unmatched Accessibility and Cementing Market Position

Riyadh remains one of the region's fastest-growing cities, with population expected to rise from 7.3 million in 2023 to 9.4 million by 2035. The northern corridor, in particular, is experiencing rapid development but remains underserved from a healthcare capacity perspective.

SMC is expanding strategically in Northern Riyadh, where three new hospitals under development will more than double our inpatient capacity to approximately 1,279 beds by 2029. With this footprint, SMC is positioned to become the leading private healthcare provider in the northern zone and one of the most accessible care networks in the capital.

3. Comprehensive Services Covering the Entire Healthcare Value Chain

SMC delivers a complete suite of specialized medical services across the full continuum of care, from general medicine and surgery to advanced specialties including neurology, endocrinology, gastroenterology, orthopedics, urology and ophthalmology.

We are recognized for leadership in complex procedures, including operating the first licensed corneal transplant center in the Saudi private sector and pioneering kidney transplant programs, with plans to introduce liver transplantation. This breadth of expertise reinforces our differentiated position and ensures high-quality, comprehensive care for a growing patient base

4. Team of Top-Tier Healthcare Professionals and a Seamless Patient Experience Enabled by Advanced Tech Capabilities

SMC's 502 physicians, 1,077 nurses and 443 ancillary personnel form a highly skilled workforce delivering exceptional clinical outcomes, including a 0.08% surgical site infection rate and a 99.6% cardiac catheterization success rate.

Our digital-first approach further enhances the patient journey. In-house platforms and early AI adoption have modernized diagnostics, workflows and patient access. Today, 64.6% of appointments are booked via the mobile app, which also supports online check-ins and digital payments. These capabilities streamline care delivery, elevate the patient experience and strengthen SMC's position as an innovation-led provider.

5. Consistently Improving Financial Performance; Growing Revenues, Expanding Margins and a Healthy Balance Sheet

SMC has demonstrated strong and consistent financial performance. Net Revenue by 7% to SAR 1,538.5 million, driven by sustained growth in patient volumes, expanded service offerings, and improved operational throughput across our facilities. Gross profit reached SAR 382.9 million, with a gross margin of 24.9%, reflecting disciplined cost management and operating leverage.

EBITDA increased by 25.0% YoY to SAR 416.5 million, with margin expanding to 27.1% from 23.2% in 2024, including a SAR 60.6 million one-off gain related to the sale of land from the Al Wadi Real Estate Fund. Net profit increased by 43.7% YoY to SAR 266.2 million, including the impact of the one-off transaction, highlighting the strength of our underlying operations and our ability to convert revenue growth into sustainable earnings.

6. A Clear Path to Doubling Capacity by 2029

SMC's growth strategy is supported by a robust expansion pipeline. Three new hospitals: SMC 3 – Northern Ring Road, SMC 4 – Khuzam Suburb, SMC 5 – Al Malqa District, SMC Outpatient Clinics – Al Malqa – are scheduled to open between 2026 and 2029, with financing already secured.

These facilities will add approximately 698 beds and 440 clinics across strategic locations in Riyadh. The development program is supported by a prudent capital structure that balances debt and internally generated cash flows. Complementary projects, such as the Wadi Fund hotel adjacent to SMC 3 – Northern Ring Road, will enhance the patient and visitor experience and support long-term value creation.

7. Long-Serving and Distinguished Team Supported by a Strong Shareholder Base and a Reputed Board of Directors

SMC is led by an experienced management team with more than 50 years of collective healthcare expertise. The CEO brings over 30 years of sector experience, while the CFO adds 35 years of financial and management leadership.

Additionally, SMC is overseen by a highly qualified Board of Directors that ensures adherence to strong governance practices and provides rigorous oversight. This leadership foundation supports disciplined strategic execution and reinforces SMC's long-term growth ambitions.

Shareholder Information

Listing date: 25 June 2025

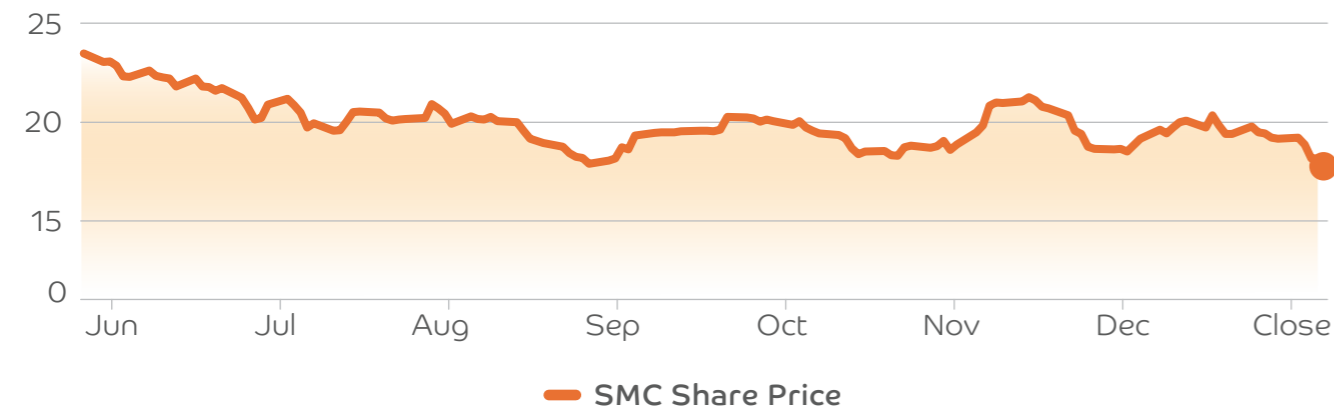
Exchange: Saudi Exchange (Tadawul)

Symbol: 4019

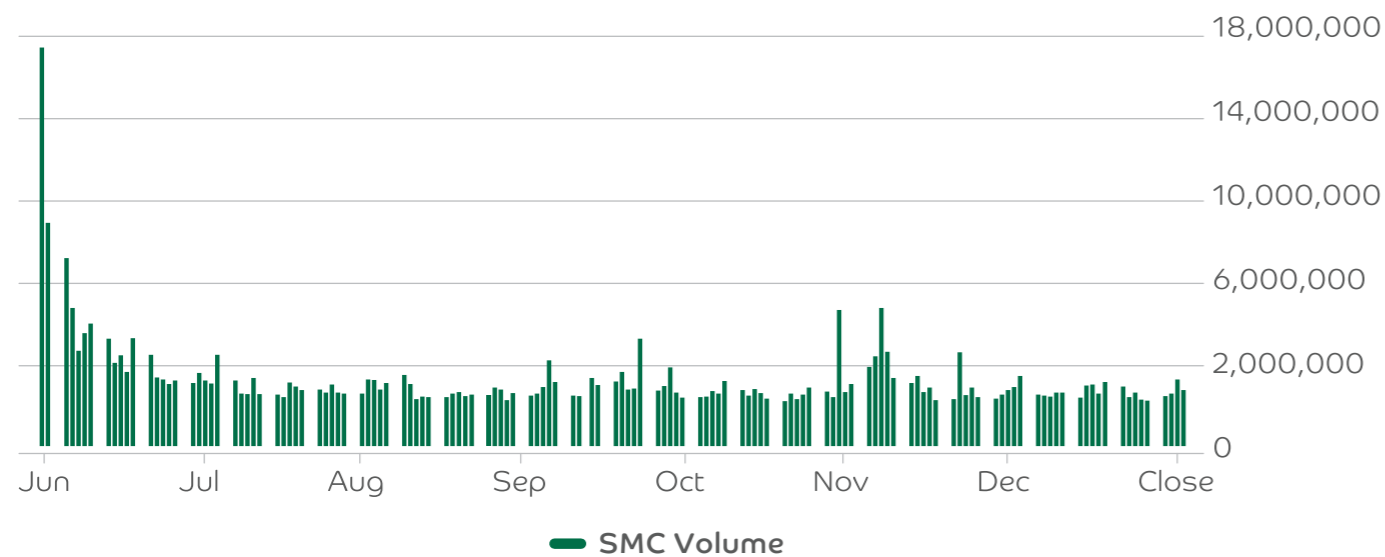
Number of issued shares: 250,000,000

Market capitalization as of 31 Dec 2025: SAR 4.51B

Share Price Performance



Share Volume



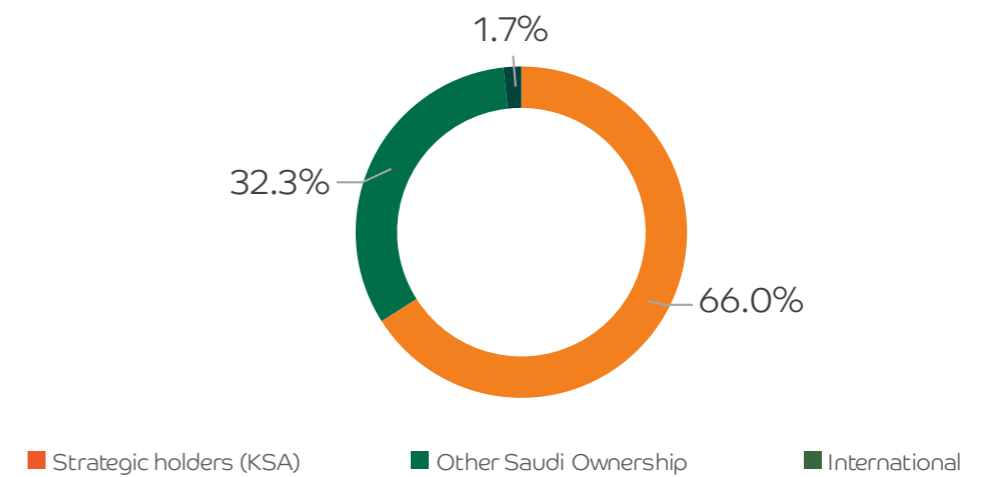
Change In Share Price In 2025

Metric	Value
Opening Price (SAR)	25.0
Lowest Price (SAR)	17.76
Highest Price (SAR)	24.16
Closing Price (SAR)	18.04

Major Shareholders Holding Over 5% of SMC's Shares

Name	Ownership (%)
Abdulrahman Bin Saad Al-Rashid & Sons Company	28.3%
Abdullah Bin Saad Al-Rashid & Sons Company	14.5%
Al Thomad Trading Company	14.1%
Rashid Bin Saad Al-Rashid & Sons Company	9.1%
Total	66.0%

Investors By Geographical Distribution



For more information, please visit <https://ir.smc.com.sa/>

or contact our Investor Relations team at ir@smc.com.sa

2. Strategic Review

CEO Message

CFO Message

Hospital Executive Directors

Our Corporate Strategy

Our Business Model

Our Alignment with Vision 2030

Expansion Plans & Future Outlooks

Success Story

Patient Experience

Operating Review – Our Hospitals

Market Overview

Digital Transformation & Innovation

Risk Management



CEO Message

This year was a transformative year for SMC, marked by strong progress across our operations. Our defining milestone and evolution in SMC was the public listing of the company in the main market of Saudi Exchange (Tadawul).

Operationally, SMC continued to deliver strong performance across its hospital network. Demand for our services remained robust, supported by sustained growth in patient volumes, high utilization across key specialties and continued confidence in our integrated care model. Our hospitals operated on high standards while maintaining a strong focus on patient safety, quality outcomes and efficiency, reinforcing SMC's position as a trusted provider of comprehensive healthcare services in Riyadh.

At the center of this performance are the patients and families who place their trust in SMC every day. Our approach to healthcare is grounded in delivering safe, accessible, and coordinated services that support patients throughout their healthcare journey. In 2025, we remained focused on strengthening clinical standards, enhancing patient experience, and ensuring consistency of healthcare across all facilities. This patient-first approach continues to guide our operational decisions and underpins our commitment to delivering high-quality outcomes with compassion and accountability.

A central focus during the year was strengthening the operational platform required to support long-term growth. We invested in systems, clinical capabilities and infrastructure that enhance integration across our hospitals and clinics, improve

coordination of care and support higher service volumes. These investments are critical not only to current performance, but also to ensuring readiness for the next phase of expansion.

2025 also represented a pivotal period in SMC's corporate journey with the successful completion of our initial public offering. The successful IPO is testament to our business model, long-term strategy and management team, and it positions SMC to pursue strategic expansion opportunities in the near future.

Looking ahead, our growth trajectory is clear. We continue to advance the development of additional hospitals and clinics through a disciplined, phased approach to ensure operational readiness, quality consistency and sustainable returns.

I would like to extend my sincere thanks to our Board of Directors for their guidance, and to our physicians, nurses, healthcare professionals and support teams whose commitment and professionalism continue to define SMC's success every day. I would like to thank our shareholders for their trust and support as we begin this new chapter as a publicly listed company. Finally, I extend my gratitude to all of SMC's patients who continually place their trust in us and allow us to be part of their healthcare journeys. As we look ahead, we remain committed to building on this trust by strengthening our services, expanding access to care and creating long-term value for all stakeholders.

Sincerely,

“The completion of our IPO in 2025 marked a pivotal moment, validating our vision and fueling our future growth opportunities”

Mr. Bassam Chahine
Chief Executive Officer
SMC Healthcare



CFO Message

Dear Shareholders,

Delivering Strong and Sustainable Financial Performance

2025 was a year of meaningful financial progress for SMC, reflecting the strength of our healthcare platform, disciplined financial management, and our continued commitment to operational excellence. Our performance demonstrates not only the growth of our organization, but also the resilience and scalability of our business model in a rapidly evolving healthcare environment.

Net Revenue increased by 7% compared to 2024, reaching SAR 1,538.5 million, driven by sustained growth in patient volumes, expanded service offerings, and improved operational throughput across our facilities. This performance reflects the continued trust of our patients and partners, and the effectiveness of our strategy to expand access, while maintaining high standards of care.

Gross Profit increased to SAR 382.9 million, reflecting improved cost management and operating leverage across our platform. Margin expansion was supported by service mix optimization and continued efficiency gains in resource utilization and facility operation. This growth demonstrates the scalability of our operating model and the effectiveness of our focus on higher-value care.

Improving Operational Efficiency and Profitability

Throughout 2025, SMC achieved significant improvement in profitability, reflecting our focus on operational efficiency, cost discipline, and resource optimization.

Although the transition away from Long Term Care patients, impacted inpatient revenues associated with this service for the year, the increased activity and improved profitability associated with Acute Insurance related patients covered and surpassed any shortfalls associated with the LTC service. This resulted in a Gross Profit of SAR 382.9 million with a gross margin of 24.9%, reflecting stable cost control despite changes in service mix during the year. EBITDA increased significantly to SAR 416.5 million, with EBITDA margin expanding to 27.1%, supported by improved operating efficiency and the impact of a one-off gain related to the Al Wadi Fund land transaction. The net profit margin improved from 12.9% in 2024 to 17.3% in 2025, reflecting stronger operational performance and improved resource utilization across the business.

Net profit, including the one-off Al Wadi Fund Land Transaction, increased by 43.7% compared to the prior year, reaching SAR 266.2 million, highlighting the strength of our underlying operations and our ability to convert revenue growth into sustainable earnings. This performance reflects ongoing improvements in operational processes, service mix optimization, and enhanced efficiency across clinical and administrative functions.



Mr. Hani Charani
Chief Financial Officer
SMC Healthcare

CFO Message (Continued)

Strengthening Our Financial Position

SMC’s financial position strengthened considerably during the year, providing a solid foundation for future growth. The Company continued to generate strong cash flows from its operations, enabling us to invest in expanding our capabilities, modernizing infrastructure, and enhancing patient services while maintaining prudent financial discipline. Total assets increased to SAR 2,399.8 million, reflecting continued investment in infrastructure, clinical capacity and long-term growth initiatives.

In comparison with the prior year, total equity increased by 43.6%, reaching SAR 1,187.9 million, reflecting sustained earnings growth and reinforcing the long-term value created for our shareholders. This growth in equity further strengthened the Company’s capital base and financial resilience, which enhances our ability to invest strategically, manage risks effectively, and support sustainable expansion.

Investing in Long-Term Growth and Value Creation

Our financial performance enables continued investment in expanding capacity, advancing clinical excellence, and strengthening our operational capabilities. This improved financial performance provides the capacity to fund expansion, while maintaining a strong balance sheet and disciplined capital structure. We remain focused on supporting the growing demand for high-quality healthcare services in the Kingdom, aligned with national healthcare transformation initiatives under Vision 2030.

We continue to prioritize disciplined capital allocation, operational efficiency, and sustainable growth, ensuring that every investment contributes to long-term value creation for our shareholders, while supporting our mission of delivering exceptional healthcare.

Looking Ahead with Confidence

SMC enters the next phase of its journey with strong financial fundamentals, a resilient operating platform, and a clear strategic direction. With the recent transition away from Long Term Care patients, expansion of our outpatient clinics capacity and opening of our new SMC Clinics – Al Malqa in Q1 of 2026, we remain confident in our ability to continue delivering sustainable growth, operational excellence, and long-term shareholder value.

On behalf of the finance organization, I extend my sincere appreciation to our Board of Directors for their guidance, our leadership team and employees for their dedication and professionalism, and our shareholders for their continued trust and support.

Sincerely,



₹1,538.5 M
in Revenue

7.0%
increase in net Revenue



₹382.9 M
in Gross Profit

24.9%
Gross Margin



₹266.2 M
in Net Profit

₹2,399.8 M
in Total Assets



₹416.5 M
in EBITDA

27.1%
EBITDA Margin



Hospital Executive Directors



Dr. Ahmed Al Enezi
Hospital Executive Director
(SMC1)



Dr. Abdullah Alkhorayyef
Hospital Executive Director
(SMC2)



1999

Launching of SMC1

Dr. Ahmed Al Enezi is currently the Hospital Executive Director of SMC Hospital (1), a branch of the Specialized Medical Company. His extensive career includes roles as Executive Director of Medical Services at the same hospital and leadership positions at King Abdullah bin Abdulaziz University Hospital and King Fahad Medical City, specializing in pulmonary and critical care. He holds a Bachelor of Medicine and Surgery from King Saud University, a Fellowship in Respiratory and Critical Care from Queens University, and an Executive Master's degree in Healthcare Administration from the University of Minnesota.

SMC1, is a flagship facility of SMC Healthcare and has been a cornerstone of private healthcare in Riyadh since its launch in 1999. Strategically located on King Fahad Road, one of the capital's main roadways, the hospital was designed for phased growth. Its outpatient clinics began serving patients in 2004, followed by the opening of Tower 2 in 2006 and Tower 3 in 2011. Today, SMC1 operates 390 beds across its towers and houses 207 clinics. Demonstrating a strong commitment to meeting rising healthcare demand, the hospital expanded its clinical capacity in 2026 by adding 57 new clinics, a significant development that enhances access to specialized outpatient services and reduces waiting times for patients across the Riyadh region. This expansion underscores SMC1's evolution into one of the largest and most comprehensive private hospitals in Saudi Arabia.



207
Clinics



390
Beds



2020

Launching of SMC2

Dr. Abdullah Alkhorayyef currently serves as the Hospital Executive Director of "SMC 2 – King Abdullah Road". Dr. Abdullah has over 25 years of medical experience and more than 15 years of administrative experience. Throughout his career, he has held several key positions, including Director of Medical Affairs, Head of the Department of Pediatrics and Neonatal Intensive Care, Head of the Pediatric Pulmonology Department at King Abdullah Hospital – National Guard, and Program Director of Pediatric Pulmonology Fellowship at Riyadh Military Hospital.

He holds a degree in Medicine and Surgery from King Saud University, in addition to the Saudi and Arab Boards in Pediatrics. He also completed fellowships in Pediatric Pulmonology and Pediatric Vascular Diseases at the University of Calgary in Canada.

SMC2, a premier facility under SMC Healthcare, was launched in 2020 as the newest addition to the company's expanding network of hospitals in Riyadh. Designed with modern healthcare standards in mind, the hospital offers 191 beds and an extensive outpatient infrastructure featuring 116 clinics. In 2026, SMC2 further strengthened its service capacity by adding 20 new clinics, enhancing patient access to specialized medical consultations and follow-up care. This strategic expansion reflects SMC Healthcare's ongoing commitment to accommodating growing demand while maintaining high-quality, patient-centered services across its facilities.



116
Clinics




191
Beds

Our Corporate Strategy


Over more than twenty-five years, SMC was established with a clear ambition: to be among the leading private-sector healthcare providers in the Kingdom. Today, SMC operates two multi-specialty tertiary hospitals in Riyadh and provides patients with access to a broad network of inpatient and outpatient services, clinical departments and supporting medical functions. This scale and breadth are supported by an experienced workforce of more than 3,000 full-time and part-time employees and more than 300 outpatient clinics spanning general and specialized disciplines. Our strategy is designed to build on this foundation and ensure that SMC continues to deliver high-quality healthcare services in a safe, integrated and sustainable manner as the organization grows.

In addition to our two hospitals in Riyadh, the Company intends to establish three additional hospitals in the north and northwest areas of Riyadh as part of its strategic growth plan, which includes a new multi-specialty hospital currently under development on the Northern Ring Road and two additional hospitals planned; one on Prince Faisal Bin Bandar Street in the Khuzam suburb and the second in the Al Malqa district. These developments reflect our long-term commitment to expanding capacity and geographic coverage while maintaining integration, quality and operational discipline.


SMC's Strategy is Anchored in Four Core Pillars




01. Patient Safety and Experience: Maintain patient safety as a non-negotiable standard across the business.



02. Performance Improvement: Strengthen operational excellence and service quality through continuous improvement.



03. People Development: Invest in people through training, development and retention to sustain clinical excellence



04. Partnerships: Build partnerships that expand reach, enhance access and support long-term growth.



Patient Safety

Patient safety is at the center of all the clinical and non-clinical activities performed in SMC. All these activities are guided by the national and international healthcare standards.

SMC has seen significant improvements in organizational culture over the last eight years with the adoption of the "Patient Safety First" approach, a major lever in engaging frontline staff in making patient safety and quality improvements. To sustain this momentum moving forward, SMC have adopted the national and international patient safety initiative to address the Essential Safety Requirements (ESRs), and World Health Organization's Nine Patient Safety Solutions.

As SMC expands its network and services, patient safety remains consistent across locations. Standardized protocols, continuous staff training, and regular audits that ensure that patients receive the same level of care regardless of hospital, specialty or service line. This commitment allows patients and their families to place confidence in SMC, knowing that safety, quality and accountability are embedded into every aspect of care delivery.

Performance Improvement

SMC's strategy emphasizes strengthening operational performance and consistently elevating service standards. As a healthcare provider operating at scale, we recognize that operational excellence directly affects patient outcomes, patient experience and organizational resilience. Our approach focuses on improving efficiency, enhancing service delivery and ensuring that the patient journey is supported by integrated processes and modern systems.

We also recognize that patient expectations continue to evolve, with increasing demand for access,

convenience and transparent service experiences. As such, operational enhancement includes a commitment to measurable improvement, monitoring performance, strengthening patient access and ensuring that quality improvement remains continuous rather than episodic. This pillar supports our ability to deliver care effectively today while building a scalable operating platform for future growth.

People Development

SMC's ability to deliver safe, high-quality healthcare is fundamentally linked to the capability of its people. Our strategy therefore places strong emphasis on developing medical and operational talent across the organization. We invest in training and education programs and provide recognition, rewards and incentives to motivate performance, build skills and support retention. We believe that structured development and a strong culture of professional excellence translate directly into better care for patients and stronger organizational outcomes.

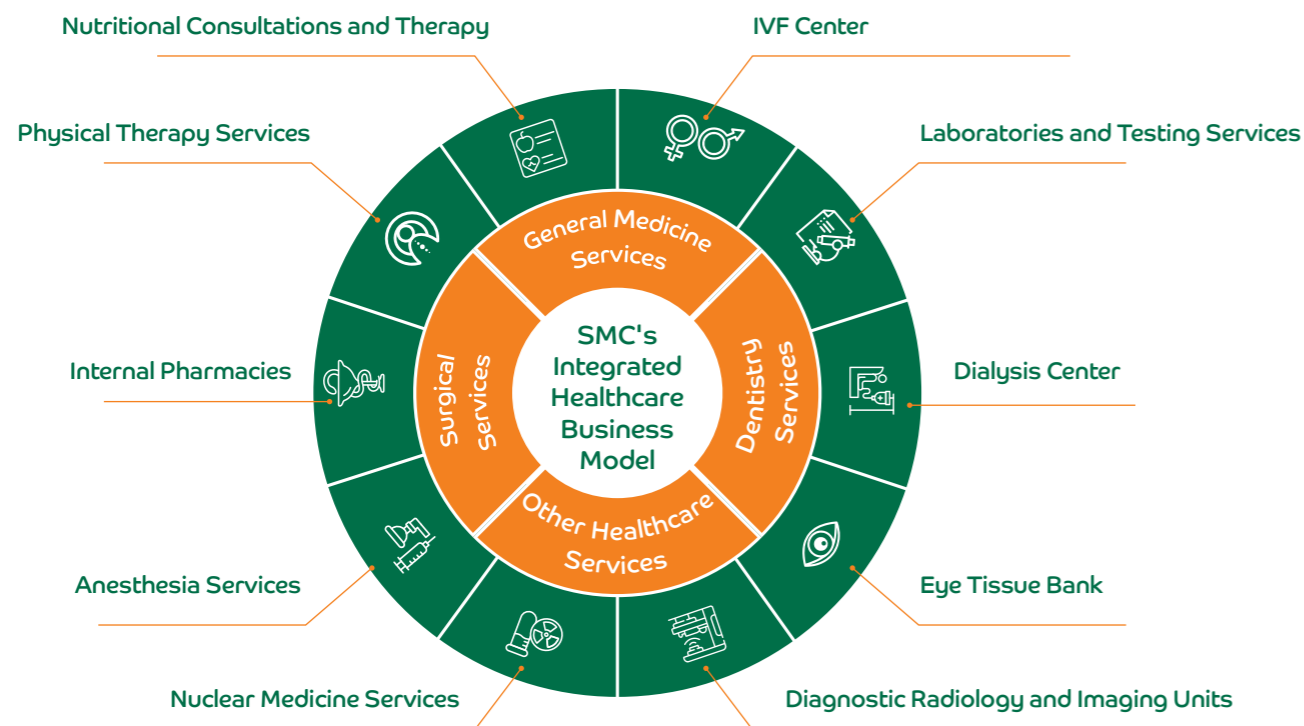
This pillar is especially important as SMC grows its network. Expansion requires not only facilities and technology, but also depth of capability, leadership readiness and consistent clinical culture. Developing our people therefore supports both near-term operational performance and long-term strategic resilience.

Partnerships

SMC's strategy includes building strategic partnerships across both the public and private sectors. We believe that partnerships can support collaboration on healthcare quality improvement, health awareness, and community engagement. In addition, cooperation with insurance stakeholders supports the Company's ability to serve a growing segment of insured patients, contributing to greater healthcare access.

Our Business Model

SMC operates an integrated healthcare delivery model centered on two multi-specialty tertiary hospitals in Riyadh. The model is designed to provide comprehensive care across a broad range of specialties, supported by integrated ancillary services that enable end-to-end patient pathways. Our business model is built on scale, breadth of services, and operational integration, which allows patients to access primary and advanced healthcare services within a unified system.



SMC's two functional hospitals, SMC 1 - King Fahd Road and SMC 2 - King Abdullah Road, together comprise more than 300 outpatient clinics and deliver care across general and specialized surgery, laboratory services, urology services, oncology, IVF and fertility center, cardiology, nephrology and ophthalmology, in addition to transplant surgery. This clinical breadth is supported by a large and experienced workforce of more than 3,000 full-time and part-time employees, enabling high service availability and strong patient access across Riyadh.

Comprehensive Multi-Specialty Care

SMC provides a broad range of healthcare services aimed at delivering outstanding care at reasonable prices. Our services cover both general and specialized disciplines, including:

General medicine services, including cardiology, internal medicine, family medicine and pediatrics, alongside a wide range of specialized disciplines.

Surgical services, including transplant surgery, general surgery, orthopedics, ENT, gynecological procedures, spinal surgery, obesity surgeries and other general and specialized surgeries such as Corneal and Renal Transplant Services.

Other healthcare services, including emergency services, physiotherapy, geriatrics, rehabilitation and kidney dialysis, among others.

Dentistry services, including general dentistry and multiple dentistry subspecialties.

This breadth enables SMC to meet a wide range of patient needs within the same provider ecosystem, supporting continuity of care and minimizing fragmentation across the patient journey.

Integrated Ancillary Services Enabling End-to-End Pathways

A key differentiator in SMC's business model is the strength of its integrated ancillary and support functions. These services are fundamental to clinical quality and patient experience, supporting accurate diagnosis, effective treatment and follow-up care within the same system. The Company's integrated network includes:

- Laboratories and testing services
- Dialysis center
- Eye tissue bank
- Diagnostic radiology and imaging units (including advanced imaging modalities)
- Nuclear Medicine Services
- Anesthesia services supporting surgical and interventional care, including pain management
- Internal pharmacies and pharmaceutical consultation services
- Physical therapy services and rehabilitation pathways
- Nutritional consultations and therapy
- IVF Center

These capabilities enable coordinated care pathways and support efficient clinical decision-making. They also strengthen service reliability and help ensure that care is delivered safely and consistently.

Our Alignment with Vision 2030

Saudi Vision 2030 represents a comprehensive national transformation agenda aimed at strengthening economic diversification, improving quality of life and building resilient public and private sector institutions. Healthcare is a central pillar of this vision, with the Kingdom undertaking wide-ranging reforms to expand capacity, improve access, enhance quality of care and promote private sector participation across the health ecosystem.

SMC's long-term strategy and operating model are closely aligned with these national priorities. As a private healthcare provider with an established presence in Riyadh, SMC plays an active role in supporting the Kingdom's objectives by expanding healthcare capacity, investing in clinical quality, strengthening workforce capability and partnering with public institutions to meet growing demand for specialized and high-quality healthcare services.

Supporting Healthcare Capacity And Access

The Kingdom continues to invest significantly in healthcare infrastructure, with demand for healthcare services expected to grow steadily through 2030. SMC contributes directly to this objective by expanding access to healthcare services while helping to reduce pressure on public sector facilities.

Advancing Private Sector Participation and Diversification

A core objective of Vision 2030 is to strengthen private sector participation in key economic sectors, including healthcare. SMC's strategy aligns with this objective through its focus on serving private sector and insured patients, diversifying revenue sources and reducing dependence on government-referred long-term care services.

Contributing to the Health Sector Transformation Program

SMC contributes to the Health Sector Transformation Program, through its integrated care model, which brings together primary, secondary and tertiary services within a coordinated hospital-led platform. SMC's role in workforce training, digital enablement, and selected public-private partnership initiatives reinforces the Program's objectives of enhancing service quality, operational efficiency and private sector participation within a sustainable healthcare system.

Supporting Insurance Expansion and Value-Based Care

The expansion of health insurance coverage and the shift toward value-based care are central to the Kingdom's healthcare reforms. SMC supports this transition through its relationships with insurance providers, focusing on outpatient services and efficient care pathways.



SMC aligns its Person-Centered Care (PCC) and Value-Based Healthcare (VBHC) with the Saudi Model of Care by:

- Shifting focus from reactive to proactive, preventative, and personalized care.
- Ensuring seamless care integration across primary, secondary, and tertiary healthcare levels.
- Enhancing patient and family involvement in care decisions, reinforcing PCC principles.
- Promoting alternative reimbursement models (VBHC), moving away from volume-based payments

Enabling Public-Private Collaboration

SMC has a long history of collaboration with public sector entities and continues to engage in partnership opportunities that support national healthcare objectives and system-wide capacity. To qualify for the Sabic-MOH mental health hospital PPP project, SMC established a joint venture with renowned international and local healthcare operators and established the Al-Mukhtas Al-Sehhi Medical Co.

LLC, in which SMC holds a 51% interest. This JV was developed in partnership with Dr. Ebel Kliniken International GmbH and Health Gates, to help address the significant shortage of mental health services and expand access to specialized care.

Building on its experience in long-term care and its established relationships with government stakeholders, SMC's joint venture platform was shortlisted as the preferred bidder for the SABIC Behavioral Care Specialist Hospital (BCSH), a historical achievement anticipated to be operational by the 4th quarter of 2026. This is testament to the Company's capability to deliver complex healthcare and contribute to a more integrated and sustainable healthcare system.

Responding to Demographic and Epidemiological Trends

Population growth, ageing demographics and rising prevalence of non-communicable diseases place sustained pressure on healthcare systems. SMC's service portfolio and expansion plans address specialties expected to experience the highest demand growth.

Our Alignment with Vision 2030 (Continued)

Key Initiatives and SMC Contribution



**Vision 2030 /
Health Sector
Priority**



**Health Sector
Transformation
Program**



**Private
Sector
Participation**



**Healthcare
Capacity
Expansion**



**Insurance
Expansion**



**Public-
Private
Partnerships**



**Workforce
Development**



**Quality
of Life**



**National
Objective**

Integrated,
value-based
healthcare
system

Increase
private
sector role

Address
growing
demand

Increase
insured
population

Leverage
private
expertise

Build nation-
al healthcare
capability

Improve health
outcomes and
access



**SMC's
Contribution**

Integrated
hospital-led
model and
coordinated
care pathways

Expansion of
private hospi-
tals and clinics

Expansion of
hospital and
clinic capacity
in Riyadh

Alignment of
services with
insurance-driv-
en demand

Participation
in PPPs and
government
collaborations

Training and
development of
clinical workforce

Focus on patient
safety, quality
and access

Expansion Plans & Future Outlooks

SMC’s expansion plans and forward-looking strategy are anchored in a clear assessment of the long-term structural growth of healthcare demand in the Kingdom of Saudi Arabia, and particularly within Riyadh. Over the coming decade, demand for healthcare services is expected to increase materially, driven by sustained population growth, rising life expectancy, increasing prevalence of non-communicable diseases and a gradual shift toward more complex and specialized patterns of care. These trends are occurring alongside broader economic reforms and investment-led growth that continue to attract both Saudi nationals and expatriate populations to key urban centers.

SMC’s future outlook is defined by a disciplined and phased growth strategy designed to expand capacity where demand is greatest, while maintaining consistent standards of quality, patient safety and operational efficiency across its platform.

Addressing Capacity Gaps Through Disciplined Expansion in Riyadh

SMC’s expansion strategy is focused on strengthening its geographic coverage and increasing healthcare capacity within Riyadh through a combination of hospital development and outpatient network growth.

Today, SMC operates two multi-specialty tertiary hospitals in Riyadh, which together form the backbone of the Company’s clinical offering. However, demographic growth, rising disease burden and increased utilization driven by expanding insurance coverage are expected to place sustained pressure on existing capacity over time. In response, SMC has established a clear roadmap for the development of three additional hospitals: SMC 3 – Northern Ring Road, SMC 4 – Khuzam Suburb, and SMC 5 – Al Malqa District, which are all located in Riyadh.

Each facility forms part of a broader network strategy designed to support population growth in rapidly developing districts and to complement SMC’s existing hospitals through coordinated service delivery and referral pathways.

Planned Healthcare Developments: SMC Clinics – Al Malqa, SMC 3, SMC 4, and SMC 5

SMC Clinics – Al Malqa – Opened in January of 2026, and is SMC’s first standalone Outpatient Clinic facility. This clinic will support the growing demand for primary care services, enabling SMC to support the rapidly growing community in this area.

SMC 3 – Northern Ring Road, planned for completion in 2028, represents the next major phase of SMC’s expansion and will meaningfully increase tertiary care capacity within Riyadh. The facility is expected to support growing demand for specialized services and to enhance SMC’s ability to serve patients in areas experiencing rapid residential and commercial development.

SMC 4 in the Khuzam suburb is planned for completion in 2028, will further extend the Company’s hospital network and reinforce its ability to meet rising demand across core medical and surgical specialties. As Riyadh’s population continues to expand and healthcare utilization increases, SMC 4 – Khuzam Suburb is expected to play a key role in ensuring timely access to inpatient and surgical services.



SMC 5 in the Al Malqa district is planned for completion in 2029, to complete SMC’s major phase of network expansion.

Together, SMC Clinics – Al Malqa, SMC 3 – Northern Ring Road, SMC 4 – Khuzam Suburb, and SMC 5 – Al Malqa District are intended to transform SMC from a two-hospital platform into a broader, integrated Riyadh-based healthcare network capable of supporting long-term growth through 2030 and beyond.

This phased approach allows SMC to align infrastructure development with workforce planning, clinical readiness and operational integration, ensuring that expansion is sustainable and value-accretive over time.

Expanding Outpatient Capacity to Support Access and System Efficiency

In parallel with hospital expansion, SMC continues to invest in outpatient capacity as a critical component of its long-term growth strategy. As healthcare systems evolve, outpatient services play an increasingly important role in improving access, manag-

ing chronic conditions, supporting early diagnosis and reducing unnecessary pressure on emergency departments and inpatient beds.

In January 2026, SMC achieved a significant milestone in this strategy with the inauguration of SMC Clinics - Al Malqa, the Company’s first standalone outpatient clinic center in Riyadh, which represents an important step in extending SMC’s presence into high-growth residential areas, enhancing access for patients.

SMC Clinics - Al Malqa comprises of 35 outpatient clinics covering a wide range of medical services and is supported by key enabling functions, including urgent and emergency capability, as well as laboratory and radiology services and other associated outpatient support services. The center has been designed to operate as a high-throughput outpatient platform, supporting efficient patient flow and timely access to specialists, diagnostics and follow-up care.

Success Story

Medical Academic Affairs - Building the Next Generation of Saudi Clinicians

SMC has continued to strengthen its position not only as a leading private healthcare provider, but also as an accredited academic and training institution contributing directly to the long-term development of the Kingdom’s healthcare workforce. Through its Medical Academic Affairs (MAA) Department, SMC plays an active role in advancing medical education, clinical research and professional development in alignment with the objectives of Saudi Vision 2030 and the Health Sector Transformation Program.

A Structured Academic Platform Aligned with National Priorities

SMC’s Medical Academic Affairs function operates under a clearly defined mission to promote evidence-based clinical practice and raise the standard of medical education across the organization. Its academic framework encompasses internship training, Saudi Board residency programs, continuing medical education & professional development (CME & PD) and faculty development initiatives, all delivered in close coordination with national regulatory and accreditation bodies SCFHS.

This integrated approach directly supports the Kingdom’s objectives to increase local clinical capacity, reduce reliance on foreign medical professionals and ensure a steady pipeline of highly trained Saudi physicians across priority specialties.

Internship Training and University Affiliation

Since 2016, SMC has been formally affiliated with Alfaisal University, one of the Kingdom’s leading medical schools, under successive long-term agreements. This partnership has enabled SMC to serve as a major clinical training facility for undergraduate medical students, while simultaneously strengthening its own academic faculty base.

Between 2016 and 2025, SMC accepted a cumulative total of 2,755 medical interns, including 253 interns who completed clinical rotations across SMC facilities during 2025. This sustained intake reflects both the scale of SMC’s clinical operations and the depth of its teaching capacity, positioning the Company as one of the most active private-sector contributors to medical internship training in the Kingdom.

SMC clinicians have progressively attained recognized academic appointments in Alfaisal University, including Adjunct Assistant Professor, Adjunct Associate Professor, Senior Lecturer and Lecturer roles. As at 2025, 30 academic titles were formally approved, reinforcing SMC’s credibility as a teaching institution and supporting a culture of structured mentorship and academic supervision within its hospitals.

Saudi Board Residency Programs: Building National Clinical Capacity

A cornerstone of SMC’s academic contribution is its participation in Saudi Board residency training programs, delivered in collaboration with the Saudi Commission for Health Specialties (SCFHS). These programs address critical national workforce gaps, particularly in internal medicine, general surgery, obstetrics and gynecology, adult critical care and pediatrics.

“At SMC, we have made a fundamental commitment: to treat medical education not merely as a supporting function, but as a core strategic responsibility. Our investment in training, research, and faculty development is a direct investment in the sustainability of healthcare for the Kingdom. It is how we ensure the next generation of Saudi clinicians is prepared to lead with confidence, competence, and compassion.”

Dr. Lina Faisal El Kibbi

Director of Medical Academic Affairs



From 2017 to 2025, 68 Saudi Board residents were accepted into SMC training programs, with structured rotations, supervision and assessment conducted in line with national accreditation standards. Over the same period, 24 residents successfully graduated, forming a growing alumni base of Saudi-trained specialists now contributing to the Kingdom’s healthcare system.

Research, CME and Continuous Professional Development

Beyond undergraduate and residency training, SMC’s MAA program places strong emphasis on lifelong learning, clinical research, and professional development. The Company has been operating an Institutional Review Board since 2015 to support ethical clinical research and encourages faculty and trainees to contribute to peer-reviewed publications and applied clinical studies.

SMC has also established a robust CME platform, with 60 SFCHS-accredited CME hours delivered in 2025 alone, often accommodating up to 300 participants per activity. These initiatives cover critical areas such as patient safety, infection prevention, procedural sedation, leadership skills, clinical research and quality improvement and other topics.

Strategic Impact and Long-Term Value Creation

SMC’s Medical Academic Affairs department delivers tangible long-term value by strengthening clinical quality, enhancing staff retention and supporting national workforce localization objectives. As the Kingdom continues to experience rising demand for complex and specialized healthcare services, the availability of well-trained Saudi physicians will remain a critical success factor for both the public and private sectors.

By embedding education and training within its operating model, SMC has positioned itself not only as a provider of healthcare services, but as a contributor to the Kingdom’s healthcare ecosystem aligning commercial growth with national development priorities and reinforcing its role as a trusted partner in Saudi Arabia’s healthcare transformation.

Success Story (Continued)

SMC Healthcare's Contribution to the PCT National Program: Advancing Saudi Healthcare Talent

At SMC Healthcare, we are guided by our commitment to excellence and aligned with Saudi Vision 2030. The Corporate Nursing Office, Nursing professional Development continues to invest in building a compassionate, skilled, and future-ready national workforce through the Patient Care Technician (PCT) National Program.

In strong collaboration with the Saudi Health Academy, SMC Healthcare maintains an ongoing commitment to national workforce development. In 2025, a group of students commenced their training under the PCT track, with graduation expected in 2026, further strengthening the pipeline of qualified Saudi healthcare professionals.

We are currently progressing through the 5th cycle of the program, with an anticipated 30 graduates this year, each prepared to deliver safe, patient-centered care and to become an integral part of the SMC care journey.

Looking ahead, and in alignment with our expansion strategy, SMC Healthcare is exploring participation in the 6th cycle, with a planned intake of 50 candidates across the organization. This upcoming group, expected to graduate by mid-2027 to early 2028, reflects our forward-looking approach to workforce planning, further reinforcing our commitment to sustainable growth and operational readiness.

Through the PCT program, SMC Healthcare continues to:

- Empower Saudi talent and contribute to national transformation
- Strengthen frontline care delivery with highly trained professionals
- Enhance patient experience through compassionate, competent care
- Ensure sustainable growth aligned with our expansion across hospitals and clinics

As we continue our journey of growth, the alignment of workforce planning with strategic priorities remains essential. Our teams play a vital role in shaping this future by proactively identifying their manpower needs, ensuring preparedness for the future expansion.



Patient Experience

At SMC, patient experience reflects both clinical outcomes and the manner in which care is accessed and delivered across all stages of the patient pathway. As a Saudi-founded and Saudi-operated healthcare provider with more than 25 years of service in the Kingdom, SMC's approach to patient-led care is shaped by a deep understanding of local communities and the evolving healthcare needs of the Saudi population.

SMC's patient-centric philosophy is embedded in its operating model and service design. Across its hospitals and outpatient facilities in Riyadh, the Company delivers primary, secondary and tertiary care through an integrated platform that prioritizes accessibility, safety, continuity of care and patient privacy. This model reflects SMC's long-standing commitment to serving families across the Kingdom, supported by comprehensive clinical services, advanced medical technologies and a multidisciplinary workforce aligned to national healthcare priorities.



Access, Convenience and Continuity of Care

As demand for healthcare services continues to grow, driven by population growth, mandatory insurance coverage and changing patient expectations, SMC has focused on improving access and convenience without compromising quality. Patients are supported through a coordinated care journey that spans outpatient clinics, inpatient services, day surgery units, home care, and specialist centers, ensuring continuity of care and appropriate escalation when required.

Digital enablement plays a central role in enhancing patient experience. SMC's mobile application provides patients with seamless access to appointment booking, virtual consultations, medical records, laboratory and radiology results, prescriptions, insurance approvals, and home healthcare services.

Quality, Safety, and Trust

Patient trust is foundational to SMC's relationship with the communities it serves. The Company operates under a robust quality and safety framework, reinforced by local and international accreditations, including accreditation by the Saudi Central Board for Accreditation of Healthcare Institutions (CBAHI). These standards support consistent clinical governance, patient safety reporting and continuous improvement across all facilities.

Human-Centered Care, Delivered Locally

Central to SMC's patient experience is its people. With a workforce of more than 3,000 healthcare professionals, SMC places strong emphasis on communication and human compassion with its patients. The Company's commitment to Saudization and workforce development supports the delivery of care by professionals who understand local values, family structures, and patient expectations, while also building long-term national healthcare capabilities.

+25
years of service in the Kingdom as a Saudi-founded and Saudi-operated healthcare provider

Operating Review

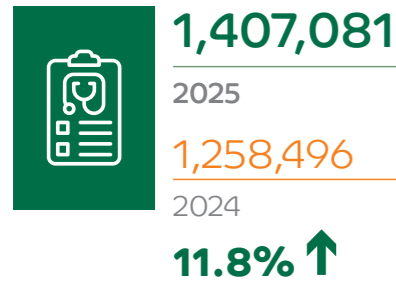
Growth, Enhanced Access, and Continued Digital Adoption

2025 was a year of clear operational momentum for SMC, reflecting sustained demand for private health-care services in Riyadh, and reflecting the Company’s continued focus on improving access, strengthening service capacity and enabling a smoother patient journey through digital channels. Across core activity indicators (outpatient, emergency, inpatient, surgical and diagnostics), performance through 2025 demonstrates broad-based growth versus 2024, supported by workforce expansion and continued progress in digital engagement.

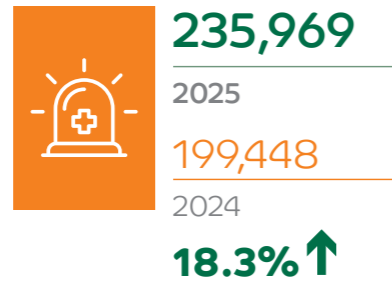
Higher Patient Volumes Across The Care Pathway

SMC delivered higher activity levels across in 2025 across the full continuum of care: outpatient access, emergency throughput, inpatient flow, surgical services, and maternity services.

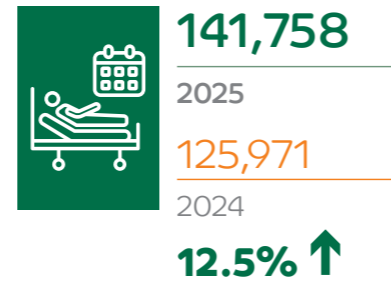
OPD Visits



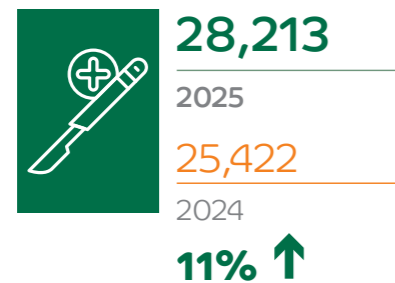
Emergency Visits



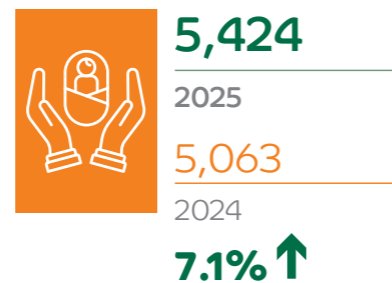
Inpatient Nights (R&B) - Excluding LTC Beds



Surgical Procedures



Deliveries

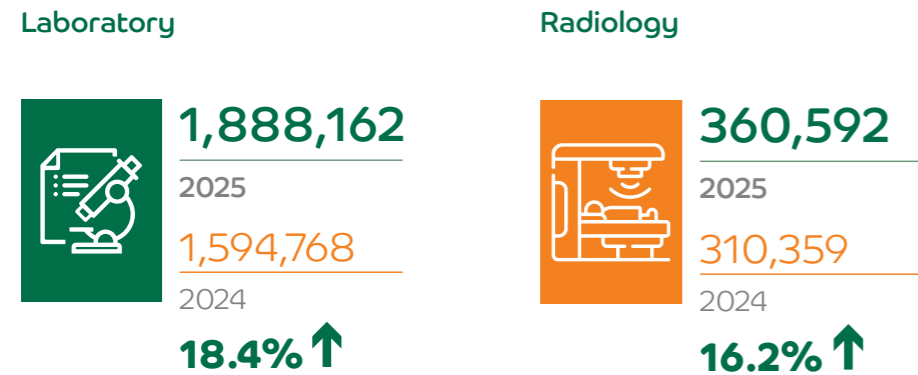


These results reflect both volume growth and the depth of SMC’s multi-specialty offering, supported by integrated pathways from consultation to diagnostics, procedures, and follow-up care.



Diagnostics Scale-Up to Support Clinical Throughput

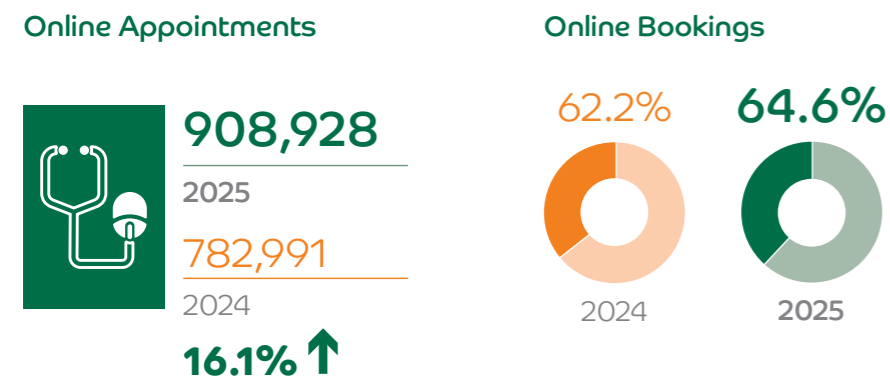
Diagnostic activity increased at a pace that outperformed overall visit growth, highlighting both higher service utilization and the growing role of imaging and lab services in modern patient pathways:



This performance is strategically important as it supports faster diagnosis, more coordinated care and an improved patient flow, particularly in tertiary settings where clinical complexity is increasing.

Strengthened Digital Access and Patient Convenience

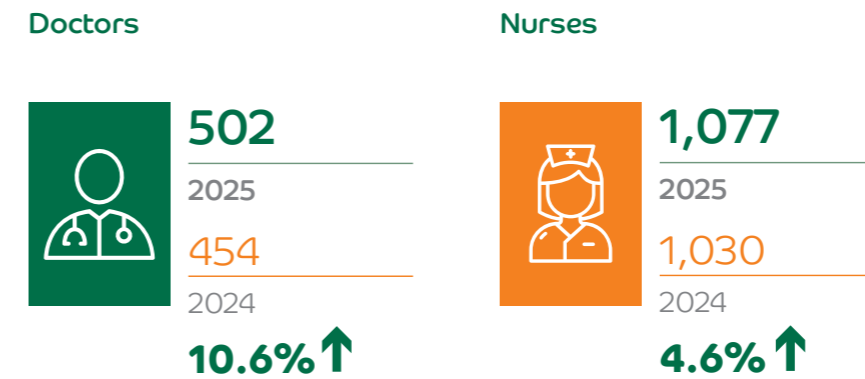
A key operational theme in 2025 was the continued shift toward more convenient, digitally enabled access:



SMC also advanced innovation in clinical support tools, with **embedded AI explanations** of laboratory results and radiology imaging, recording **approximately 240,000 uses daily since March 2025**, reinforcing the direction of digital transformation toward a more scalable, technology-supported service delivery.

Workforce Growth to Support Service Delivery and Quality

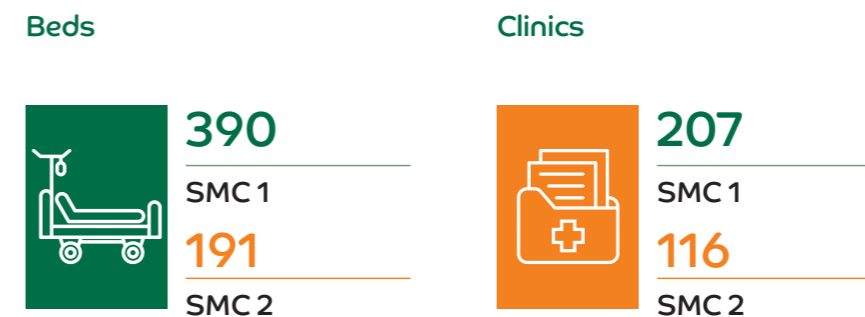
To support expanding volumes and maintain service standards, SMC increased staffing across key workforce groups:



In parallel, the Doctors Satisfaction Score remained high at 95.1% (up slightly from 94.8%), providing an important signal of stability in clinical engagement during a period of higher operational activity.

Operating Footprint and Capacity Across the Riyadh Network

SMC's operating platform remains anchored in two major hospitals, with service delivery supported by meaningful scale across beds and clinics:



Market Overview

Saudi Arabia's healthcare sector continues to demonstrate strong structural growth, underpinned by sustained government investment, wide-ranging regulatory reform and long-term demographic and epidemiological trends. Healthcare remains a central pillar of the Kingdom's economic and social development strategy, with policy initiatives focused on expanding access, improving quality of care, and increasing private sector participation across the healthcare value chain.

Macroeconomic Environment and Population Growth

The Kingdom's economy is undergoing a structural transformation driven by diversification initiatives, regulatory reform and strong domestic demand. Non-oil economic activity has grown consistently, supported by privatization, increased private sector participation and policies encouraging international companies to establish regional headquarters in Saudi Arabia. These reforms are expected to sustain economic growth and attract a growing workforce to the Kingdom over the coming decade.

Population growth is a key driver of healthcare demand. Saudi Arabia's population is projected to increase from approximately 38 million in 2025 to around 43 million by 2035. Growth is supported by both natural population increases and the continued inflow of expatriates attracted by economic opportunities, mega-infrastructure projects, and the expansion of private sector employment.

Although the population remains relatively young, a gradual demographic shift towards an ageing profile is underway. The proportion of individuals aged 65 years and above is expected to increase significantly by 2035, driving higher demand for chronic disease management, specialist care, surgical interventions, and long-term treatment pathways.

Healthcare Transformation and Private Sector Role

Saudi Arabia's Health Sector Transformation Program is reshaping the healthcare ecosystem into a more integrated, efficient, and value-based system focused on patient outcomes. Key reforms include the separation of regulatory and provider roles, institutional transformation of healthcare facilities, new financing and reimbursement models, digital health initiatives and workforce development.

Private sector participation is a central component of this transformation. Public-private partnership models are being actively deployed across a range of healthcare segments, including long-term care, rehabilitation, behavioral health, home healthcare, and specialized hospital services. These initiatives are designed to accelerate capacity expansion, introduce advanced operating models, and improve service quality while reducing the long-term burden on public sector resources.

Established private healthcare groups with proven operating track records, strong governance frameworks, and clinical credibility are particularly well positioned to participate in this evolving landscape.



Insurance Penetration and Value-Based Care

Health insurance coverage continues to expand in line with regulatory mandates and national reform objectives. Mandatory insurance requirements for expatriates, Saudi nationals, and their dependents, alongside expanded benefit packages, are reducing out-of-pocket expenditure and increasing utilization of healthcare services across both inpatient and outpatient settings.

The healthcare system is also transitioning towards value-based care models, with an increasing emphasis on quality, efficiency, and patient outcomes rather than volume of services delivered. This shift is expected to favor providers like SMC that can deliver coordinated, high-quality care supported by efficient clinical operations, digital integration and strong relationships with insurers.

Riyadh as A Focal Healthcare Market

Riyadh represents one of the most attractive healthcare markets in the Kingdom. The city's population is projected to grow from approximately 7.9 million in 2025 to around 9.5 million by 2035, driven by urbanization, economic growth and large-scale development projects. Riyadh is expected to account for an increasing share of national healthcare demand, particularly for private sector services.

Large integrated providers such as SMC with the ability to scale operations, attract specialist talent and deliver patient-centered care are expected to play a central role in meeting Riyadh's future healthcare needs.

Saudi Arabia's Health Sector Transformation Program is reshaping the healthcare ecosystem into a more integrated, efficient, and value-based system focused on patient outcomes.

Digital Transformation & Innovation

A Patient-Centered Digital Strategy

Digital transformation is a core enabler of SMC’s strategy to deliver accessible, efficient, and patient-centered healthcare. As healthcare demand in Riyadh continues to grow and patient expectations evolve, SMC has focused on leveraging digital solutions to simplify access to care, improve coordination across services, and enhance the overall patient experience.

As part of our commitment to patient led care, we believe that technology can remove barriers to care and enhance the patient experience. To achieve this, SMC has launched a 3-year IT strategy focused on integrating clinical, operational, and patient-facing systems into a unified digital ecosystem that supports both efficiency and transparency. This includes modernizing the foundational platforms that power patient access, strengthening data flows across facilities, and ensuring that digital tools are intuitive, reliable, and aligned with the realities of day-to-day clinical practice.

Strengthening Digital Access Across the Care Journey

SMC’s IT Strategy is designed to ensure that patients can interact with SMC’s services seamlessly. We have prioritized the development of digital tools that streamline access, reduce waiting times, and enhance coordination between departments and facilities. These efforts support a shift toward a more proactive, digitally enabled care model; one where patients can navigate services with greater ease, review laboratory and medical results, receive timely information, and engage more actively in their own health management. Our vision through this strategy is to enable safe, intelligent, and seamless healthcare through resilient digital platforms, secure data, and purposeful innovation through six core pillars:

- 1. Core Clinical & Business Systems Excellence:**
Ensuring stability, performance, and scalability of mission critical clinical and business systems.
- 2. Patient, Users, and Physician Digital Experience:**
Delivering a seamless, compassionate, and digital-first experience across the patient and physician journey.
- 3. Cybersecurity, Risk & Compliance:**
Protecting patient data, ensure regulatory compliance, and maintain cyber resilience.
- 4. Data, Analytics & AI Enablement:**
Transforming data into actionable insights and intelligent decision support.
- 5. Infrastructure & Cloud Strategy:**
Providing resilient, scalable, and cost-effective infrastructure that supports clinical criticality.
- 6. IT Operating Model & Saudization:**
Building a sustainable, Saudi-rich IT organization with strong governance and execution capability.

The SMC Mobile Application as a Core Access Channel

The SMC mobile application has become a central access point for patients across the Group’s network. In 2025, digital adoption continued to increase, with online bookings representing a growing proportion of total appointments. By the end of 2025, approximately 65% of appointments were booked digitally, reflecting strong patient uptake and increasing reliance on self-service digital channels.

The mobile application enables patients to:

- Book and manage outpatient appointments across specialties and facilities
- Access services conveniently without the need for in-person scheduling
- Navigate care pathways more efficiently, particularly for repeat visits and follow-up care
- Access medical records, laboratory and imaging results in a seamless manner
- Frictionless payment via an integrated payment platform and Apple Pay

This shift towards digital access supports reduced administrative friction, improved clinic utilization, and shorter waiting times, while giving patients greater control over their engagement with healthcare services.

Enhancing Patient Understanding and Engagement

Beyond access and scheduling, SMC has continued to enhance the application’s role in improving patient understanding and engagement. During 2025, the Group introduced AI-supported explanatory tools for laboratory results and radiology imagery within its digital ecosystem to help patients better understand aspects of their care and clinical information.

Since its introduction in March 2025, this functionality has been used approximately 3,500 times per day, indicating strong patient engagement and highlighting the growing importance of clear, accessible health information. These tools support informed decision-making and reinforce SMC’s commitment to transparency, and patient empowerment.



Advanced Medical Technology and Clinical Equipment

SMC's commitment to delivering high-quality, safe, and efficient healthcare is underpinned by continued investment in advanced medical technology across its hospitals. The Company utilizes globally recognized, high-quality medical equipment to support accurate diagnosis, effective treatment, and improved clinical outcomes across a wide range of specialties. This approach ensures that patients benefit from reliable and modern technologies while clinicians are supported by systems designed to enhance precision, efficiency, and safety.

Across its facilities, SMC deploys leading medical equipment brands, including Philips, GE, Siemens, Johnson & Johnson, Dräger, Hillrom, Medtronic, Roche Diagnostics, and Beckman Coulter, Getinge, Carl Zeiss Medtronic, Olympus, Fresenius, and Stryker reflecting a deliberate focus on quality, reliability, and alignment with international clinical standards. These technologies support critical services

Looking Ahead

SMC views digital innovation as an ongoing journey rather than a one-time initiative. Continued investment in digital capabilities is expected to support further improvements in access, efficiency and patient experience, while enabling the Group to respond effectively to rising demand, evolving reimbursement models and national healthcare priorities.

such as advanced diagnostic imaging, interventional procedures, intensive care, surgical services and patient monitoring, which enables clinicians to deliver timely and informed care across both inpatient and outpatient settings.

Advanced diagnostic capabilities play a particularly important role in supporting patient experience and clinical efficiency, reducing waiting times, and supporting faster clinical decision-making. This capability is complemented by integrated digital systems that allow patients to securely access imaging results, laboratory reports and medical records, reinforcing continuity of care and transparency throughout the patient journey.

As SMC continues to expand its hospital network and outpatient footprint, including the development of new facilities, the Company's technology strategy remains focused on deploying scalable, future-ready equipment that supports growth and enhances clinical standards.

By centering its digital strategy on adopting advanced medical equipment and facilitating patient convenience through its mobile application, SMC is building a scalable, patient-focused platform that complements its physical infrastructure and reinforces its position as a leading private healthcare provider in Riyadh.



Risk Management

Risk Governance and Approach

Specialized Medical Company operates in a highly regulated, operationally complex, and rapidly evolving healthcare environment. Effective risk management is therefore integral to the Company’s ability to deliver safe, high-quality care, protect stakeholder interests, and execute its long-term growth strategy.

The Company has established a structured risk management framework designed to identify, assess, monitor, and mitigate risks across its clinical operations, workforce, financial performance, technology infrastructure and expansion activities. Risk oversight is embedded within the Company’s governance structures, internal controls and compliance processes, with risks reviewed on an ongoing basis to reflect changes in the operating environment, regulatory landscape, and strategic priorities.

Healthcare Market and Strategy Risks

SMC’s performance is influenced by broader healthcare market dynamics, including shifts in demand, reimbursement mechanisms, and competitive intensity. Rapid growth in private healthcare capacity, particularly in major urban centers such as Riyadh, may increase competition for patients, skilled healthcare professionals, and insurance contracts.

In addition, the ongoing transformation of the Saudi healthcare system introduces uncertainty related to policy implementation, and regulatory reform and changes in funding models. While these reforms create long-term opportunities for established private providers, they may also result in transitional challenges affecting referral patterns, pricing structures or operational requirements.

The Company mitigates these risks through geographic concentration in high-growth areas, diversification across specialties, strong relationships with insurers, and a focus on operational efficiency and service quality.

Potential Impact

- Reduced market share
- Margin pressure
- Slower growth

Key Mitigation Measures

- Diversified service mix
- Focus on high-growth in Riyadh market
- Strong insurer relationships
- Continuous service differentiation

Regulatory and Policy Environment

The Company operates under an extensive regulatory framework governing licensing, accreditation, pricing, insurance, data protection, and employment practices. Changes in laws, regulations or enforcement practices could increase compliance costs or restrict certain activities.

SMC maintains dedicated compliance and governance functions to monitor regulatory developments and ensure adherence to applicable requirements. Regular audits, internal controls, and engagement with regulatory authorities support proactive risk management in this area.

Potential Impact

- Higher compliance costs
- Operational disruption
- Restrictions on services

Key Mitigation Measures

- Dedicated compliance functions
- Regulatory monitoring
- Proactive engagement
- Internal audits

Clinical Quality and Patient Safety Risks

Healthcare delivery inherently involves operational and clinical risks, including patient safety incidents, service disruptions, equipment failures, and workforce-related challenges. Maintaining consistent quality of care across a growing network of hospitals and clinics requires robust clinical governance, standardized protocols, and continuous monitoring.

SMC places patient safety at the center of its operations and applies internationally recognized standards across its clinical and non-clinical services. Ongoing investment in training, quality assurance and digital systems supports the mitigation of operational risk and reinforces a culture of accountability and continuous improvement.

Potential Impact

- Reputational damage
- Regulatory sanctions
- Financial liabilities

Key Mitigation Measures

- Robust clinical governance
- Adherence to standards
- Continuous training and quality audits

Human Capital and Workforce Availability Risks

The availability and retention of qualified healthcare professionals is a critical risk for the Company. Demand for specialist physicians, nurses and allied health professionals continues to increase, while regulatory localization requirements add complexity to workforce planning.

SMC addresses these risks through structured recruitment strategies, competitive employment practices, continuous professional development, and investment in academic and training programs that support the development of local talent. These initiatives contribute to workforce stability and support long-term service delivery.

Potential Impact

- Capacity constraints
- Higher costs
- Impact on service quality

Key Mitigation Measures

- Structured recruitment
- Retention strategies
- Training and academic programs
- Local talent development

Operational Continuity Risks

Operational continuity is critical to maintain SMC's standards of patient care. Operational disruptions can arise from system failures, equipment issues or external events, which in turn could impact patients' access to services and care. The Company manages these risks through preventive maintenance programs, operational redundancies, emergency preparedness measures, and business continuity planning designed to maintain service availability and resilience.

Potential Impact

- Service interruptions
- Reduced patient access

Key Mitigation Measures

- Preventive maintenance
- Redundancy; emergency preparedness
- Business continuity plans

Financial and Reimbursement Risks

SMC is exposed to financial risks including changes in reimbursement rates, delays in insurance collections, cost inflation, and capital expenditure requirements associated with expansion. As a listed company, the Group is also subject to market-related risks, including share price volatility and broader macroeconomic conditions.

The Company manages these risks through disciplined financial planning, diversification of revenue sources, active working capital management, and prudent capital allocation that is aligned with long-term strategic objectives.

Potential Impact

- Cash flow pressure and margin compression.
- Market Risk
- Operational Risk
- Inflation Risk

Key Mitigation Measures

- Working capital management
- Diversified payer mix
- Disciplined financial planning

Expansion and Capital Projects Risk

The Company's growth strategy includes the development of new hospitals and outpatient facilities. Delays, cost overruns or underperformance of expansion projects could affect returns or place strain on financial resources. SMC mitigates these risks through phased development, robust project governance structures, and demand-driven expansion planning to ensure operational readiness and capital discipline.

Potential Impact

- Lower returns
- Financial strain

Key Mitigation Measures

- Phased development
- project governance
- demand-driven expansion planning

Technology and Cybersecurity

As digital systems become increasingly central to healthcare delivery, SMC faces risks related to cybersecurity, data privacy, and system reliability. Disruptions or breaches could affect operations, patient trust, and regulatory compliance.

The Company mitigates these risks through secure IT infrastructure, data protection protocols, system redundancy and continuous monitoring, supported by ongoing investment in digital resilience and staff awareness.

Potential Impact

- Operational disruption
- Regulatory penalties
- Reputational harm
- Legal liability and loss of trust

Key Mitigation Measures

- Secure IT infrastructure
- Monitoring
- Cyber resilience initiatives
- Strong data governance and regulatory compliance

Macroeconomic Conditions

SMC is exposed to macroeconomic factors such as inflation, cost pressures, and broader economic volatility, which may impact operating expenses, reimbursement dynamics and patient demand. Rising costs related to labor, utilities, and medical supplies could place pressure on margins, while economic conditions may influence insurance coverage and utilization patterns.

The Company manages these risks through disciplined cost control; operational efficiency initiatives and a diversified payer mix with a strong focus on insured patients. SMC's integrated operating model provides flexibility in managing resources and capacity, supporting financial resilience and continuity of care in varying economic conditions.

Potential Impact

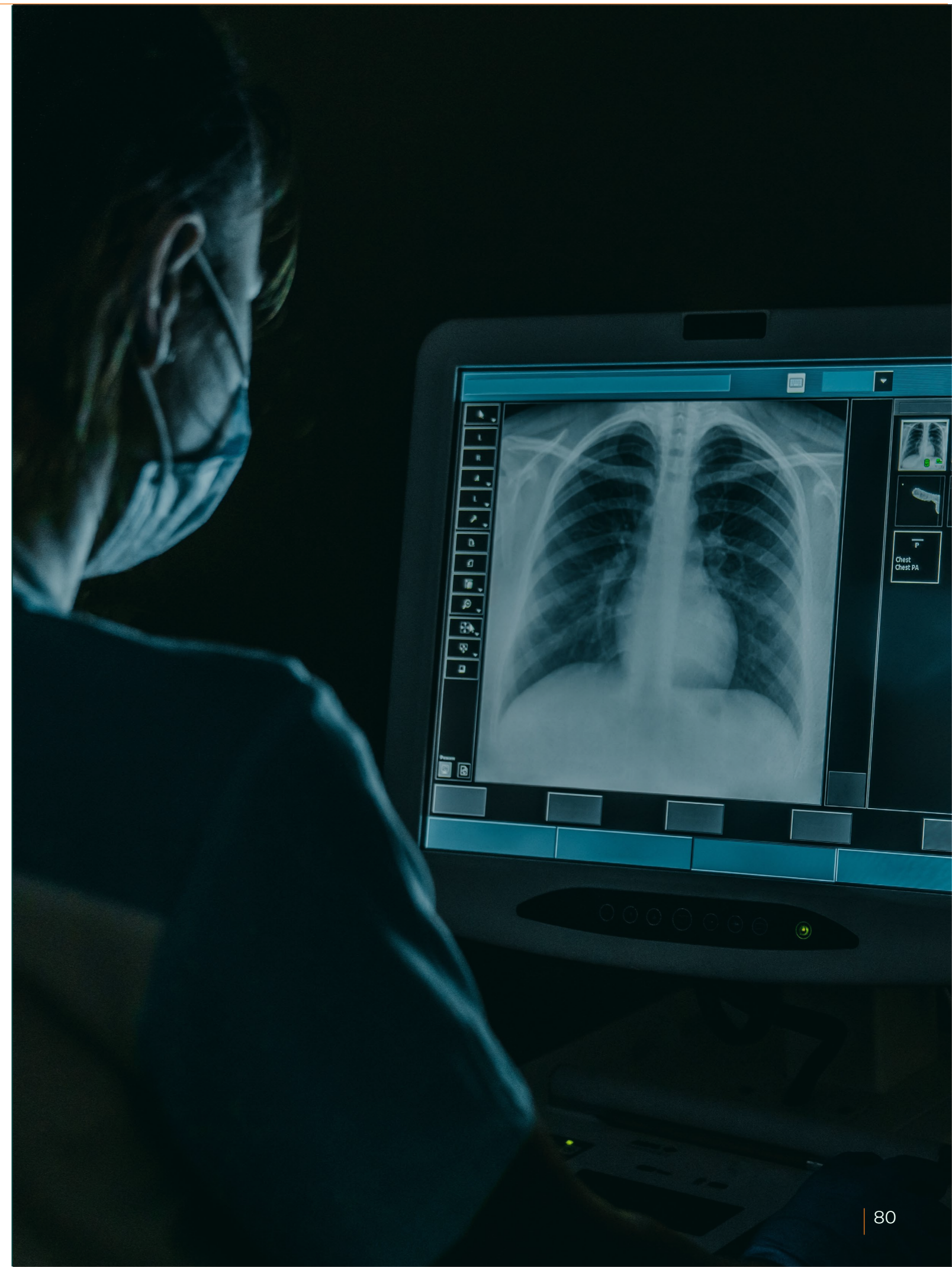
- Higher operating costs
- Reduced affordability

Key Mitigation Measures

- Operational efficiency initiatives
- Focus on insured patient base
- Flexible pricing strategies

Outlook

SMC's risk management framework is designed to support sustainable growth while maintaining resilience in a complex and evolving healthcare landscape. Management believes that the Company's scale, integrated operating model, governance structures and focus on quality position it well to manage risks effectively and pursue opportunities aligned with its long-term strategy.



3. ESG Review

Our Sustainability Strategy

Our Materiality Topics

Our Alignment with UN's SDGs

ESG Projects & Initiatives

CSR Activities & Campaigns

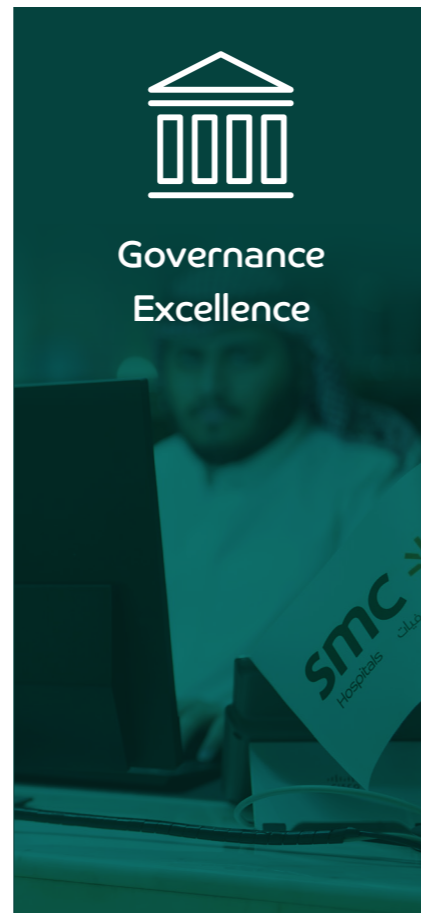


Our Sustainability Strategy

At SMC, sustainability is a core component of our corporate strategy and long-term value creation. As a healthcare provider, our responsibility extends beyond clinical outcomes to encompass how we manage resources, support our people, contribute to society and operate with integrity. Embedding sustainability into strategic decision-making enables us to strengthen operational resilience, enhance patient trust, attract and retain talent and ensure that our growth remains aligned with national priorities and stakeholder expectations.

Our sustainability approach is integral to how we deliver care, support our workforce, and manage our environmental impact. It is organized around three core pillars: Environmental Stewardship, Social Responsibility, and Governance Excellence. These pillars reflect our ambition to lead sustainable healthcare transformation in Saudi Arabia and to promote responsible, efficient and ethical operations across all our facilities.

In 2025, we reinforced our sustainability governance by establishing a dedicated Sustainability Committee. Comprising senior leaders from Finance, Operations, Human Resources, IT and Cybersecurity, Quality and Patient Safety, and Governance. The Committee oversees the implementation of our sustainability strategy, monitors ESG risks and performance, and prepares periodic reports to leadership. This governance structure ensures a coordinated, organization-wide approach to ESG priorities.



Environmental Stewardship

Our environmental strategy focuses on energy efficiency, waste reduction, water conservation, climate resilience and sustainable procurement. SMC is committed to reducing carbon emissions, improving energy performance and optimizing the use of natural resources across our facilities.

Key priorities include:

- Reducing our carbon footprint over the coming years
 - Improving annual energy consumption efficiency
 - Achieving meaningful increases in recycling rates
 - Reducing medical waste generation per patient
 - Transitioning to recycled water for landscaping
 - Integrating green infrastructure and environmentally responsible hospital design
- These initiatives contribute to a more resilient and environmentally responsible healthcare system.

Social Responsibility

SMC's social sustainability commitments focus on strengthening patient safety, improving care quality, expanding access to healthcare, and supporting the well-being and development of our workforce.

Key priorities include:

- Achieving high levels of compliance with standards from the Saudi Patient Safety Center
 - Expanding staff wellness programs and flexible scheduling
 - Providing continuous education and development opportunities for all staff
 - Strengthening diversity, equity and inclusion
 - Continuous expansion of telemedicine services to increase patient reach.
 - Regular engagement in community outreach initiatives throughout the year
- These efforts help ensure a safe, supportive and inclusive environment for patients, employees and the wider community.

Governance Excellence

Strong governance underpins SMC’s long-term sustainability. Our governance framework promotes ethical practices, protects patient and organizational data, ensures compliance with national and international healthcare standards, and provides clear oversight of sustainability and risk management activities.

Key priorities include:

- Establishing the Sustainability oversight structure and creating the Sustainability Strategy and KPIs
- Ensuring compliance with CBAHI, HIMSS and other accreditation standards
- Gathering and evaluating patient feedback across multiple platforms, including the mobile application (via Complaints & Suggestions), SAFER, in-person interactions, and the call center. Monitoring Patient Reported Outcomes (PROMs & PREMs)
- Implementing an updated conflict-of-interest framework and code of conduct
- Strengthening cybersecurity and patient data protection
- Embedding ethical procurement practices into supplier management
- Conducting annual ESG risk assessments
- Publishing regular ESG and sustainability reports in line with recognized international frameworks

Our sustainability approach is integral to how we deliver care, support our workforce, and manage our environmental impact



Our Materiality Topics

Our Approach to Materiality

Understanding which environmental, social and governance issues matter most to our stakeholders and to our business is central to delivering sustainable healthcare outcomes. In 2025, SMC Hospitals conducted a formal materiality assessment to identify and prioritize ESG topics that have the greatest impact on our operations, long-term performance and stakeholder trust.

The assessment considered both business impact and stakeholder importance, drawing on internal and external engagement including leadership, healthcare professionals, employees, patients, regulators, suppliers and community representatives. The process was aligned with leading international frameworks including GRI, SASB, TCFD and the UN Sustainable Development Goals, as well as healthcare-specific best practices.

The outcome of this assessment enables SMC to focus resources on the issues that are most critical to delivering safe, ethical and resilient healthcare services, while supporting long-term value creation.



Our Material Topics

Based on the assessment, SMC’s material ESG issues are grouped into three priority tiers:



High-Priority Issues

Critical Focus Areas - These topics are of highest importance to both stakeholders and the business; they represent SMC’s immediate sustainability priorities.

1. Patient Safety and Quality

Patient safety and clinical quality were identified as the highest-priority material issues in SMC’s materiality assessment, reflecting their critical importance to patients, regulators, healthcare professionals and the long-term performance of the business. Delivering safe, high-quality care underpins trust, clinical outcomes and SMC’s role as a leading healthcare provider in the Kingdom.

Objective

Our objective is to strengthen a culture of patient safety across all facilities and continuously improve clinical outcomes through proactive risk management, evidence-based practices and the use of advanced clinical technologies.

Key Actions

- SMC continues to enhance patient safety through the adoption of real-time monitoring and early-warning systems that support the timely identification of high-risk patients and potential adverse events. Digital and data-enabled tools, including advanced analytics, are being introduced to support predictive risk assessment and preventive clinical decision-making.
- We place strong emphasis on staff capability and safety culture. This includes expanding evidence-based training programs, simulation-based learning and ongoing clinical education to reinforce safe practices at every stage of the patient journey. SMC also continues to strengthen its error-reporting and learning culture through the expansion of internal reporting platforms, encouraging transparency, learning and continuous improvement across all hospitals.



2. Cybersecurity and Data Privacy

Protecting patient data and ensuring the resilience of digital health systems is increasingly critical as healthcare becomes more technology-enabled. As SMC continues to expand its digital health capabilities, safeguarding information assets and ensuring system resilience are essential to maintaining patient trust, regulatory compliance and uninterrupted clinical operations.

Objective

Our objective is to enhance data security and ensure compliance with global healthcare cybersecurity standards across all systems and facilities.

Key Actions

- SMC continues to strengthen its cybersecurity framework through comprehensive, hospital-wide risk assessments that identify vulnerabilities and inform targeted mitigation measures. These assessments support a proactive approach to safeguarding clinical and administrative systems against evolving cyber threats.
- To reinforce system access controls, multi-factor authentication has been implemented across core platforms, reducing exposure to unauthorized access. SMC has also developed structured incident response and crisis management plans, supported by simulation exercises that strengthen organizational readiness and resilience. Compliance with the Saudi Data Protection Law and GDPR-equivalent standards remains a core focus, ensuring that data privacy requirements are consistently embedded across operations and digital platforms.

3. Community Health and Accessibility

Community health and equitable access to care were identified as important material issues in SMC’s materiality assessment, reflecting the organization’s broader responsibility to support public health outcomes. Expanding access to services, particularly for vulnerable and underserved populations, strengthens SMC’s role as a trusted healthcare provider, and aligns with Vision 2030 and SMC’s Social Responsibility commitments.

Objective

Our objective is to enhance equitable healthcare access and strengthen SMC’s contribution to improving community health outcomes through inclusive service delivery, preventive outreach and accessible care pathways.

Key Actions

- SMC is expanding its telemedicine services to enhance access for underserved populations, elderly individuals, patients with limited mobility, and those proactively identified through its patient-support and priority-care program, reducing barriers to specialist services and strengthening continuity of care. Launch structured community outreach initiatives to focus on prevention, early detection and chronic disease management, including diabetes, hypertension and cancer screening. Mobile health clinics and community campaigns, delivered in partnership with MOH, NGOs and local organizations, extend services to underserved areas.
- To embed community perspectives into service delivery, SMC is establishing Patient & Family Advisory Councils (PFAC) and community advisory groups. Annual CSR health education campaigns (minimum 20 per year) further promote public health awareness.
- Accessibility pathways for vulnerable groups, including priority scheduling, care coordination and navigation support, are being integrated across facilities. Progress is monitored through health equity indicators, including telemedicine utilization and outreach coverage.

4. Workforce Well-being and Retention

Our people are central to delivering high-quality care. Workforce well-being, staff safety, professional development and retention are essential to maintaining service continuity and clinical excellence. SMC recognizes that engaged, healthy and supported employees are fundamental to delivering safe and high-quality care.

Objective

Our objective is to improve employee satisfaction, mental health and retention across the organization.

Key Actions

- SMC continues to invest in initiatives that support employee well-being and foster a positive working environment. Hospital-wide wellness programs address physical health, mental well-being and stress management, supporting employees in maintaining balance and resilience in demanding clinical environments.
- Flexible scheduling and workload-balancing practices are being implemented to help reduce fatigue and improve work-life balance. In parallel, SMC is expanding access to mental health support services and peer support programs, reinforcing a culture of care and openness. Leadership development, mentorship and structured career pathways further support professional growth, succession planning and long-term workforce retention.



Medium-Priority Issues

Strategic Considerations - These issues are important to SMC's long-term sustainability and operational resilience.

1. Medical Waste Management and Disposal

Medical waste management was identified as a material environmental and operational issue due to its importance for infection control, patient safety and regulatory compliance. SMC continues to strengthen waste segregation, treatment and disposal practices.

Objective

Our objective is to reduce hazardous waste generation and improve waste disposal efficiency across all facilities.

Key Actions

- SMC continues to strengthen waste segregation practices through targeted staff training and compliance monitoring, ensuring that medical, hazardous and non-hazardous waste streams are managed appropriately from the point of generation. These measures support both patient safety and regulatory adherence.
- The Company is upgrading waste disposal practices through the adoption of more environmentally responsible technologies and partnerships with certified waste management providers. In addition, SMC is actively working to reduce waste generation by limiting single-use plastics where possible and exploring biodegradable alternatives, supporting safer and more sustainable healthcare operations.

2. Greenhouse Gas Emissions Reduction

While healthcare is energy intensive, SMC recognizes the importance of managing and reducing emissions through efficient facility design, energy optimization and modernization of systems.

Objective

Our objective is to transition towards a low-carbon hospital model.

Key Actions

- SMC is progressively integrating emissions management into facility planning and operations through hospital-wide carbon footprint assessments. These assessments provide a clearer understanding of emissions sources and inform long-term reduction strategies. Another key initiative involves low flow anesthesia protocol to enhance patient safety, to cut down carbon dioxide emissions, and to reduce costs.
- Energy efficiency initiatives include upgrades to HVAC systems, lighting and building management technologies to reduce energy consumption. Where feasible, SMC is increasing the use of renewable energy solutions and promoting lower-carbon transportation options for staff and patients. These actions collectively support a gradual transition towards more energy-efficient and environmentally responsible healthcare facilities.



3. Energy Efficiency and Water Conservation

Energy efficiency and water stewardship were identified as material environmental priorities due to their impact on operational costs, environmental footprint and long-term resilience. As healthcare facilities are resource-intensive, improving energy and water performance supports SMC's Environmental Stewardship commitments while contributing to national sustainability objectives.

Objective

Our objective is to reduce SMC's environmental footprint and operational costs by optimizing energy consumption and water efficiency across all facilities

Key Actions

- SMC conducts annual energy audits to identify energy efficient opportunities and guide targeted infrastructure upgrades, including LED lighting, energy-efficient HVAC systems and smart building energy management systems.
- Renewable energy initiatives, including solar adoption in new hospital developments, are being incorporated into long-term infrastructure planning.
- SMC targets water stewardship measures and includes smart irrigation systems and recycled water use for landscaping. Sustainability criteria are being embedded into future hospital design and expansion projects to advance Green Hospital Infrastructure standards.
- Performance is tracked against defined targets, including a 15% reduction in energy use by 2026, a 3% year-on-year improvement in energy performance and 100% recycled water use for irrigation.

Lower-Priority Issues

Emerging Areas - These topics are expected to grow in importance over time as regulatory expectations and stakeholder priorities evolve.

1. Sustainable Procurement

Sustainable procurement was identified as an emerging material issue, reflecting the importance of responsible sourcing and supply chain resilience in healthcare delivery. Embedding sustainability considerations into procurement decisions supports ethical practices and long-term operational stability.

Objective

Our objective is to ensure supply chain sustainability and ESG compliance.

Key Actions

- SMC is integrating ESG considerations into procurement and supplier management processes, ensuring that sustainability principles are reflected in sourcing decisions. This includes strengthening supplier evaluation criteria and encouraging alignment with environmental, social and governance standards.
- The Company continues to build partnerships with environmentally responsible suppliers and conducts periodic ESG reviews of key vendors. These actions support transparency, ethical conduct and resilience across the supply chain, while reinforcing SMC's broader sustainability objectives.

2. Diversity, Equity and Inclusion

Promoting fair treatment, equal opportunity, and inclusive practices is essential. These principles drive employee engagement, foster innovation, and build organizational resilience, all of which contribute to a stronger culture and better outcomes.

Objective

Our objective is to promote an inclusive and diverse workplace.

Key Actions

- SMC continues to strengthen its commitment to inclusive employment practices through dedicated initiatives that promote fairness, equal opportunity and respect across the organization. A structured Diversity, Equity, and Inclusion approach supports the development of inclusive policies and workplace practices
- SMC fosters training programs focused on unconscious bias and cultural competence to help build awareness and inclusive leadership capabilities. In parallel, SMC supports gender diversity and aims to strengthen representation across clinical, administrative and leadership roles, ensuring that talent development reflects the diversity of the communities it serves.

Our Alignment with UN's SDGs

As a leading healthcare provider in the Kingdom of Saudi Arabia, SMC recognizes the critical importance of contributing to global sustainable development. The United Nations Sustainable Development Goals (SDGs) provide a universal framework for building a healthier, fairer and more resilient world. Our alignment with the SDGs reinforces our commitment to responsible healthcare delivery and reflects the broader national ambition set out in Saudi Vision 2030, which prioritizes enhanced quality of life, sustainable economic diversification and world-class healthcare services.

By integrating the SDGs into our strategy, we strengthen our ability to address national needs, such as improving health outcomes, empowering talent, reducing environmental impact and maintaining high governance standards while also supporting Saudi Arabia's transition towards a more sustainable and knowledge-driven economy.

Our contributions to the SDGs are embedded across our operations and demonstrated through targeted initiatives, clinical excellence and sustained investment in innovation, people and infrastructure.

The following goals represent the areas where SMC has the strongest direct impact:



SDG 3: Good Health and Well-Being

Health is at the heart of our mission. We support SDG 3 by delivering high-quality, patient-centered care across a growing range of medical specialties. Our focus on clinical excellence, infection prevention, patient safety programs and innovative treatment pathways ensures we contribute meaningfully to better health outcomes. In addition, our community health campaigns and early-detection initiatives increase health awareness and accessibility, supporting national efforts to reduce the burden of chronic diseases.

Primary ESG Focus Areas:

Patient safety, clinical quality, infection prevention, community health



SDG 4: Quality Education

We are committed to developing the next generation of healthcare professionals. SMC continually invests in staff training, clinical upskilling and professional development to ensure our teams remain at the forefront of medical practice. Through our Medical Academic Affairs department, we foster continuous learning and supporting postgraduate training, we contribute to the availability of highly skilled talent within the Saudi healthcare system.

Primary ESG Focus Areas:

Training hours, professional development, academic partnerships



SDG 5: Gender Equality

SMC promotes a workplace where talent can thrive regardless of gender. Our policies support equal opportunity, fair hiring, inclusive leadership development and non-discrimination. We are committed to broadening women's representation across clinical and administrative roles, including pathways into leadership, aligning with national goals to strengthen female participation in the workforce.

Primary ESG Focus Areas:

Workforce diversity, inclusive policies, leadership development



SDG 8: Decent Work and Economic Growth

We support economic progress by creating quality employment opportunities, investing in our workforce and strengthening operational safety. SMC prioritizes fair employment practices, staff well-being and career advancement while contributing to national healthcare capacity. Our operations also support local supply chains and stimulate economic activity across the communities we serve.

Primary ESG Focus Areas:

Employment, Saudization, health & safety



SDG 9: Industry, Innovation and Infrastructure

Innovation is fundamental to how we deliver care. SMC continues to invest in advanced medical equipment, digital health platforms and a robust IT strategy that supports safe, efficient and scalable clinical services. Our mobile applications enhance patient access, appointment management, payment gateways and service continuity, while integrated clinical systems improve decision-making, efficiency and care outcomes.

Alongside technology investments, we are expanding and modernizing our healthcare facilities to support specialized services and future growth. Together, our physical infrastructure, digital platforms and IT capabilities contribute to the development of a resilient, innovation-driven healthcare ecosystem aligned with Vision 2030's focus on technology, productivity and sustainable infrastructure.

Primary ESG Focus Areas:

Digital health, IT strategy, medical equipment



SDG 12: Responsible Consumption and Production

We are committed to managing our environmental footprint responsibly. SMC implements waste sorting and recycling programs, responsible hazardous waste treatment and energy-efficient systems across our facilities. We also promote sustainable procurement and work to reduce overall resource consumption through modern technologies and facility upgrades.

Primary ESG Focus Areas:

Waste management, procurement, resource efficiency



SDG 13: Climate Action

Through energy optimization, utility efficiency initiatives and environmentally efficient building designs, we actively support efforts to reduce emissions and build climate resilience. Our approach ensures that environmental considerations are integrated into daily operations and long-term infrastructure planning.

Primary ESG Focus Areas:

Energy and water efficiency



SDG 16: Peace, Justice and Strong Institutions

Our governance framework promotes integrity, transparency and accountability. By maintaining strong oversight structures, robust compliance practices, well-defined ethical standards and a culture of responsible conduct, SMC contributes to the foundations of a fair and trustworthy healthcare system.

Primary ESG Focus Areas:

Governance, ethics, compliance



SDG 17: Partnerships for the Goals

Collaboration strengthens our impact. We work closely with regulators, academic institutions, medical associations, suppliers and community organizations to drive progress in healthcare quality, access and sustainability. These partnerships enable knowledge sharing, innovation and the advancement of long-term national health priorities.

Our regulatory engagement includes ongoing coordination with bodies such as the Ministry of Health, the Saudi Health Council, the Saudi Central Board for Accreditation of Healthcare Institutions (CBAHI), the Saudi Food and Drug Authority (SFDA) and the Saudi Commission for Health Specialties. Through these relationships, we support compliance, quality assurance, workforce development and the adoption of national healthcare standards.

Primary ESG Focus Areas:

Regulators, academic institutions, suppliers, communities

ESG Projects & Initiatives

SMC is actively implementing a range of ESG initiatives across environmental, social and governance areas. Collectively, these initiatives drive regulatory compliance, enhance operational efficiency, improve patient outcomes, and support long-term value creation, while directly contributing to the ambitions of Saudi Arabia’s Vision 2030 and the United Nations’ SDGs.

Environmental Initiatives:

SMC’s environmental initiatives focus on reducing the environmental footprint of healthcare operations while improving resource efficiency across its facilities. Given the energy- and water-intensive nature of hospital operations, the Company prioritizes initiatives that deliver measurable reductions in consumption, waste generation and emissions, while supporting safe and compliant clinical environments.

Key initiatives include energy optimization and efficiency upgrades across hospital facilities, supported by the modernization of cooling, lighting and utility systems. SMC has also strengthened waste

segregation and recycling processes, with particular emphasis on reducing and responsibly managing medical and hazardous waste. Water conservation programs are being implemented across sites, including the increased use of recycled water for irrigation where feasible. In parallel, sustainability considerations are being incorporated into the planning and development of new hospital infrastructure to support greener, more efficient facilities over the long term.

Environmental performance is monitored through defined KPIs, including energy consumption, water usage, waste volumes and recycling rates.

Initiative	KPI	Target (2026)	Progress FY 2025	
			SMC 1	SMC 2
Energy Efficiency & Solar Transition	Reduction in hospital energy use (%)	-15%	-3%	-6%
	GHG emissions reduction (tons CO ₂ e)	-10%	-1.5%	-3%
Waste Reduction Program	% of Regular waste recycled	20%	13.25%	21.23%
Water Conservation & Usage Reduction	Recycled Water Used in irrigation (%)	100%	N/A	



Social Initiatives:

SMC’s social initiatives are centered on patient safety, workforce well-being and community impact. As a healthcare provider, we recognize that social responsibility begins with the quality and safety of care delivered, extending to the health and engagement of employees, and reaching into the communities it serves.

Patient safety remains a core priority, supported by hospital-wide safety initiatives that align with national healthcare standards, infection prevention protocols and continuous quality improvement programs. Occupational health and safety programs are in place to protect employees, with training initiatives designed to achieve full workforce coverage. SMC also invests in workforce well-being,

diversity, equity and inclusion initiatives to support employee engagement, retention and professional development.

In parallel, we continue to expand telemedicine and digital health services to improve access to care, particularly for patients requiring remote consultations or follow-up services. Community health outreach programs and education campaigns further extend SMC’s role beyond hospital walls, supporting preventative care and health awareness.

Social performance is tracked through KPIs covering patient safety indicators, staff training completion rates, workforce metrics and community engagement activities.

Initiative	KPI	Target (2026)	Progress FY 2025	
			SMC 1	SMC 2
Patient Safety & Quality of Care	Compliance with CBAHI safety indicators	100%	94.23%	95.52%
	Compliance with SPSC Standards	90%	69%	71.87%
DEI & Workforce Well-being Expansion	Staff satisfaction survey score (%)	85%	79.77%	79.77%
	% of women in leadership roles	40%	35%	40%
Telemedicine & Community Health Expansion	Number of Telemedicine Visits	500	765	
Corporate Social Responsibility Program	Number of CSR Campaigns (e.g: Health Education/Blood Donation)	20	22	

Governance Initiatives:

Strong governance underpins SMC’s ability to deliver sustainable, ethical and compliant health-care services. Governance initiatives are designed to strengthen oversight, manage risk and reinforce a culture of accountability and integrity across the organization.

Key initiatives include annual ESG risk assessments to identify, monitor and mitigate environmental, social and governance risks. SMC continues to strengthen its governance framework through updated policies covering compliance, ethical conduct, conflict of interest and expense manage-

ment. Enhanced cybersecurity and data protection measures are being implemented to safeguard patient information and digital systems as reliance on health technology increases.

We also continue to develop our ESG reporting and disclosure practices, aligning with recognized international frameworks to support transparency and comparability over time. Governance effectiveness is monitored through KPIs related to compliance, risk management, policy adherence and cybersecurity controls.

Initiative	KPI	Target (2026)	Progress FY 2025	
			SMC 1	SMC 2
Cybersecurity & Data Protection Compliance	Number of data breaches	0	0	0
ESG Reporting	Publish an annual ESG report tracking progress against KPIs	1	0	



CSR Activities & Campaigns

At SMC, our commitment to caring for people extends well beyond the walls of our hospitals. Corporate Social Responsibility (CSR) forms an essential part of how we contribute to the well-being of the communities we serve. Our CSR strategy focuses on advancing public health, supporting vulnerable groups, promoting medical education and strengthening community resilience, fully aligning with the national priorities of Saudi Vision 2030.

We recognize that healthcare providers play a vital societal role, not only by delivering high-quality clinical care but also by promoting healthier lifestyles, improving access to health information and creating long-term social value. Guided by our Social Responsibility pillar, we design programs that respond to real community needs and help reduce future health burdens in the Kingdom.

Our CSR initiatives are built around three themes:

1. Community Health & Prevention

Promoting health awareness and preventive care is central to SMC's community engagement approach. We actively support public education initiatives that encourage early diagnosis, healthy lifestyles and informed health choices, recognizing that prevention plays a critical role in reducing long-term healthcare burdens.

Throughout the year, SMC delivered and participated in a wide range of health awareness campaigns, including World Patient Safety Day, during which SMC employees engaged with patients and provided education and awareness materials. This is in alignment with national and international health

observances. These included initiatives focused on diabetes, heart health, glaucoma, Parkinson's disease, breast cancer and women's health, as well as participation in World Health Day and World Nursing Day activities. We also hosted free screening and awareness events in collaboration with government entities, educational institutions and community organizations.

By engaging directly with the public through campaigns, workshops and outreach events, we help individuals take proactive steps towards better health while supporting broader efforts to strengthen preventive healthcare across the Kingdom.

2. Social Impact & Community Support

SMC contributes to community resilience through programs that address social needs, encourage volunteerism and support national solidarity initiatives. A key focus of this work is our ongoing commitment to blood donation campaigns, which play an essential role in strengthening national blood reserves and supporting emergency and specialized medical care.

During the year, SMC organized and supported multiple blood donation drives in partnership with government bodies, universities, private sector organizations and charitable institutions. These initiatives included participation in national

campaigns, collaboration with corporate partners and outreach activities hosted at SMC facilities and external locations.

In addition to blood donation efforts, our teams actively participate in community outreach programs targeting underserved groups and local communities. Employee volunteering initiatives further reinforce a culture of social responsibility, enabling our workforce to contribute time and expertise to causes that align with our values. Through these actions, SMC supports a more inclusive, compassionate and connected society.

3. Education, Training, & Capacity Building

We believe that sustainable healthcare depends on both skilled professionals and informed communities. As part of our CSR commitments, SMC invests in educational initiatives that promote health literacy, inspire future healthcare professionals and support knowledge sharing.

Our activities include hosting school and university students for educational visits, delivering health education talks, and participating in national forums

and exhibitions focused on healthcare innovation and awareness. We also collaborate with academic and medical institutions to support training, professional development and capacity-building initiatives.

By engaging with students, educators and the wider community, SMC helps foster long-term healthcare capability while promoting greater understanding of key health topics and career opportunities within the sector.



4. Governance

Board of Directors, Executive Management and Committees

Company's Policy on Distributing Share Dividends and Shareholders' Rights

The Company and Its Subsidiaries

Governance Policies & Declaration

Internal Audit and Board of Directors' Confirmations



Board of Directors, Executive Management and Committees

Composition of the Board of Directors, Executive Management and Committees

Board Members

SMC is managed by a Board of Directors consisting of 8 members, and independent members, serving for a term of four years.

Name	Position	Membership Type [Executive, Non-Executive, Independent]
Mr. Sulaiman Abdul Rahman AlRashid	Chairman	Non-Executive
Mr. Omran Abdul Rahman AlRashid	Vice Chairman	Non-Executive
Mr. Faisal Abdullah AlRashid	Director	Non-Executive
Mr. Abdullah Abdulaziz Al-Tuwajri	Director	Non-Executive
Mr. Yousef Rashid AlRashid	Director	Non-Executive
Dr. Maryam Mohammed AlQaseer	Director	Independent
Mr. Christian Fritz Schuhmacher	Director	Independent
Mr. Khalid Abdulkarim AlOraij	Director	Independent

Executive Management

The Executive Management consists of 4 members.

Name	Position
Mr. Bassam Tayseer Chahine	Chief Executive Officer
Mr. Hani Charani	Chief Financial Officer
Dr. Ahmed Matroud Al-Enezi	Hospital Executive Director – SMC 1
Dr. Abdullah Abdulmohsen Alkhorayyef	Hospital Executive Director - SMC 2

Audit Committee

The Audit Committee in SMC consists of 4 members, appointed by a resolution of the Board of Directors, in accordance with the Corporate Governance Regulations issued by the CMA.

Name	Position	Membership Type [Executive, Non-Executive, Independent]
Mr. Mazen Nasser AlSharfan	Chairman	Non-Board Member
Mr. Ghaith Raji Fayez	Member	Non-Board Member
Mr. Mohamed Elsayed Mohamed	Member	Non-Board Member
Mr. Christian Fritz Schuhmacher	Member	Independent Director

Nomination & Remuneration Committee

The Nominations & Remuneration Committee in SMC consists of 4 members, appointed by a resolution of the Board of Directors.

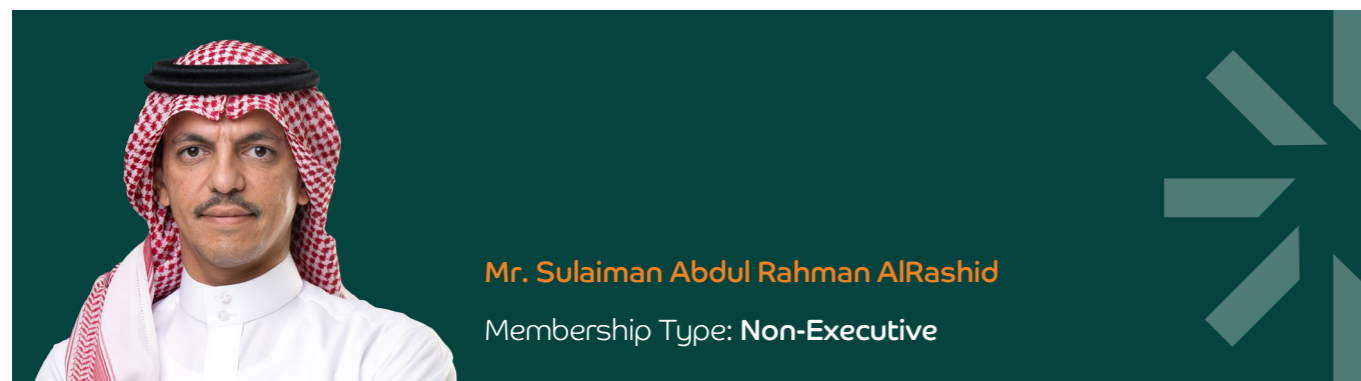
Name	Position	Membership Type [Executive, Non-Executive, Independent]
Mr. Khalid Abdulkarim AlOraij	Chairman of the Nomination and Remuneration Committee	Independent Director
Mr. Omran Abdul Rahman AlRashid	Vice Chairman of the Nomination and Remuneration Committee	Non-Executive Director
Mr. Riyadh Ali AlGhamdi	Member	Non-Board Member
Dr. Ahmed Mohammed AlShahrani	Member	Non-Board Member

Executive Committee

The Executive Committee in SMC consists of 4 members, appointed by a resolution of the Board of Directors.

Name	Position	Membership Type [Executive, Non-Executive, Independent]
Mr. Sulaiman Abdul Rahman AlRashid	Chairman	Non-Executive Director
Dr. Maryam Mohammed AlQaseer	Member	Independent Director
Mr. Christian Fritz Schuhmacher	Member	Independent Director
Mr. Khalid Abdulkarim AlOraij	Member	Independent Director

Names of Board Members, their Current and Previous Positions, Qualifications, and Experiences.



Current Roles:

- CEO of Abdul Rahman Saad AlRashid and Sons Co.
- 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 2012.
- Director, Saudi Premium Food Co., a closed joint-stock company operating in the field of trade and distribution of food, from 2012.
- Vice Chairman, Madar Saudi Arabia, a closed joint-stock company operating in the field of investment in securities, from 2017.
- Vice Chairman, Al-Rashid Technology & Power, a closed joint-stock company operating in the field of construction for power plants and telecommunications towers, from 2014.
- Chairman, Gold and Minerals Ltd, a limited liability company operating in the field of mining, from 2008.
- Vice Chairman, Advanced Food Co., a closed joint-stock company operating in the field of hospitality and restaurants, from 2017.
- Chairman, Maskan Aljawhara Real Estate, a closed joint-stock company operating in the field of real estate development, from 2017.
- Chairman, Red Cactus Trading, a limited liability company operating in the field of manufacturing personal care products, from 2021.
- Chairman, Saudi Bonyan Co., a closed joint-stock company operating in the field of real estate development, from 2016.
- Chairman, Bright Minds for Education, a closed joint-stock company operating in the field of education, from 2017.
- Chairman, United Vision, a closed joint-stock company operating in the field of investment in securities, from 2017.
- Chairman, Vision Bank, a closed joint-stock company operating in the field of banking services, from 2022.
- Director, Saudi Services for Electro Mechanic Works (SSEM), a closed joint-stock company operating in the field of contracting, from 2018.
- Director, Bonyan REIT Fund, a listed real estate fund, from 2017.
- Director, Tawazon Investment, a limited liability company operating in the field of investment in securities, from 2023.

Previous Roles:

- 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 2006 to 2012.
- Public Relations Officer, Banque Saudi Fransi, a public joint-stock company operating in the field of banking services, from 2005 to 2006.

Academic Qualifications:

Bachelor's degree in Financial Management, Prince Sultan University.

Board Memberships Outside of SMC Healthcare (as of 31 Dec 2025)

Current Companies:

Company	Inside/Outside the Kingdom	Legal Entity
Abdul Rahman Saad AlRashid and Sons Co.	Inside the Kingdom	Closed Joint-Stock Company
Saudi Premium Food Co.	Inside the Kingdom	Closed Joint-Stock Company
Madar Saudi Arabia	Inside the Kingdom	Closed Joint-Stock Company
Al-Rashid Technology & Power	Inside the Kingdom	Closed Joint-Stock Company
Gold and Minerals Ltd.	Inside the Kingdom	Limited Liability Company
Advanced Food Co.	Inside the Kingdom	Closed Joint-Stock Company
Maskan Aljawhara Real Estate Co.	Inside the Kingdom	Closed Joint-Stock Company
Red Cactus Trading	Inside the Kingdom	Limited Liability Company
Saudi Bonyan Co.	Inside the Kingdom	Closed Joint-Stock Company
Bright Minds for Education	Inside the Kingdom	Closed Joint-Stock Company
United Vision	Inside the Kingdom	Closed Joint-Stock Company
Vision Bank	Inside the Kingdom	Closed Joint-Stock Company
Saudi Services for Electro Mechanic Works (SSEM)	Inside the Kingdom	Closed Joint-Stock Company
Bonyan REIT Fund	Inside the Kingdom	Listed Real Estate Fund
Tawazon Investment	Inside the Kingdom	Limited Liability Company

Previous Companies:

N/A



Mr. Omran Abdul Rahman AlRashid

Membership Type: **Non-Executive**

Current Roles:

- Director, Abdul Rahman Saad AlRashid and Sons Co., a closed joint-stock company operating in the field of real estate investment and development, from 2000.
- Chairman, Saudi Premium Food Co., a closed joint-stock company operating in the field of trade and distribution of food, from 2012.
- Chairman, Madar Saudi Arabia, a closed joint-stock company operating in the field of investment in securities, from 2017.
- Chairman, Al-Rashid Technology & Power, a closed joint-stock company operating in the field of construction for power plants and telecommunications towers, from 2014.
- Director, Gold and Minerals Ltd, a limited liability company operating in the field of mining, from 2008.
- Chairman, Advanced Food Co., a closed joint-stock company operating in the field of hospitality and restaurants, from 2017.
- Vice Chairman, Maskan Aljawhara Real Estate, a closed joint-stock company operating in the field of real estate development, from 2017.
- Director, Red Cactus Trading, a limited liability company operating in the field of manufacturing personal care products, from 2021.
- Vice Chairman, Saudi Bonyan Co., a closed joint-stock company operating in the field of real estate development, from 2016.
- Director, Bright Minds for Education, a closed joint-stock company operating in the field of education, from 2017.
- Vice Chairman, United Vision, a closed joint-stock company operating in the field of investment in securities, from 2017.
- Director, Vision Bank, a closed joint-stock company operating in the field of banking services, from 2022.
- Director, AlRashid Abetong, a closed joint-stock company operating in the field of contracting, from 2018.
- Director, Golden Chicken Co. for Animal & Agri Production, a limited liability company operating in the field of agricultural and animal production, from 2018.
- Director, Tawazon Investment, a limited liability company operating in the field of investment in securities, from 2022.

Previous Roles:

N/A

Academic Qualifications:

Bachelor’s degree in Business Administration, King Saud University.

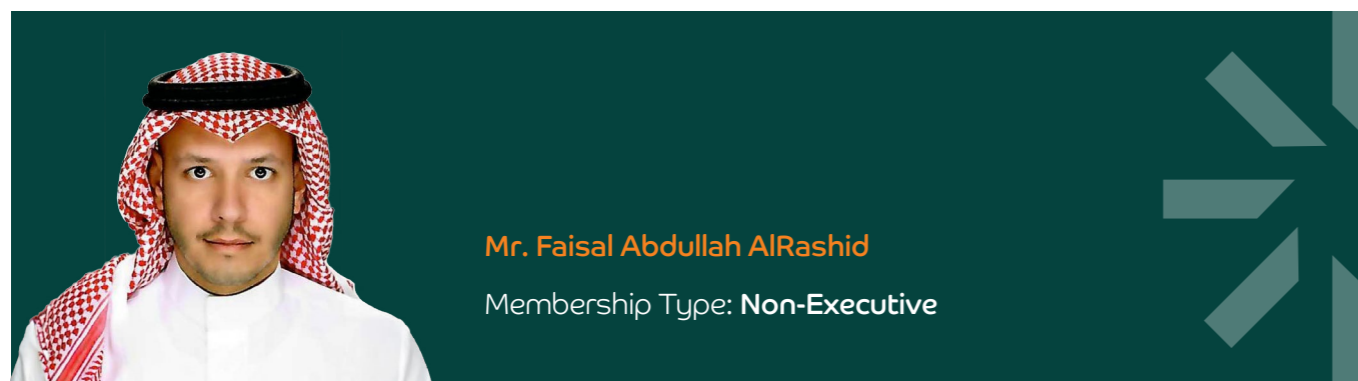
Board Memberships Outside of SMC Healthcare (as of 31 Dec 2025)

Current Companies:

Company	Inside/Outside the Kingdom	Legal Entity
Abdul Rahman Saad AlRashid and Sons Co.	Inside the Kingdom	Closed Joint-Stock Company
Saudi Premium Food Co.	Inside the Kingdom	Closed Joint-Stock Company
Madar Saudi Arabia	Inside the Kingdom	Closed Joint-Stock Company
Al-Rashid Technology & Power	Inside the Kingdom	Closed Joint-Stock Company
Gold and Minerals Ltd	Inside the Kingdom	Limited Liability Company
Advanced Food Co.	Inside the Kingdom	Limited Liability Company
Maskan Aljawhara Real Estate	Inside the Kingdom	Closed Joint-Stock Company
Red Cactus Trading	Inside the Kingdom	Limited Liability Company
Saudi Bonyan Co.	Inside the Kingdom	Closed Joint-Stock Company
Bright Minds for Education	Inside the Kingdom	Closed Joint-Stock Company
United Vision	Inside the Kingdom	Closed Joint-Stock Company
Vision Bank	Inside the Kingdom	Closed Joint-Stock Company
AlRashid Abetong	Inside the Kingdom	Closed Joint-Stock Company
Golden Chicken Co.	Inside the Kingdom	Limited Liability Company
Tawazon Investment	Inside the Kingdom	Limited Liability Company

Previous Companies:

N/A



Mr. Faisal Abdullah AlRashid

Membership Type: **Non-Executive**

Current Roles:

- Director, Alrafaya Co. for Agricultural Development, a limited liability company operating in the field of date palm cultivation and date production, from 2021.
- Director, Saudi Services for Electro Mechanic Works (SSEM), a closed joint-stock company operating in the field of contracting, from 2019.
- Director, Golden Chicken Co. for Animal & Agri Production, a closed joint-stock company operating in the field of agricultural and animal production, from 2019.
- Director, Dereyah East Ventures LLC, a limited liability company operating in the field of real estate management, from 2012.
- Vice Chairman, Al-Hayat Real Estate Co., a limited liability company operating in the field of real estate development, from 2015.
- Founder and Chief Executive Officer of Middle East Food Co., a limited liability company operating in the field of restaurant activities and catering services, since 2016.
- Director, Abdullah Saad AlRashid and Sons Co., a closed joint-stock company operating in the field of contracting, from 2014.
- Director, Abdullah Saad AlRashid and Sons Co., a closed joint-stock company operating in the field of contracting, from 2014.

Previous Roles:

N/A

Academic Qualifications:

Bachelor’s degree in Industrial Engineering, Northeastern University, Boston, USA

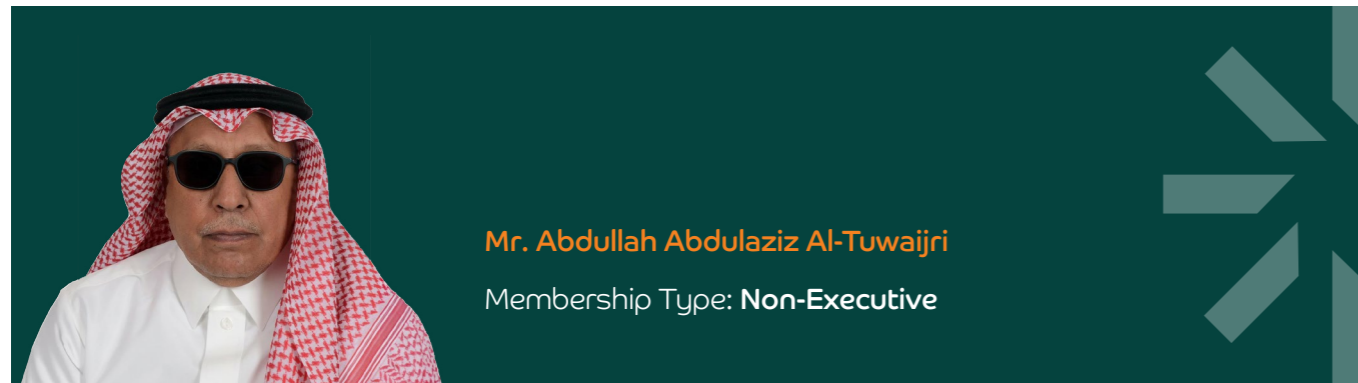
Board Memberships Outside of SMC Healthcare (as of 31 Dec 2025)

Current Companies:

Company	Inside/Outside the Kingdom	Legal Entity
Alrafaya Co.	Inside the Kingdom	Limited Liability Company
Saudi Services for Electro Mechanic Works (SSEM)	Inside the Kingdom	Closed Joint-Stock Company
Golden Chicken Co.	Inside the Kingdom	Closed Joint-Stock Company
Dereyah East Ventures LLC	Inside the Kingdom	Limited Liability Company
Al-Hayat Real Estate Co.	Inside the Kingdom	Limited Liability Company
Abdullah Saad AlRashid and Sons Co.	Inside the Kingdom	Closed Joint-Stock Company
Middle East Food Co.	Inside the Kingdom	Limited Liability Company

Previous Companies:

N/A



Mr. Abdullah Abdulaziz Al-Tuwajri

Membership Type: **Non-Executive**

Current Roles:

- General Manager, Hassana Trading Co., a limited liability company operating in the field of military clothing tenders, from 2007.
- General Manager, Al-Thomad Trading Co., a limited liability company operating in the field of general trade, tourism, travel and medical care, from 1996.
- Director, Al-Thomad Trading Co., a limited liability company operating in the field of general trade, tourism, travel and medical care, from 1996.
- Director, United Global Insurance Brokers Limited, a limited liability company operating in the field of insurance brokerage, from 1991.

Previous Roles:

N/A

Academic Qualifications:

Bachelor’s degree in Social Sciences, University of Portland, USA.

Board Memberships Outside of SMC Healthcare (as of 31 Dec 2025)

Current Companies:

Company	Inside/Outside the Kingdom	Legal Entity
Hassana Trading Co.	Inside the Kingdom	Limited Liability Company
Al-Thomad Trading Co.	Inside the Kingdom	Limited Liability Company
United Global Insurance Brokers Limited	Inside the Kingdom	Limited Liability Company

Previous Companies:

N/A





Mr. Yousef Rashid AlRashidi

Membership Type: **Non-Executive**

Current Roles:

- CEO, Razin, a limited liability company operating in the field of furniture manufacturing, from 2018
- Director, Packaging Products Co., a closed joint-stock company operating in the field of manufacturing packaging products, from 2022.
- Director, AlRashid Abetong, a closed joint-stock company operating in the field of contracting, from 2022.
- Chairman, Golden Chicken Co. for Animal and Agri Production, a limited liability company operating in the field of agricultural and animal production, from 2018.
- Director, Tabuk Fisheries Co., a closed joint-stock company operating in the field of fish production, from 2014.
- 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 2022.
- Director and Managing Director, Saudi Rubber Products Co., a closed joint-stock company operating in the field of rubber manufacturing, from 2015.
- Director, Thabat Energy Co., a limited liability company providing specialized services in the field of energy, from 2018.
- Chairman, Food Aroma Co., a limited liability company operating in the field of hospitality, restaurants and food, from 2019.
- Chairman, Impulse Hospitality Co., a one-person limited liability company operating in the field of hospitality, restaurants and food, from 2020.
- Director, Vision Bank, a closed joint-stock company operating in the field of banking services, from 2022.
- Director, Saudi Float Glass Co., a closed joint-stock company operating in the field of glass manufacturing, from 2014.
- Member of the Audit Committee, AlRashid Contracting Co., a closed joint-stock company operating in the field of contracting, from 2018

Previous Roles:

N/A

Academic Qualifications:

- Bachelor’s degree in International Trade, Strayer University, Washington, USA.
- Diploma in Banking Operations, Saudi Management Institute.

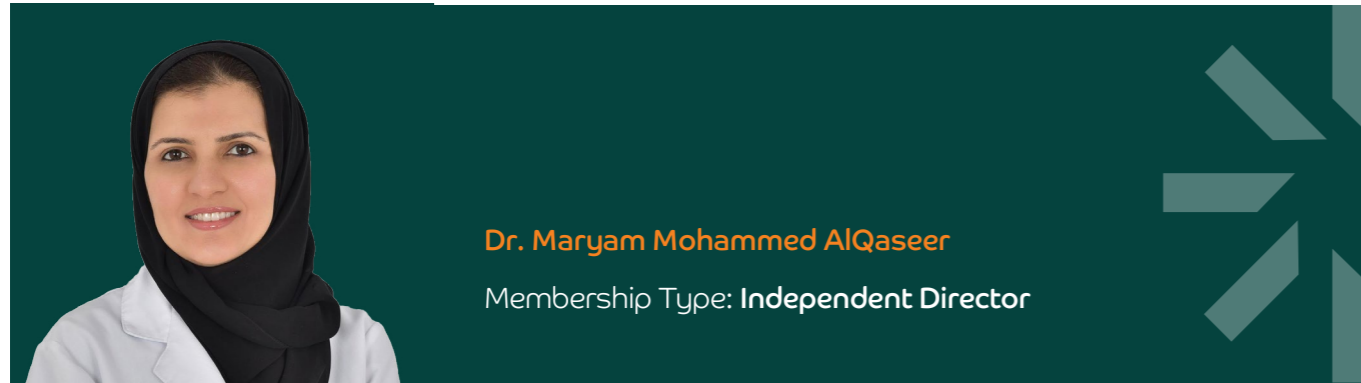
Board Memberships Outside of SMC Healthcare (as of 31 Dec 2025)

Current Companies:

Company	Inside/Outside the Kingdom	Legal Entity
Packaging Products Company	Inside the Kingdom	Closed Joint-Stock Company
AlRashid Abetong	Inside the Kingdom	Closed Joint-Stock Company
Golden Chicken Co.	Inside the Kingdom	Limited Liability Company
Tabuk Fisheries Co.	Inside the Kingdom	Closed Joint-Stock Company
Saudi Services for Electro Mechanic Works (SSEM)	Inside the Kingdom	Closed Joint-Stock Company
Saudi Rubber Products Co.	Inside the Kingdom	Closed Joint-Stock Company
Thabat Energy Co.	Inside the Kingdom	Limited Liability Company
Food Aroma Co.	Inside the Kingdom	Limited Liability Company
Impulse Hospitality Co.	Inside the Kingdom	A One-Person Limited Liability Company
Vision Bank	Inside the Kingdom	Closed Joint-Stock Company
Saudi Float Glass Co.	Inside the Kingdom	Closed Joint-Stock Company

Previous Companies:

N/A



Dr. Maryam Mohammed AlQaseer
 Membership Type: **Independent Director**

Current Roles:

- Vice President for Quality and Performance, Eastern Health Cluster, a corporatised, government owned entity affiliated with the Health Holding Company, from 2024.
- Senior Consultant Cardiologist, Eastern Health Cluster, a corporatised, government owned entity affiliated with the Health Holding Company operating in the field of healthcare, from 2013.

Previous Roles:

- Vice President of the Business Unit, Health Holding Company, a corporatised government owned entity, operating in the field of healthcare, from 2020 to 2023.
- Direct of the Model of Care in the Eastern Business Unit, Health Holding Company, a corporatised government owned entity, operating in the field of healthcare, from 2018 to 2020.

Academic Qualifications:

- Bachelor’s degree in General Medicine, Royal College of Surgeons, Ireland.
- Master’s degree in Medical Administration, Royal College of Surgeons in Ireland (RCSI).

Board Memberships Outside of SMC Healthcare (as of 31 Dec 2025)

Current Companies:

N/A

Previous Companies:

Company	Inside/Outside the Kingdom	Legal Entity
Model of Care in the Eastern Business Unit	Inside the Kingdom	Holding Company, a government company affiliated with the Ministry of Health





Mr. Christian Fritz Schuhmacher
Membership Type: Independent Director

Current Roles:

- General Manager, Swissglobal Advisory, a limited liability company operating in the field of health-care consulting, from 2023
- Chairman, Emirates Hospitals Group, a limited liability company operating in the field of health-care, from 2024
- Board Member, Al Shifa Hospital - Djibouti, a limited liability company operating in the field of healthcare, from 2023
- Board Member, Al-Awali Hospital - Bahrain, a Bahraini limited liability company operating in the field of healthcare, from 2023
- Board Member, VITREA Switzerland – Switzerland – a Swiss limited liability company operating in the field of healthcare, from 2025

Previous Roles:

- CEO, King’s College Hospital - UAE, a limited liability company operating in the field of healthcare, from 2018 to 2022.
- General Manager, VAMED Management and Services, a German limited liability company operating in the field of healthcare, from 2022 to 2024

Academic Qualifications:

- Master’s degree in Law, University of Basel.
- Master of Business Administration (MBA), University of Toronto.
- Master degree in International Business Administration, University of St. Gallen.

Board Memberships Outside of SMC Healthcare (as of 31 Dec 2025)

Current Companies:

Company	Inside/Outside the Kingdom	Legal Entity
Swissglobal Advisory	Outside the Kingdom	Limited Liability Company
Emirates Hospitals Group	Outside the Kingdom	Limited Liability Company
Al Shifa Hospital - Djibouti	Outside the Kingdom	Limited Liability Company
Al-Awali Hospital - Bahrain	Outside the Kingdom	Limited Liability Company
VITREA Switzerland – Switzerland	Outside the Kingdom	Limited Liability Company

Previous Companies:

Company	Inside/Outside the Kingdom	Legal Entity
King’s College Hospital - UAE	Outside the Kingdom	Limited Liability Company
VAMED Management and Services	Outside the Kingdom	Limited Liability Company



Mr. Khalid Abdulkarim AlOraij

Membership Type: **Independent Director**

Current Roles:

- CEO, Kabi Technologies for Information Technology, a closed joint-stock company operating in the field of artificial intelligence, from 2018.
- 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 2022.

Previous Roles:

- 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 2019 to 2022.
- Director of Human Resources, KPMG, a public limited company operating in the field of professional consulting, from 2013 to 2019.

Academic Qualifications:

- Bachelor’s degree in Human Resources Management, King Saud University.
- Master of Business Administration (MBA), Prince Mohammed bin Salman College.

Board Memberships Outside of SMC Healthcare (as of 31 Dec 2025)

Current Companies:

Company	Inside/Outside the Kingdom	Legal Entity
Kabi Technologies for Information Technology	Inside the Kingdom	Closed Joint-Stock Company

Previous Companies:

Company	Inside/Outside the Kingdom	Legal Entity
Saudi Commission for Health Specialties	Inside the Kingdom	An Independent Scientific Professional Body

Number of Board of Directors Meetings Held During 2025

Board Member	06 Jan 2025	11 Feb 2025	07 May 2025	24 Jun 2025	28 Jul 2025	03 Nov 2025	No. of Meetings Attended
Mr. Sulaiman Abdul Rahman AlRashid	✓	✓	✓	✓	✓	✓	6
Mr. Omran Abdul Rahman AlRashid	✓	✓	✓	✓	✓	✓	6
Mr. Faisal Abdullah AlRashid	X	✓	✓	✓	✓	Attended by Proxy	5
Mr. Abdullah Abdulaziz al-Tuwaijri	✓	✓	✓	✓	✓	✓	6
Mr. Yousef Rashid AlRashid	X	Attended by Proxy	✓	✓	✓	✓	5
Dr. Maryam Mohammed AlQaseer	✓	✓	✓	✓	✓	✓	6
Mr. Christian Fritz Schuhmacher	✓	✓	✓	✓	✓	✓	6
Mr. Khalid Abdulkarim AlOrajj	✓	✓	✓	✓	✓	✓	6

Executive Management

Mr. Bassam Tayseer Chahine

Current Roles:

CEO, Specialized Medical Company, from 2024

Previous Roles:

- Vice President of Operations and Medical Affairs, Specialized Medical Company, operating in the field of healthcare, from 2018 to 2024.
- COO, Specialized Medical Company, operating in the field of healthcare, from 2000 to 2018.

Academic Qualifications:

Master of Public Health (MPH), , American University of Beirut

Mr. Hani Charani

Current Roles:

CFO Specialized Medical Company, from 2004.

Previous Roles:

- Regional Manager – Mid Atlantic States - Sodexo, a publicly listed company operating in the field of food services and facilities management, from 1999 to 2004.
- Chief Executive Officer – Turkey - Abela & Co., a limited liability company operating in the field of food services and facilities management, from 1998G to 1999.
- Regional Manager – Northern Emirates – Abela & Co, a limited liability company operating in the Airline, Airport and Corporate food services and facilities management, from 1996G to 1998G.
- Director of Quality and Customer Relations – Dubai International Airport – Emirates-Abela Co., a limited liability company operating in the Airline, Airport and Corporate food services and facilities management, from 1993G to 1996G.

Academic Qualifications:

Bachelor of Science in Business, Embry-Riddle Aeronautical University.

Dr. Ahmed Matroud Al-Enezi

Current Roles:

Executive Director of SMC Hospital (1) - King Fahd Road from 2024

Previous Roles:

- Executive Director of Medical Services, SMC Hospital (1), operating in the field of healthcare, from 2024 to date.
- Medical Director of Medical Services, SMC Hospital (1), operating in the field of healthcare, from 2021 to 2022.
- 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 2020 to 2021.
- 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 2018 to 2020.
- 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 2014 to 2018.
- 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 2011 to 2014.
- 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 2011 to 2014.

Academic Qualifications:

- Bachelor's degree in Medicine and Surgery, King Saud University.
- Saudi Board of internal Medicine
- Arab board of internal Medicine
- Fellowship in Respiratory and Critical Care, Queens University.
- Executive Master's degree in Health Administration, University of Minnesota.

Dr. Abdullah Abdulmohsen Alkhorayyef

Current Roles:

Hospital Executive Director - SMC 2 – King Abdullh Road from 2025.

Previous Roles:

- Consultant Pediatric Respiriology and Pulmonary Vascular Diseases
- Head of Pediatric Pulmonary Fellowship
- Head of Pediatric pulmonology Division
- Chairman of Pediatric & Neonatology Department
- Assistant Medical Director
- Director of Medical Affairs

Academic Qualifications:

- Bachelor of Medicine and Surgery MBBS, King Saud University Riyadh
- Saudi Board in Pediatric, Riyadh, KSA
- Arab Board in Pediatric , Riyadh, KSA
- Pediatric Respiratory fellowship, U of C, Calgary, Canada
- Pediatric Pulmonary Vascular Diseases fellowship, U of C, Calgary, Canada

Board of Directors' Committees

Audit Committee

First: Tasks and Responsibilities of the Audit Committee

The committee is responsible for overseeing the company's operations and verifying the integrity and accuracy of its reports, financial statements, and internal control systems. The committee's duties include the following:

A. Internal Audit:

- Monitoring the performance of internal audit to ensure it carries out its duties according to directions and recommending the appointment of an internal auditor when the position is vacant.
- Studying the systems of control and risk management, preparing reports and recommendations regarding their adequacy, and submitting them to the General Assembly when necessary.
- Reviewing internal audit reports and following up on the implementation of corrective actions regarding the comments noted in those reports.
- Reviewing with the internal audit manager any difficulties, constraints, and unresolved material differences.
- Resolving any disagreements between the internal auditor and company management regarding reports related to audit operations and the observations arising therefrom.
- Discussing with company management and internal audit management the adequacy of the company's internal accounting, financial, and operational controls.
- Reviewing all reports from the company's internal audit department and the responses from various departments to these reports.
- Recommending to the board the appointment of the internal audit manager and proposing their compensation.
- Evaluating the performance and qualifications of employees in the audit department who perform internal audit functions.
- Reviewing the appointment and replacement of the internal audit manager and reviewing the annual internal audit plan.
- Reporting to the board regarding the tasks mentioned above.

B. Compliance Assurance

- Reviewing reports from regulatory authorities and verifying that the company has taken the necessary actions towards them.
- Verifying the company's compliance with regulations, laws, policies, and instructions, and reviewing the effectiveness of systems related to ethical conduct.
- Reviewing contracts and transactions proposed to be conducted by the company with related parties and presenting its opinion on them to the board.
- Raising any matters it deems necessary for action to the board and providing recommendations on the steps to be taken.
- Monitoring operations related to compliance risks.
- Reviewing the adequacy of the company's internal control system, including the controls for the computer information system and cybersecurity.

C. External Auditors

- Providing recommendations to the board regarding the external auditor, including their selection, fees, or termination of their contract, and ensuring their independence.
- Supervising the external auditor's activities and approving any activities outside the scope of their work.
- Reviewing the audit plan with the external auditor and verifying that they do not provide any technical or administrative services outside the scope of the audit.
- Studying the external auditor's reports and their observations on the financial statements and following up on the actions taken regarding these observations.
- Responding to the external auditor's inquiries.
- The committee shall annually evaluate the external auditor's qualifications, performance, and independence.

- Recommending the appointment of the proposed external auditor to audit the financial statements, records, and accounts of the company and its subsidiaries.
- The committee shall review and approve the terms of the external auditor's contract with the company and their fees prior to the commencement of any audit or related matters.
- Obtaining an annual report from the external auditor detailing the quality of internal control, any material issues, and the procedures taken to address them.
- Obtaining confirmation from the external auditor that they are not aware of any illegal acts having occurred or likely to have occurred, except for cases that are clear.
- The committee shall consider the eligibility of rotating the external auditor every three years, to maintain independence from the company.
- The committee shall prepare reports to the board regarding the tasks mentioned above.

D. Financial Reporting

- Reviewing the financial statements and reports before they are presented to the board to ensure their integrity and accuracy, and providing opinions and recommendations.
- Studying the applied accounting policies and advising the board regarding any recommendations related to these policies.
- Providing a technical opinion to the board of directors regarding the fairness, balance, clarity, and adequacy of information in the financial statements.
- Studying material or unusual matters in the financial reports and verifying any issues raised by the Chief Financial Officer, the Compliance Officer, or the external auditor.
- Verifying the accounting estimates for material matters included in the financial report.



Second: Audit Committee Members:

Mr. Mazen Nasser AlSharfan Non-Board Member

Current Roles:

- Chief Internal Auditor, Red Sea Cruise Company, a subsidiary of the Public Investment Fund operating in the field of cruise ships, from 2022.
- Chairman of the Audit Committee, King Abdullah Port, a commercial port within King Abdullah Economic City operating in the field of port management, from 2022.
- Chairman of the Audit Committee, AJIL Financial Services Company, a joint-stock company operating in the field of financing, from 2024.
- Member of the Audit Committee, Virgin Megastore, a limited liability company operating in the field of retail sales, from 2022.
- Member of the Audit Committee, Anfas Al Raha Medical Company, a joint-stock company operating in the field of long-term medical care, from 2022.
- Member of the Audit Committee, Madinah Chamber, a Government entity operating in the field of providing services to the business sector, from 2024.

Previous Roles:

- General Manager of Internal Audit, Nahdi Medical Company, a listed joint-stock company operating in the field of pharmacy management, from 2018 to 2022.
- General Manager of Internal Audit, Economic Cities Authority, a Government entity operating in the field of providing Government services to investors, during 2017.
- General Manager of Internal Audit, Saudi Enaya Cooperative Insurance Company, a listed joint-stock company operating in the field of providing medical insurance, from 2014 to 2016.
- Director of Internal Audit, SEDCO Holding Company, a joint-stock company operating in the field of investment management, from 2009 to 2013.

Academic Qualifications:

- Bachelor's degree in Accounting, King Abdulaziz University.
- Executive Master's degree in Accounting, King Abdulaziz University.
- Master of Business Administration (MBA), Strayer University.

Mr. Mohamed AlSayed Mohamed Non-Board Member

Current Roles:

- Group 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 2013.
- Director, GII Islamic REIT Fund, UAE, from 2024.
- Director, Bonyan REIT Fund, a listed real estate fund, from 2018.
- Director, ALINMA Fund for Energy Services Investments, From November 2025.
- Member of the Audit Committee, AlRashid Trading and Contracting Company, a closed joint-stock company operating in the field of general construction, from 2023.
- Member of the Audit Committee, Arabian United Float Glass Company, a closed joint-stock company operating in the field of glass manufacturing, from 2021.
- Member of the Audit Committee, Tech Invest Com, a closed joint-stock company operating in the field of integrated office services, from 2020.
- Member of the Audit Committee, AlRashid ABETONG, a closed joint-stock company operating in the field of contracting, from 2017.
- Member of the Audit Committee, Golden Chicken Farms Co., a closed joint-stock company operating in the field of agricultural and animal production, from 2017.

Previous Roles:

- 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 2006 to 2013.
- Head of Accounts, Alex Cotton Company, an Egyptian company operating in the field of clothing manufacturing, from 2004 to 2006.

Academic Qualifications:

Bachelor's degree in accounting, Faculty of Commerce, Alexandria University – May 2003

Mr. Ghaith Raji Fayeز
Non-Board Member

Current Roles:

- Group Chief Internal Audit Executive, Roshn Group, a closed-joint stock company, operating in the field of real estate development, from 2025.
- Member of the Audit Committee, Saudi Council of Engineers, a professional body, from 2023.
- Member of the Audit and Risk Committee, Council of Health Insurance, a health council, from 2023.

Previous Roles:

- Chief Internal Audit Officer, Al Balad Development Company, a closed joint-stock company operating in the field of real estate development, from 2023 to 2025
- General Manager of Internal Audit, Saudi Entertainment Projects Company, a closed joint-stock company operating in the entertainment sector, from 2021 to 2023.
- General Manager of Internal Audit, Saudi Ground Services Company, a public joint-stock company operating in the transportation sector, from 2019 to 2021.

Academic Qualifications:

- Bachelor’s degree in Business Administration, King Abdulaziz University.
- Master of Business Administration (MBA), University of Manchester.

Mr. Christian Fritz Schuhmacher
Independent Director

Refer to p. [123] for his biography

Third: Audit Committee Meetings

The committee has held 11 meetings during 2025 according to the following schedule:

Audit Committee Members	06 Jan 2025	02 Feb 2025	10 Apr 2025	24 Apr 2025	06 May 2025	21 May 2025	03 Jun 2025	23 Jul 2025	19 Aug 2025	19 Oct 2025	23 Oct 2025	No. of Meetings Attended
Mr. Mazen Nasser AlSharfan	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	11
Mr. Ghaith Raji Fayeز	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	X	10
Mr. Mohamed Al-Sayed Mohamed	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	11
Mr. Christian Fritz Schuhmacher	*	*	✓	✓	✓	✓	✓	✓	✓	✓	✓	9

*Appointed as Audit Committee member on 12 March 2025

Nomination and Remuneration Committee

First: Responsibilities and Authority of the Nomination and Remuneration Committee

- Developing a policy for the remuneration of the Board, its committees, and executive management, submitting it for approval, linking it to performance, disclosing it, reviewing it annually, and submitting recommendations regarding the policy.
- Clarifying the relationship between the compensation granted and the applicable remuneration policy and stating any material deviation from this policy.
- Evaluating collective compensation based on performance and submitting recommendations to the Board of Directors for approval.
- Monitoring the disclosure of remuneration that is included in the annual report issued by the Board of Directors.
- Periodically reviewing the remuneration policy and assessing its effectiveness in achieving its intended objectives.
- Recommending to the Board of Directors the compensation for members of the Board of Directors, its subcommittees, and senior executives of the company.
- Preparing the Board of Directors' recommendations regarding appointment criteria, contract terms, and job descriptions for the Chief Executive Officer and senior executives, as well as nominating candidates in the executive management.
- Proposing clear policies and criteria for membership on the Board of Directors and executive management.
- Nominating and re-nominating members to the Board of Directors according to approved criteria, excluding those who have been convicted of a crime involving breach of trust.
- Preparing a description of the capabilities and qualifications required for membership on the Board of Directors, its committees, and for holding executive management positions.
- Determining the time a member is required to allocate to the tasks of the Board of Directors.
- Annually reviewing the skills and qualifications requirements for the Board of Directors, its committees, and executive management.
- Reviewing the structure of the Board of Directors, its committees, and executive management, and submitting recommendations regarding changes that might be needed.
- Annually verifying the independence of members and the absence of conflicts of interest arising from membership on the boards in other companies.
- Developing job descriptions for executive members, Non-Executive members, independent members, and senior executives.
- Establishing specific procedures in the event of a vacancy in the position of a member of the Board of Directors or a senior executive.
- Identifying weaknesses and strengths within the Board of Directors and proposing solutions to address them in a manner consistent with the company's interest.
- The committee may delegate any of its tasks to a subcommittee comprising one or more of its members.

Second: Nomination and Remuneration Committee Members

Mr. Riyadh Ali AlGhamdi
Non-Board Member

Current Roles:

- Chief Human Capital and Corporate Services Officer, National Unified Procurement Company (NUPCO), from 2022.
- Director and Chairman of the Financial Sustainability Committee, Saudi Red Crescent Authority, a Government entity operating in the field of health, from 2023.
- Director, Advanced Electronics Support Services Company, a limited liability company operating in the field of services, from 2017.
- Chairman, Global Technology Company for Pharmaceutical Products, a limited liability company operating in the field of health, from 2016.

Previous Roles:

- Director, Saudi Academy of Civil Aviation, a Government entity operating in the field of aviation, from 2021 to 2022.
- Head of Human Resources, Riyadh Airports, a Government entity operating in the field of aviation, from 2021 to 2022.
- Member of the Nomination Committee, Saudi Real Estate Institute, a Government entity operating in the field of real estate training, from 2019 to 2022.
- Head of Human Resources and Corporate Services, Center for National Health Insurance, a Government entity operating in the field of insurance, from 2018 to 2021.
- 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 2016 to 2018.

Academic Qualifications:

- Master of Business Administration (MBA), King Abdulaziz University.
- Bachelor's degree in Language, Imam Muhammad bin Saud Islamic University.

Dr. Ahmed Mohammad AlShahrani
Non-Board Member

Current Roles:

- Board Member of Shafaq Al-Bonyan Company for Contracting and Real Estate Development from 2025.
- Assistant Professor, Arab East Colleges from 2025.
- Board Member, National Documentation Company, NDC from 2024
- 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 2024.
- Faculty Member, College of Medical Sciences, University of Dammam, a Saudi Government university, from 2013.
- Member of the Development and Construction Committee, Prince Mohammed bin Abdulaziz Hospital, from 2013.
- Board Member of Shafaq Al-Bonyan Company for Contracting and Real Estate Development from 2025.
- Assistant Professor, Arab East Colleges from 2025.
- Board Member, National Documentation Company, NDC from 2024.

Previous Roles:

- Executive Director of Shared Services, National Center for Public Agencies Performance Measurement, a Government center operating in the field of measuring institutional performance, from 2021 to 2024.
- Director General of Clinical and Support Services, Royal Clinics of the Custodian of the Two Holy Mosques, a Government medical institution, from 2013 to 2018.
- Head of Emergency Medical Services, King Fahd Medical City, a medical hospital complex operating in the field of healthcare, from 2006 to 2013.

Academic Qualifications:

- Bachelor’s degree in Emergency Medicine, Eastern Kentucky University.
- Master of Business Administration (MBA), Arab East Colleges.
- Master’s degree in Emergency and Disaster Management, Eastern Kentucky University.
- Master’s degree in International Affairs and Diplomacy, United Nations Institute.
- PhD in Leadership and Policy Studies, Eastern Kentucky University.

Mr. Khalid Abdulkarim AlOrajj
Independent Director

Refer to p. [125] for his biography

Mr. Omran Abdul Rahman AlRashid
Non-Executive Director

Refer to p. [113] for his biography

Third: Nomination and Remuneration Committee Meetings

The committee has held 7 meetings during 2025 according to the following schedule:

Nomination and Remuneration Committee Members	15 Jan 2025	04 Mar 2025	08 May 2025	04 Jun 2025	15 Jul 2025	23 Jul 2025	05 Oct 2025	No. of Meetings Attended
Mr. Khalid Abdulkarim AlOrajj	✓	✓	✓	✓	✓	✓	✓	7
Mr. Omran Abdul Rahman AlRashid	✓	✓	✓	Attended by proxy	✓	✓	✓	7
Mr. Riyadh Ali AlGhamdi	✓	✓	✓	✓	✓	✓	✓	7
Mr. Ahmed Mohammed AlShahrani	✓	✓	✓	✓	✓	✓	✓	7

Executive Committee

First: Responsibilities of the Executive Committee:

- Review and recommend to the Board of Directors the strategic plans of the company with regular and periodic accompaniment to the implementation of the various strategic initiatives.
- Monitor the financial and operational performance of the company
- Review the planning components and budgets for the company and the company’s various business units.
- Review and evaluate investment proposals submitted by the executive management and recommend to the Board of Directors.
- Periodically review the performance of the company’s executive management to ensure alignment with operational plans and strategies and monitor progress towards achieving objectives.
- Conduct an annual review of the committee’s bylaw and recommend any changes to the Board of Directors for approval.
- Perform any other duties or responsibilities delegated by the Board of Directors from time to time.

Second: Executive Committee Members:

Mr. Sulaiman Abdul Rahman AlRashid
Non Executive Director

Refer to p. [111] for his biography

Dr. Maryam Mohammed Al-Qusai
Independent Director

Refer to p. [121] for her biography

Mr. Christian Fritz Schuhmacher
Independent Director

Refer to p. [123] for his biography

Mr. Khalid Abdulkarim AlOrajj
Independent Director

Refer to p. [125] for his biography

Third: Executive Committee Meetings:

The committee has held 9 meetings during 2025 according to the following schedule:

Executive Committee Members	06 Jan 2025	11 Feb 2025	25 Mar 2025	05 Jul 2025	28 Jul 2025	14 Sep 2025	02 Nov 2025	16 Dec 2025	22 Dec 2025	No. of Meetings Attended
Mr. Sulaiman Abdul Rahman AlRashid	✓	✓	✓	✓	✓	✓	✓	✓	✓	9
Dr. Maryam Mohammed AlQaseer	✓	✓	✓	✓	✓	✓	✓	✓	✓	9
Mr. Christian Fritz Schuhmacher	✓	✓	✓	✓	✓	✓	✓	✓	✓	9
Mr. Khalid Abdulkarim AlOrajj	*	✓	✓	✓	✓	✓	✓	✓	✓	8

*Appointed as an Executive Member on 12/01/2025

Board Performance Evaluation

- The Nomination and Remuneration Committee, in accordance with its mandate, reviews the structure of the Board of Directors, committees, and executive management in line with their respective mandates. It provides recommendations regarding possible changes and verifies the independence of independent members, ensuring no conflicts of interest exist between the member and their membership on other company boards.
- The committee also conducts an annual review of the necessary skills or appropriate expertise required for Board membership and executive management positions.
- The committee conducts periodic reviews of the disclosures made by Board members and committees to ensure the absence of conflicts of interest or competition with the company's core activities.

Measures Taken by the Board to Inform its Members, Particularly Non-Executive Members, of Shareholder Suggestions and Feedback on the Company and its Performance

- The company's Board of Directors, through the General Shareholders' Meetings, provides a platform for shareholders to express their comments and suggestions transparently regarding the company and its performance. Questions and inquiries are addressed during the meeting, and these questions and answers are included in the minutes of each meeting. They are presented to the Board members to keep them informed of these questions.
- The company has established a dedicated Shareholder Relations department aimed at handling all inquiries and complaints from shareholders and responding to them in a timely manner.
- Shareholders' suggestions received are discussed during Board of Directors meetings.

Company Remuneration Policy for Board Members and Committees

Policy for Determining Remuneration

- The Board of Directors shall submit its recommendations to the General Assembly regarding the remuneration to be provided to all members of the Board of Directors for annual approval. The Board of Directors' recommendation to the General Assembly in this regard shall be based on the recommendation of the company's Nomination and Remuneration Committee. The recommendations of the Nomination and Remuneration Committee and the Board of Directors must comply with applicable regulations, laws, rules, and policies (including this policy).
- The remuneration of Board members may consist of a fixed amount, in-kind benefits, attendance fees for meetings, or a specified percentage of the company's annual net profits. Two or more of these benefits may be combined.
- Notwithstanding the above, the remuneration of independent Board members shall not be a percentage of the company's net profits nor be directly or indirectly based on the company's profitability.
- The remuneration of Board members may vary in amount to reflect the member's experience, expertise, assigned duties, independence, number of sessions attended, and other considerations.
- The Board of Directors' report shall disclose the remuneration granted directly or indirectly to members of the Board of Directors and executive management.

Additional Remuneration

- The Chairman of the Board of Directors may receive additional remuneration beyond that to which he is entitled as a member of the Board of Directors. The Board of Directors shall determine such additional remuneration (if any) on an annual basis based on the recommendation of the Nomination and Remuneration Committee.
- Members of the Board of Directors may receive additional remuneration for their membership on committees beyond that to which they are entitled to as members of the Board of Directors. Such additional remuneration (if any) shall be determined in accordance with the above-mentioned policies.
- Members of the Board of Directors may receive additional remuneration for their positions as senior executives beyond that to which they are entitled as members of the Board of Directors. Such additional remuneration (if any) shall be determined in accordance with above-mentioned policy.
- If the Secretary of the Board of Directors is a member of the Board, he may receive additional remuneration beyond that to which he is entitled as a member of the Board of Directors. The Board of Directors shall determine such additional remuneration (if any) on an annual basis based on the recommendation of the Nomination and Remuneration Committee.

Remuneration for members of the Board of Directors, Executive Management and Committee Members

Statement on the Relationship Between Granted Rewards and Applicable Rewards Policy:

When recommending remuneration, the Nomination and Remuneration Committee reviews the relationship between the remuneration granted and the Remuneration Policy adopted by SMC. The Committee has not identified any significant deviations from the Remuneration Policy, Except for as disclosed in this section.

A- First: Board Members' Remuneration*

	Fixed Remuneration						Total
	Specific amount	Allowance for attending the Board sessions	Total annual allowance for attending committee sessions	In-kind benefits	Remuneration for technical, managerial, and consultative work	Remuneration of the Director or the Director or Secretary	
First: Independent Members							
Dr. Maryam Mohammed AlQaseer	200,000	-	45,000	-	-	-	245,000
Mr. Christian Fritz Schuhmacher	200,000	-	90,000	-	-	-	290,000
Mr. Khalid Abdulkarim AlOrajj	200,000	-	75,000	-	-	-	275,000
Total	600,000	-	210,000	-	-	-	810,000
Second: Non-Executive Members							
Mr. Sulaiman Abdul Rahman AlRashid	100,000	-	45,000	-	-	-	145,000
Mr. Omran Abdul Rahman AlRashid	100,000	-	30,000	-	-	-	130,000
Mr. Faisal Abdullah AlRashid	100,000	-	-	-	-	-	100,000
Mr. Abdullah Abdulaziz al-Tuwaijri	100,000	-	-	-	-	-	100,000
Mr. Yousef Rashid AlRashid	100,000	-	-	-	-	-	100,000
Total	500,000	-	75,000	-	-	-	575,000
Third: Executive Members							
N/A	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-
Grand Total	1,100,000	-	285,000	-	-	-	1,385,000

*The remuneration of the Board of Directors is paid after shareholders' approval in the General Assembly

	Variable Remuneration					Total	End of service	Expenses Allowances	Grand Total
	Percentage of the profits	Periodic remunerations	Short-term incentive plans	Long-term incentive plans	Granted shares				
	-	-	-	-	-	-	-	113,218	358,218
	-	-	-	-	-	-	-	161,436	451,436
	-	-	-	-	-	-	-	-	275,000
	-	-	-	-	-	-	-	274,654	1,084,654
	-	-	-	-	-	-	-	-	145,000
	-	-	-	-	-	-	-	-	130,000
	-	-	-	-	-	-	-	-	100,000
	-	-	-	-	-	-	-	-	100,000
	-	-	-	-	-	-	-	-	100,000
	-	-	-	-	-	-	-	-	575,000
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	274,654	1,659,654

B- Second: Remuneration Details for Top Five Senior Executives

	Salaries	Allowances	Total Fixed Remuneration	End of Service Award - 2025	Aggregate Amount
Top Five Senior Executives	8,112,000	1,827,000	9,939,000	630,579	10,569,579

C- Third: Remuneration of the Audit Committee

Members	Fixed Rewards (SAR)	Amount Paid for Attending all Sessions* (SAR)	Remuneration Total for each member (SAR)
Mr. Mazen Nasser Al-Sharfan	120,000	55,000	175,000
Mr. Ghaith Raji Fayez	120,000	50,000	170,000
Mr. Mohamed AlSayed Mohamed	120,000	55,000	175,000
Mr. Christian Fritz Schuhmacher	120,000	45,000	165,000
Total Remuneration of Audit Committee	480,000	205,000	685,000

*Amount based on SAR 5,000 per session

D- Fourth: Remuneration of the Nomination and Remuneration Committee

Members	Fixed Rewards (SAR)	Amount Paid for Attending all Sessions* (SAR)	Remuneration Total for each member (SAR)
Mr. Khalid Abdulkarim AlOrajj	100,000	35,000	135,000
Mr. Omran Abdul Rahman AlRashid	100,000	30,000	130,000
Mr. Riyadh Ali AlGhamdi	100,000	35,000	135,000
Mr. Ahmed Mohammed AlShahrani	100,000	35,000	135,000
Total Remuneration of Nomination and Remuneration Committee	400,000	135,000	535,000

*Amount based on SAR 5,000 per session

E- Fifth: Remuneration of Executive Committee

Members	Fixed Rewards (SAR)	Amount Paid for Attending all Sessions* (SAR)	Remuneration Total for each member (SAR)
Mr. Sulaiman Abdul Rahman AlRashid	100,000	45,000	145,000
Dr. Maryam Mohammed AlQaseer	100,000	45,000	145,000
Mr. Christian Fritz Schuhmacher	100,000	45,000	145,000
Mr. Khalid Abdulkarim AlOrajj	100,000	40,000	140,000
Total Remuneration of Executive Committee	400,000	175,000	575,000

*Amount based on SAR 5,000 per session

Company's Policy on Distributing Share Dividends and Shareholders' Rights

Policy on Distributing Share Dividends

Profit Distribution:

Based on the company's articles of association, the annual net profits, after deducting all general expenses and other costs, shall be distributed as follows:

- The Ordinary General Assembly shall determine the percentage of net profits to be distributed to shareholders, after deducting reserves, if any.
- The General Assembly may decide to establish reserves when determining the share of net profits allocated to shares, to the extent that serves the company's interest or ensures the distribution of dividends as consistently as possible to shareholders. The aforementioned General Assembly may also deduct amounts from net profits for social purposes benefiting the company's employees.

Interim Dividend Distribution:

The company may distribute interim dividends to its shareholders on a semi-annual or a quarterly basis, provided that the following requirements are met:

- The Ordinary General Assembly authorizes the Board to distribute interim dividends by a resolution that is renewed annually.
- The company demonstrates consistent strong profitability.
- The company maintains reasonable liquidity and can reasonably forecast its profit levels.
- The company has distributable profits according to the latest audited financial statements, sufficient to cover the proposed dividends, after deducting any distributions or capitalizations made from those profits after the date of those financial statements.

Statement of Dividends During 2025

- On January 21, 2025, the Company's Board of Directors resolved to distribute interim dividends to shareholders in the amount of SAR 100,000,000, in proportion to each shareholder's ownership in the Company's capital. These dividends were distributed and paid to shareholders on January 26, 2025.

On May 22, 2025, the Ordinary General Assembly convened and resolved the following:

1. To reverse the Board of Directors' resolution dated January 21, 2025, regarding the aforementioned interim dividend distribution, which had been paid to shareholders on January 26, 2025.
2. To reverse the Board of Directors' resolution dated November 5, 2024, which was approved by the General Assembly on December 15, 2024, regarding the distribution of interim dividends to shareholders in the amount of SAR 100,000,000, which had been paid on December 19, 2024.

3. To require shareholders to repay the amounts received, totaling SAR 200,000,000, to the Company's accounts no later than June 30, 2025.

The full amount was subsequently received and credited to the Company's bank account on June 30, 2025.

- The Board of Directors, in its meeting held on November 3, 2025, recommended to the General Assembly the distribution of exceptional cash dividends to shareholders in the amount of SAR 200,000,000. The Extraordinary General Assembly approved this recommendation at its

meeting held on January 6, 2026. Subsequent to the reporting date of the consolidated financial statements, the amount of SAR 200,000,000 was distributed and paid to shareholders.

- The Board of Directors, in its meeting held on March 8, 2026, recommended to the General Assembly the distribution of cash dividends to shareholders in the amount of SAR 80,000,000 for the financial year ended December 31, 2025.

Shareholders' Rights

- Demonstrating a steadfast commitment to safeguarding the rights of shareholders and stakeholders, the company has incorporated these rights into its governance regulations. Moreover, the company endeavours to ensure that shareholders and investors remain well informed about significant developments through the dissemination of financial reports, announcements, and crucial information. Essential information is accessible via the financial market "Tadawul" website and the company's electronic platform. Furthermore, general shareholders' assemblies prioritize communication with shareholders by offering direct channels for inquiries and feedback.
- The Board of Directors pledges to furnish shareholders with complete, transparent, accurate, and non-misleading information promptly, empowering them to fully exercise their rights.
- With a dedication to upholding fairness and equality among shareholders of the same class,

the Board of Directors works tirelessly to protect shareholders' rights, ensuring that no entitlement is unjustly withheld and that all shareholders receive their rightful share of profits, whether distributed in cash or through share issuance.

- The Board of Directors ensures that shareholders are invited to attend both ordinary and extraordinary general assemblies, facilitating their participation in discussions, queries, and voting processes. Moreover, shareholders are granted access to review the company's books and documents, including pertinent data and information concerning the company's activities and its operational and investment strategies, while safeguarding the company's interests and adhering to relevant laws and regulations.
- To foster effective and equitable communication between the company and its shareholders, a specialized investor relations department has been established, aimed at nurturing transparent and mutually beneficial relationships.

Shareholders' Register

In 2025, the company requested the shareholder register 5 times through the Securities Depository Center (Edaa), and the following are the dates and reasons of the requests:

#	Date	Reasons for Request
1	09 Jul 2025	Company Procedures
2	14 Aug 2025	Company Procedures
3	04 Sep 2025	Company Procedures
4	12 Nov 2025	Company Procedures
5	29 Dec 2025	General Assembly

Company's Announcements on Tadawul

SMC announced a number of strategic events and activities carried out throughout the year, which have been listed on the official website of the Saudi Stock Exchange (Tadawul). Below is a brief overview of each of these events and activities, categorized by announcement date, type, and subject:

Announcement Date	Announcement Type	Announcement Brief
22 Dec 2025	Update new project	Further to the announcement made by SMC Healthcare (the "Company" or "SMC") on Tadawul on 1 December 2025 regarding the intention to establish Al Wadi Real Estate Fund (the "Fund"), the Company announces that it has signed an agreement with BLME Capital Company (BLME Capital is a subsidiary of Bank of London and The Middle East plc which is a Sharia'a compliant bank, with an independent Sharia'a Supervisory Board, providing Real Estate focused Wealth Management solutions, commercial Real Estate Finance, and Savings products) to establish the Fund and transferring ownership of the land owned by the Company to the Fund. The Fund's primary objective will be to develop a mixed-use project on the contributed land located on Riyadh's Northern Ring Road

Announcement Date	Announcement Type	Announcement Brief
08 Dec 2025	Extraordinary General Assembly Meeting	The Board of Directors of Specialized Medical Co. (SMC Healthcare) is pleased to invite the shareholders to participate and vote in the Extraordinary General Assembly Meeting (First Meeting), which will be held at 06:30 PM on Tuesday 17-07-1447 corresponding to 06-01-2026 Via means of modern technology.
01 Dec 2025	New project	SMC Healthcare has intention to establish Al Wadi Real Estate Fund, a close-ended, Shariah-compliant real estate investment fund. As part of the fund's structure, SMC Healthcare will contribute its land parcel as an in-kind equity stake, securing an equity interest in the fund in return. The fund's primary objective will be to develop a five stars Hotel or a Healthcare project on the contributed land, with Bank of London and The Middle East (BLME Capital – Sharia Compliant Bank) appointed as the fund manager. The Board of Directors has authorized SMC's CEO to proceed with the necessary steps to complete the fund's formation. SMC will announce any material developments related to the fund's establishment in due course.
06 Nov2025	Earning call announcement	Specialized Medical Company (SMC) announces its intention to conduct an earnings conference call with investors and financial analysts to discuss the interim financial results for third quarter of 2025. The conference call will be held on Monday 10th November 2025 at 3:00pm (KSA time), corresponding to 19 Jumada – Al-Awwal 1447H.
04 Nov 2025	Dividends distribution	The Board of Directors has recommended to the General Assembly to distribute a special one-time cash dividend to shareholders.
04 Nov 2025	Interim Financial results	Specialized Medical Co. announces its Interim Financial results for the Period Ending on 2025-09-30 (Nine Months)

Announcement Date	Announcement Type	Announcement Brief
21 Oct 2025	New contract	SMC Healthcare signed of a lease agreement for its first outpatient clinic center on Prince Mohammad Bin Saad Bin Abdulaziz Road in Al Malqa District, located in the northwestern region of Riyadh. The outpatient clinic center includes 35 outpatient clinics offering a broad spectrum of specialties. The facility will also feature an urgent care center with emergency services, an outpatient pharmacy, and a dedicated parking area accommodating up to 100 vehicles. The operational launch is expected to begin in the first quarter of 2026.
16 Oct 2025	Signing of an Islamic Credit Facility Agreement	SMC Healthcare signed a credit Facility agreement at competitive terms and conditions with Saudi Awwal Bank ("SAB"), compliant with Islamic Sharia. The agreement includes a long-term facility amounting to SAR 800 million, in addition to a short-term working capital facility amounting to SAR 300 million.
29 Jul 2025	Transfer the statutory reserve balance to retained earnings	The Board of Directors' recommended to the General Assembly to approve the transfer of the entire balance of the statutory reserve amounting to SAR 49,653,238 to the retained earnings.
29 Jul 2025	Interim Financial results	Specialized Medical Co. announces its Interim Financial results for the Period Ending on 2025-06-30 (Six Months)
30 Jun 2025	Refund Dividends	SMC Healthcare receipt of SAR 200 million from the selling shareholders. This comes as part of the recently completed initial public offering (IPO), and in accordance with the supplementary prospectus for the IPO published on May 25, 2025, on the Capital Market Authority's (CMA) website.



The Company and Its Subsidiaries

Company Activities & Revenue Distribution

- The principal activities of the Company are the management and operation of hospitals, clinics, medical centres 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 Group recognizes revenue in the consolidated statement of profit or loss from the following sources:
 - Inpatient and outpatient services
 - a. Sale of medicines, food, and catering services
 - b. Other revenue

	For the year ended December 31, 2025 (SAR)	% Contribution to Overall Revenue
Services relating to inpatient and outpatient clinics	1,254,730,804	81.6%
Medicines - Pharmaceutical	258,034,331	16.8%
Food and catering services	25,695,333	1.6%
Total	1,538,460,468	100%

Company Subsidiaries, Affiliated Companies, and Joint Ventures

SMC has a total of 2 subsidiaries and affiliated companies listed below:

Company Name	Type [Subsidiary/Affiliated Company/Joint Venture]	Main Activity	Issued/Paid-up Share Capital (SAR)	Country of Operation	Country of Incorporation	Company's Ownership %
International Specialized Food Co	Subsidiary	Food and catering services	5,000,000	Riyadh	Kingdom of Saudi Arabia	100.00%
Al-Mukhtas Al-Sehhi Medical Co. LLC	Subsidiary	Hospitals for the treatment, rehabilitation and medical operation of addicts	10,000,000	Riyadh	Kingdom of Saudi Arabia	51.00%

Company's Geographical Distribution

The group operates exclusively within Riyadh, Kingdom of Saudi Arabia,, and all of its revenue is generated from its activities within the country.

Company Activities & Revenue Distribution

A) Business Results

Description	2025	2024	2023	2022	2021
Revenue (SAR)	1,538,460,468	1,437,825,324	1,367,929,567	1,208,651,638	1,053,123,670
Cost of Sales (SAR)	(1,155,569,572)	(1,075,825,030)	(1,011,480,327)	(922,979,371)	(815,695,113)
Gross Profit (SAR)	382,890,896	362,000,294	356,449,240	285,672,267	237,428,557
Net Profit (SAR)	266,226,640	185,219,494	168,696,041	102,960,668	55,967,019

B) Assets & Liabilities

Description	2025	2024	2023	2022	2021
Non-current Assets	1,614,730,726	1,461,031,682	1,455,824,584	1,391,512,189	1,231,335,273
Current Assets	785,110,192	582,859,986	618,405,662	495,330,155	605,083,174
Total Assets	2,399,840,918	2,043,891,668	2,074,230,246	1,886,842,344	1,836,418,447
Non-current Liabilities	659,958,574	448,199,980	518,265,731	505,282,506	610,601,958
Current Liabilities	552,028,390	768,596,101	710,915,290	649,725,316	541,570,797
Total Liabilities	1,211,986,964	1,216,796,081	1,229,181,021	1,155,007,822	1,152,172,755

Company Loans

Movement of Long Term Loans	As of December 31, 2025 (S)
Balance as of the beginning of the year	143,877,551
Additions during the year	200,000,000
Paid during the year	(57,551,020)
Balance as of the ending of the year	286,326,531
Current portion of long term loans	57,551,020
Non-current portion of long term loans	228,775,511

Movement of Government Loans	As of December 31, 2025 (S)
Balance as of the beginning of the year	2,747,992
Paid during the year	(2,747,992)
Balance as of the ending of the year	-
Current portion of government loan	-

Total Year-End Loan Balances	As of December 31, 2025 (S)
Long term loans	286,326,531
Short term loan	246,523,301
Long term and short term Loans	532,849,832

Company Transactions with Related Parties

SMC is committed to reviewing potential conflicts of interest within its Board of Directors and executive management. Conducting transactions with related parties, the company strictly adheres to approved policies, regulations, and applicable laws. Contracts involving a member of the Board of Directors, executive management, or their affiliates, as well as transactions with other related parties, are as follows:

Related Party	Type of interest	Company Name	Contract Terms	Duration of Contract	Transaction Value for 2025 (S)	Nature of Contract
Mr. Sulaiman Abdul Rahman AlRashid Board Member	Indirect	Bunyan Saudi Co.	These transactions were conducted in the ordinary course of business on an arm's length basis	10 years	16,236,917	An agreement to lease Tower 2 building (within SMC Hospital Complex 1 – King Fahd Road).
Mr. Omran Abdul Rahman AlRashid Board Member						
Mr. Sulaiman Abdul Rahman AlRashid Board Member	Indirect	Bunyan Saudi Co.	These transactions were conducted in the normal course of business on a commercial basis.	During 2025	5,085,016	Maintenance and service expenses related to Tower 2 building (within SMC Hospital Complex 1 – King Fahd Road).
Mr. Omran Abdul Rahman AlRashid Board Member						
Mr. Sulaiman Abdul Rahman AlRashid Board Member	Indirect	Advanced Food Co.	These transactions were conducted in the normal course of business on a commercial basis.	3 years	2,546,095	Leasing spaces within the Company's buildings.
Mr. Omran Abdul Rahman AlRashid Board Member						
Mr. Sulaiman Abdul Rahman AlRashid Board Member	Indirect	Abdul Rahman Saad AlRashid and Sons Co.	These transactions were conducted in the normal course of business on a commercial basis.	During 2025	6,134,717	Construction contracts work related to SMC
Mr. Omran Abdul Rahman AlRashid Board Member						

Related Party	Type of interest	Company Name	Contract Terms	Duration of Contract	Transaction Value for 2025 (ﷲ)	Nature of Contract
Mr. Sulaiman Abdul Rahman AlRashid Board Member Mr. Omran Abdul Rahman AlRashid Board Member	Indirect	Abdul Rahman Saad AlRashid and Sons Co.	These transactions were conducted in the normal course of business on a commercial basis.	During 2025	439,056	Purchases of food supplies.
Mr. Sulaiman Abdul Rahman AlRashid Board Member Mr. Omran Abdul Rahman AlRashid Board Member	Indirect	Code Innovative Co.	These transactions were conducted in the normal course of business on a commercial basis.	One year	831,450	Valet parking services.
Mr. Sulaiman Abdul Rahman AlRashid Board Member Mr. Omran Abdul Rahman AlRashid Board Member	Indirect	Bunyan REIT	These transactions were conducted in the normal course of business on a commercial basis.	One year	273,000	Lease agreements for residential villas for employees.
Mr. Sulaiman Abdul Rahman AlRashid Board Member Mr. Omran Abdul Rahman AlRashid Board Member Mr. Faisal Abdul- lah Al Rashed – Board Member	Indirect	Danah Real Estate	These transactions were conducted in the normal course of business on a commercial basis.	One year	344,373	Office lease agreement.
Al-Mukhtas Al-Sehhi Medical Company.	Indirect	Al-Mukhtas Al-Sehhi Medical Co.	These transactions were conducted in the ordinary course of business on an arm’s length basis	During 2025	557,740	Expenses paid by the Company on behalf of Al-Mukhtas Al-Sehhi Medical Company, (Subsidiary Company in which the Company owns 51%)

Related Party	Type of interest	Company Name	Contract Terms	Duration of Contract	Transaction Value for 2025 (ﷲ)	Nature of Contract
Mr. Yousef Rashid AlRashed Board Member	Indirect	Food Aroma Trading Co. Ltd.	These transactions were conducted in the ordinary course of business on an arm’s length basis	During 2025	2,222,384	Purchases of food supplies.
Mr. Abdullah Abdulaziz al-Tuwajiri Board Member	Indirect	Al-Thamad Trading Co.	These transactions were conducted in the ordinary course of business on an arm’s length basis	One Year	3,169,795	Purchases of travel tickets for the Company’s employees.

Government Payments in 2025

Payment Type	Payment in (ﷲ)	Due Balance in (ﷲ)	Reasons for Unpaid Balance
Visa, Passports, Labor Office, and Municipal Fees	17,526,975	0	-
Value Added Tax	136,982,866	16,253,781	VAT on supplies of goods and services
Zakat and with-holding tax	5,249,056	7,055,923	Annual Zakat Declaration and With-holding tax on foreign service providers and non-residents
Social Insurances	28,363,710	2,377,906	The monthly insurance payable for Saudi and non-Saudi workers
Custom Fees	52,029	0	-
TOTAL	188,174,636	25,687,610	-

Governance Policies and Declarations

Summary of Governance Policy

The Board of Directors establishes governance rules based on transparency, accountability, and independence to ensure business sustainability and achieve maximum effectiveness and integrity. The company adopts policies and procedures that are implemented to ensure integrity, activate oversight and compliance, prevent conflicts of interest, protect shareholder rights, and achieve full compliance with the provisions of the Corporate Governance Regulations issued by the Capital Market Authority, while emphasizing the principles of disclosure and transparency.

- Executive management executes policies and procedures, and renews them periodically, including those related to the disclosure of significant developments, financial data, and performance reports, ensuring compliance with legal requirements and regulations.
- The company pledges to promptly inform the Saudi Arabian Capital Market Authority and the public of any material developments affecting its assets, liabilities, financial position, or overall direction, not previously known to the public.
- Formation of committees under the Board of Directors, including the Audit Committee and the Remuneration and Nomination Committee, with members appointed in accordance with Corporate Governance Regulations issued by the Saudi Arabian Capital Market Authority and approved regulatory bylaws.

Summary of Risk Management Policy

The company is committed to protecting its people, assets, reputation, and shareholder value by proactively managing risk. This policy establishes a framework for identifying, assessing, managing, and monitoring material risks across the organization. Our goal is not to eliminate all risk but to make informed decisions to optimize risk and reward, ensuring the resilience and long-term sustainability of the Company in line with our strategic objectives.

- **Proactive Risk Management Framework:**
The company will maintain a structured and continuous cycle for identifying, assessing, managing, and monitoring material risks. This framework is integrated into strategic planning and daily decision-making across the organization.
- **Comprehensive Risk Categories**
The framework covers all key risk areas: Strategic, Operational, Financial, Compliance, and ESG.

- **Defined Risk Appetite & Tolerance**
The Board will formally define the company’s Risk Appetite—the types and amount of risk it is willing to accept to achieve its strategy. Specific Risk Tolerance levels are set for key areas to guide management
- **Systematic Risk Response Strategies**
For each material risk, a clear response is mandated: Avoid the activity, Reduce/Mitigate with controls, Share/Transfer (e.g., via insurance), or Accept the risk consciously within appetite.
- **Company-Wide Risk Culture**
Foster a culture where all employees are responsible for identifying and escalating risks. Provide training to ensure risk awareness is embedded in all activities and encourage open communication.
- **Regular Risk Reporting to the Board**
Management will provide comprehensive and regular risk reports to the Board and its committees. These reports detail top risks, mitigation progress, control effectiveness, and emerging threats..
- **Annual Policy & Framework Review**
This policy and the overall risk management framework will be formally reviewed at least annually by the Board to ensure it remains relevant and effective in a changing business environment

Implementation of Corporate Governance Regulations and Reasons for Non-compliance

The company has implemented all mandatory provisions of the Corporate Governance Regulations issued by the Saudi Arabian Capital Market Authority,

Statement of General Assembly Meetings Dates for Shareholders During the Year 2025.

Commitment to specifying and announcing the date, location, and agenda of the General Assembly meeting at least 21 days prior to convening. Announcements are published on the Saudi Arabian Capital Market Authority’s website (Tadawul), utilizing modern communication methods for meeting conduct.

Name	13 Mar 2025 Extraordinary General Assembly	18 May 2025 Ordinary General Assembly	22 May 2025 Ordinary General Assembly
Mr. Sulaiman Abdul Rahman AlRashid	✓	✓	✓
Mr. Omran Abdul Rahman AlRashid	✓	✓	✓
Mr. Faisal Abdullah AlRashid	✓	✓	✓
Mr. Abdullah Abdulaziz Al-Tuwaijri	✓	✓	✓
Mr. Yousef Rashid AlRashid	✓	✓	✓
Dr. Maryam Mohammed AlQaseer	✓	✓	✓
Mr. Christian Fritz Schuhmacher	✓	✓	✓
Mr. Khalid Abdulkarim AlOraij	✓	✓	✓

A statement of the Value of any Investments or Reserves Created for the Benefit of the Company’s Employees

The company has not yet created any investments or reserves for the benefit of its employees.

Future Plans

At SMC Healthcare, our expansion strategy is aligned with Saudi Vision 2030 and driven by the evolving healthcare needs of the Kingdom, particularly in Riyadh. With increasing demand for specialized, patient-centered care, SMC continues to advance with a clear and scalable growth plan.

Within Riyadh, SMC is actively progressing its expansion roadmap, with upcoming facilities (SMC 3, 4, and 5) moving forward as part of our strategic pipeline to enhance accessibility and strengthen outpatient and ambulatory services.

Beyond Riyadh, we are exploring OPEX-based hospital opportunities both within and across the Kingdom, enabling efficient and sustainable expansion into new and underserved markets.

In parallel, SMC is exploring opportunities to establish satellite and/or standalone clinics, similar to Al Malqa, to further extend our reach, improve patient access, and strengthen continuity of care across our network.

Internally, we continue to enhance our existing facilities and services with the ongoing expansion of our outpatient clinics, physiotherapy services and expansion of the Radiology and Cathlab areas to meet the increased patient flow. In addition, there are ongoing enhancements to improve patient flow, reduce waiting times, and elevate the overall patient experience.

Supported by ongoing investments in digital transformation, workforce development, and clinical excellence, SMC remains committed to delivering high-quality, patient-centered care while strengthening its position as a leading healthcare provider in the Kingdom.

Internal Audit and Board of Directors' Confirmations

Internal Control Procedures:

The Company's executive management has established a comprehensive framework of internal policies and procedures covering administrative, financial, and technical functions, to support effective governance, risk management, and compliance.

The Internal Audit Department plays a key role through:

- Conducting risk-based periodic assessments of the internal control system across all departments.
- Evaluating operational efficiency and ensuring compliance with applicable laws, regulations, and internal policies.
- Reporting regularly to the Audit Committee on key findings, control deficiencies, and recommendations, and following up on corrective actions.
- Promoting continuous improvement of internal controls to ensure they are properly designed and effectively implemented.
- Maintaining functional reporting to the Audit Committee to ensure independence from executive management.

1. Annual Review of the Adequacy of the Internal Control System

The Audit Committee conducts an annual review of the adequacy and effectiveness of the internal control system based on Internal Audit reports and ongoing monitoring of management's implementation of recommendations.

Based on its review, the Audit Committee confirms that:

- The internal control system is adequately designed and effectively implemented.
- No material weaknesses or significant deficiencies were identified.
- Controls are effective in preventing and detecting risks, errors, and irregularities.
- No material breaches of internal controls occurred during the financial year 2025.

2. Appointment of External Auditor

The Audit Committee recommended the appointment of Deloitte & Touche & Co. as the external auditor for the fiscal year 2025 after assessing their independence and professional competence. The General Assembly approved this appointment on 18 May 2025.

3. Compliance with Accounting Standards

The Audit Committee confirms that the Company's financial statements have been prepared in accordance with applicable accounting standards and regulatory requirements, with no material deviations identified during the financial year 2025.

Board of Directors' Confirmations

The Board of Directors is committed to ensuring the company's compliance with regulations and instructions that ensure the effectiveness of the company's performance. Based on a series of measures taken during 2025, the Board of Directors confirms the following:

A. Audit Committee's Recommendations that conflict with the Decisions of the Board of Directors

There is no conflict between the recommendations of the Audit Committee and the decisions of the Board of Directors.

B. Reservations on External Audit Reports

- The external auditor provided their opinion without any reservations on the consolidated financial statements.
- The Board of Directors does not recommend changing the external auditors before the designated period.

C. Waivers of Board Members’ Bonuses, Shareholders’ Profits, and Employee Investments

- There are no arrangements or agreements through which any member of the Board of Directors waives bonuses or prescribed attendance allowances.
- There are no arrangements or agreements through which any shareholder of SMC waives any rights to profits.
- There are no investments or other provisions established for the benefit of the SMC’s employees.

D. Competition Activities or Transactions with Related Parties

There are no competition activities or transactions related to the company’s business or any of its branches, carried out by any member of the Board of Directors.

E. Debt Instruments, Subscription Rights, or Contractual Securities on the Company

1. There is no interest in the category of voting shares held by individuals (excluding members of the company’s Board of Directors, senior executives, and their relatives) who have notified the company of such rights, and any changes in those rights during the last fiscal year.
2. There are no convertible debt instruments, contractual securities, subscription warrants, or similar rights issued or granted by the company during the fiscal year, with an explanation of any consideration received by the company in return.
3. There are no shares or debt instruments issued to the Board of Directors or their relatives in from the company or its subsidiaries in 2025
4. There are no shares or debt instruments held by top executives or their relatives in the company’s or its subsidiaries’ shares in 2025.
5. There are no conversion or subscription rights under convertible debt instruments, contractual securities, subscription warrants, or similar rights issued or granted by the company.
6. There is no redemption, purchase, or cancellation by the company of any redeemable debt instruments, with the remaining value of the securities, distinguishing between the listed securities purchased by the company and those purchased by its subsidiaries.
7. There are no debt instruments issued by the company to any of its subsidiaries.
8. There are no treasury shares held by the company.

F. A statement of the Penalties, Precautionary Measures, or Precautionary Restrictions Imposed on the Company by Supervisory, Regulatory, or Judicial Authorities.

Statutory Payments

Except as provided below, there is no material punishment, penalty, precautionary procedure or preventive measure imposed on the Company by the Capital Market Authority or any other supervisory, regulatory or judiciary authority. The following table shows a summary of the violations that were imposed on the Company in 2025, and the corrective measures taken by the Company in relation to these violations and the steps taken to avoid their recurrence:

Penalty Amount (ﷲ)	Reasons for Noncompliance	The Imposing Authority	Methods of Remedying and Preventing Future Occurrences
350,000	Violations of the law of Private health Institutions	General Directorate of Health Affairs	The payments have been made, with the necessary corrective measures taken by the Company in a timely manner, and the commitment of the competent department to the regulatory requirements has been confirmed.
553,000	Case settlement	Ministry of Justice	
33,150	Violation of Labor Law	Ministry of Labor and Social Development law	

G. Declaration of Major Structural Changes and Operational Expansions/Halting

Driven by the addition of 57 clinics in SMC 1 and 20 clinics in SMC 2, along with the opening of Al Malqa Clinics in Q1 of 2026, the total number of clinics increased by approximately 20%. Additionally, SMC became a publicly listed company in 2025, a strategic milestone that has strengthened its capital base and enabled this accelerated expansion.

H. Confirmations on Financial Records Preparedness, Internal Control System Establishment, and Company’s Ability to Continue its Operations

1. The financial records have been prepared correctly.
2. The internal control system has been established on sound foundations and implemented effectively.
3. There is no significant doubt regarding the company’s ability to continue its operations.

5. Financial Statements

Independent Auditor's Report

Consolidated Statement of Financial Position

Consolidated Statement of Profit or Loss and
Other Comprehensive Income

Consolidated Statement of Changes in Equity

Consolidated Statement of Cash Flows

Notes to the Consolidated Financial Statements





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Chartered Accountants
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INDEPENDENT AUDITOR’S REPORT

**TO THE SHAREHOLDERS OF SPECIALIZED MEDICAL COMPANY
 (SAUDI JOINT STOCK COMPANY)
 RIYADH, KINGDOM OF SAUDI ARABIA**

Opinion

We have audited the consolidated financial statements of **Specialized Medical Company** (“the Company”) and its subsidiaries (together, “the Group”), which comprise the consolidated statement of financial position as at December 31, 2025, 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 at December 31, 2025, 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”) as 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) as endorsed in the Kingdom of Saudi Arabia (“the Code”), as applicable to audits of financial statements of public interest entities, 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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming auditor’s opinion thereon, and we do not provide a separate opinion on these matters.



Deloitte and Touche & Co.
Chartered Accountants

**INDEPENDENT AUDITOR’S REPORT (CONTINUED)
 TO THE SHAREHOLDERS OF SPECIALIZED MEDICAL COMPANY
 (SAUDI JOINT STOCK COMPANY)**

Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
<p>Revenue recognition</p> <p>The Group reported revenue of SR 1.54 billion in the consolidated statement of profit or loss and other comprehensive income.</p> <p>The Group predominantly earns revenue from medical services to inpatient, outpatient and the sale of medicines.</p> <p>The Group recognizes revenue from patient services when the services are provided to the patient. Revenue from outpatient services is recognized once the service has been rendered, whereas revenue from inpatient services is recognized over the period that the services are rendered.</p> <p>Revenue is recognized at the amount of the transaction price, net of discounts and expected rejections.</p> <p>Revenue from the sale of medicines is recognized when the medicine is delivered or administered to the patient or customer .</p> <p>The amount of revenue recognized is subject to variability as a result of the existence of discounts relating to, inter alia, early payment and volume discounts as well as expected rejections. Management makes significant estimates to determine the level of expected rejections, which are based on historical rejection rates:</p>	<p>Our audit procedures included, inter alia, the following:</p> <ul style="list-style-type: none"> • We obtained an understanding of the process adopted by management to measure and recognize revenue from healthcare services, including the key controls in this process. • We assessed the abovementioned controls to determine if they were appropriately designed and implemented. • Assessed the Group’s policies for recognizing revenue against the requirements of IFRSs that are endorsed in the Kingdom of Saudi Arabia. • Evaluated the significant judgements applied and estimates made by management to determine variable considerations related to expected rejections by: <ul style="list-style-type: none"> ○ assessing management’s estimation methodology, which includes applying historical trends to current balances as well as taking into account most recent available information; and ○ recalculating early payment and volume discounts.



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Chartered Accountants

**INDEPENDENT AUDITOR’S REPORT (CONTINUED)
TO THE SHAREHOLDERS OF SPECIALIZED MEDICAL COMPANY
(SAUDI JOINT STOCK COMPANY)**

Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
<p>We identified revenue recognition as a key audit matter as a result of the following factors:</p> <ul style="list-style-type: none"> the level of estimates made by management; the requirement contained within ISAs which causes us to presume that revenue is materially misstated due to fraud; the quantitative significance of the amount to the consolidated financial statements; and the level of audit effort required. <p><i>Refer to note 2.24 in the consolidated financial statements for the accounting policy related to revenue recognition, note 3(d) for key judgements and estimates related to revenue recognition and note 22 for further details of the revenue recognized during the year.</i></p>	<ul style="list-style-type: none"> Performing a retrospective review, on a sample basis, of actual claims settled against original gross claims to assess the rejection rates made by management. Utilizing our Data Analytics experts to match hospital information system inputs to the corresponding service invoices and further matching these invoices to insurance claims and cashier collections. We selected samples of recorded revenue transactions which occurred before and after the reporting date to determine if these transactions were recorded in the correct year. <p>We assessed the disclosure in the consolidated financial statements relating to this matter against the requirements of IFRSs that are endorsed in the Kingdom of Saudi Arabia.</p>

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor’s report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



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**INDEPENDENT AUDITOR’S REPORT (CONTINUED)
TO THE SHAREHOLDERS OF SPECIALIZED MEDICAL COMPANY
(SAUDI JOINT STOCK COMPANY)**

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 Regulations for Companies and the Company’s Bylaws 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. the 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 controls 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 Group’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Deloitte.

Deloitte and Touche & Co.
Chartered Accountants

**INDEPENDENT AUDITOR’S REPORT (CONTINUED)
TO THE SHAREHOLDERS OF SPECIALIZED MEDICAL COMPANY
(SAUDI JOINT STOCK COMPANY)**

Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements (continued)

- 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because of the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Deloitte and Touche & Co.
Chartered Accountants



Waleed bin Moh'd Sobahi
Certified Public Accountant
License No. 378



Ramadan 23, 1447 AH
March 12, 2026



SPECIALIZED MEDICAL COMPANY
(A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2025

	Notes	As of December 31,	
		2025 (SAR)	2024 (SAR)
Assets			
Current assets			
Cash and cash equivalents	4	246,702,575	92,487,981
Financial assets at FVTPL	5	2,742,437	-
Trade receivables	6	459,343,034	406,603,950
Due from related parties	7	2,897,722	6,545,669
Inventories	8	27,158,904	22,762,339
Other current assets	9	46,265,520	54,460,047
Total current assets		785,110,192	582,859,986
Non-current assets			
Property and equipment	10	1,251,608,196	1,259,153,397
Right-of-use assets	11	263,122,530	201,878,285
Investments in equity instruments at FVTPL	12	100,000,000	-
Total non-current assets		1,614,730,726	1,461,031,682
Total assets		2,399,840,918	2,043,891,668
Liabilities and equity			
Current liabilities			
Due to related parties	7	1,000,447	384,626
Trade payables	13	115,494,647	104,158,709
Lease liabilities	11	39,655,973	23,536,645
Short-term loans	14	246,523,301	490,537,492
Long-term loans - current portion	15	57,551,020	57,551,020

SPECIALIZED MEDICAL COMPANY
(A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)
AS OF DECEMBER 31, 2025

	Notes	As of December 31,	
		2025 (SAR)	2024 (SAR)
Government loan	16	-	2,747,992
Deferred government grant	16	-	96,177
Zakat payable	17	9,837,798	8,351,552
Other current liabilities	18	81,965,204	81,231,888
Total current liabilities		552,028,390	768,596,101
Non-current liabilities			
Trade payables	13	-	329,686
Lease liabilities	11	253,628,195	201,991,562
Long-term loans – non-current portion	15	228,775,511	86,326,531
Employees defined benefits liabilities	19	177,554,868	159,552,201
Total non-current liabilities		659,958,574	448,199,980
Total liabilities		1,211,986,964	1,216,796,081
Equity			
Share capital	20	250,000,000	250,000,000
Statutory reserve	21	49,653,238	49,653,238
Retained earnings		888,200,716	527,442,349
Total equity		1,187,853,954	827,095,587
Total Liabilities and equity		2,399,840,918	2,043,891,668

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

SPECIALIZED MEDICAL COMPANY
(A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2025

	Notes	For the year ended December 31,	
		2025 (SAR)	2024 (SAR)
Revenue	22	1,538,460,468	1,437,825,324
Cost of revenue	23	(1,155,569,572)	(1,075,825,030)
Gross profit		382,890,896	362,000,294
Selling and marketing expenses	24	(15,993,616)	(8,949,370)
General and administrative expenses	25	(123,546,497)	(115,775,408)
Operating profit		243,350,783	237,275,516
Finance costs	26	(50,935,691)	(52,156,822)
Other income	27	80,085,220	8,536,373
Profit before zakat		272,500,312	193,655,067
Zakat	17	(6,273,672)	(8,435,573)
Profit for the year		266,226,640	185,219,494
Earnings per share (EPS)			
Basic and diluted EPS	28	1.06	0.74
Other comprehensive income:			
Items which will not be reclassified subsequently to profit or loss:			
Re-measurement of employees defined benefits liabilities	19	(5,468,273)	(3,173,132)
Total other comprehensive loss for the year		(5,468,273)	(3,173,132)
Total comprehensive income for the year		260,758,367	182,046,362

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

SPECIALIZED MEDICAL COMPANY
(A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2025

	Notes	Share capital (SAR)	Statutory reserves (SAR)	Retained earnings (SAR)	Total equity (SAR)
For the year ended December 31, 2024					
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					
Transactions with owners in their capacity as owners:					
Transfer during the year	29	165,000,000	-	(165,000,000)	-
Dividends	30	-	-	(200,000,000)	(200,000,000)
Balance as of December 31, 2024		250,000,000	49,653,238	527,442,349	827,095,587
For the year ended December 31, 2025					
Balance as of December 31, 2024		250,000,000	49,653,238	527,442,349	827,095,587
Profit for the year		-	-	266,226,640	266,226,640
Total other comprehensive loss		-	-	(5,468,273)	(5,468,273)
Total comprehensive income for the year					
Transactions with owners in their capacity as owners:					
Refund dividends	7	-	-	100,000,000	100,000,000
Balance as of December 31, 2025		250,000,000	49,653,238	888,200,716	1,187,853,954

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

SPECIALIZED MEDICAL COMPANY

(A SAUDI JOINT STOCK COMPANY)

**CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE YEAR ENDED DECEMBER 31, 2025**

Cash flows from operating activities	Notes	For the year ended December 31,	
		2025 (S)	2024 (S)
Profit before zakat		272,500,312	193,655,067
Adjustments for non-cash items:			
Depreciation of property and equipment	10	62,456,577	58,466,711
Depreciation of right-of-use assets	11	30,595,506	29,012,344
Expected credit loss charged	6	12,635,319	9,678,156
Amortization of government grant	16	(96,177)	(189,110)
Employees defined benefits liabilities charged	19	18,755,968	19,112,901
Finance costs	26	50,935,691	51,967,712
(Gain) / Loss from disposal property and equipment	27	(60,487,355)	2,293,977
Realized & unrealized loss on financial assets at FVTPL	5	391,178	-
Cash flows from operating activities before changes in working capital items		387,687,019	363,997,758
Trade and other receivables		(65,374,403)	92,163,892
Due from related parties		3,647,947	(5,531,137)
Inventories		(4,396,565)	3,185,982
Other current assets		8,194,527	(19,286,221)
Due to related parties		615,821	(510,898)
Trade payables		11,006,252	(10,989,870)
Other current liabilities		733,316	(7,971,871)
Cash generated from operating activities		342,113,914	415,057,635
Zakat paid	17	(4,787,426)	(5,798,663)
Employees defined benefits liabilities paid	19	(14,587,000)	(25,474,596)
Net cash generated from operating activities		322,739,488	383,784,376
Cash flows from investing activities			
Purchase of property and equipment	10	(64,661,904)	(67,471,090)
Additions on projects under progress	10	(29,797,460)	(26,795,835)
Proceeds from disposal of property and equipment		35,343	930,513
Additions on financial assets at FVTPL	5	(7,072,566)	-

SPECIALIZED MEDICAL COMPANY

(A SAUDI JOINT STOCK COMPANY)

**CONSOLIDATED STATEMENT OF CASH FLOW (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2025**

Cash flows from operating activities	Notes	For the year ended December 31,	
		2025 (S)	2024 (S)
Proceeds from sold financial assets at FVTPL	5	3,938,951	-
Net cash used in investing activities		(97,557,636)	(93,336,412)
Cash flows from financing activities			
Refund dividends	7	100,000,000	-
Dividends paid	30	-	(200,000,000)
Proceeds from short term loans		658,279,809	760,537,492
Repayment of short term loans		(902,294,000)	(685,000,000)
Proceeds from long term loans	15	200,000,000	-
Repayment of long term loans	15	(57,551,020)	(57,551,020)
Repayment of government loan	16	(2,747,992)	(2,655,063)
Payment of lease liabilities	11	(34,219,665)	(25,307,878)
Finance cost paid		(32,434,390)	(35,806,499)
Net cash used in financing activities		(70,967,258)	(245,782,968)
Net increase in cash and cash equivalents during the year		154,214,594	44,664,996
Cash and cash equivalents as of January 1		92,487,981	47,822,985
Cash and cash equivalents as of December 31	4	246,702,575	92,487,981
Non-cash transactions			
Investments in equity instruments at FVTPL	10 & 12	100,000,000	-
Transfer of projects under progress to property and equipment	10	235,000	29,234,646
Additions of right of use assets and lease liabilities	11	91,839,751	1,643,718
Re-measurement of employees defined benefits liabilities	19	(5,468,273)	(3,173,132)
Increase share capital through retained earnings	29	-	165,000,000

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

SPECIALIZED MEDICAL COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

1. COMPANY INFORMATION AND ACTIVITIES

Specialized Medical Company is a Saudi Closed Joint Stock Company (hereinafter referred to as the "Company") operating in the Kingdom of Saudi Arabia under Commercial Registration number 1010123832 dated 24 April 1994 (corresponding 13 Dhul Qa'dah 1414H). On 26 March 2025 (corresponding 26 Ramadan 1446H) the Company obtained regulatory approval to proceed with its Initial Public Offering (IPO). On 25 June 2025 (corresponding 29 Dhul Hijjah 1446H) The Company completed its Initial Public Offering (IPO) and its shares were listed on main Saudi stock exchange – Saudi Tadawul Group – and started trading with the symbol 4019 and ISIN code SA16BOCHUPH2 accordingly the Company was converted from (Saudi Closed Joint Stock Company) to (Saudi Joint Stock Company).

The Company operates its activities under the following Ministry of Health Licenses:

Branch Name	License Number	License Date
SMC hospital – King Fahad Road	1410101001200015	May 12, 1999
Diet World center	1410106408400004	Nov 26, 2008
Specialized Medical Center hospital	1410101009700085	April 22, 2014
SMC Medical Clinics	1400090183	Oct 22, 2025

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 registered address of the company's office is Building No. 6678, located on King Fahd Road, Al Olaya District, Secondary Number 4405, Postal Code 12311, Riyadh.

SPECIALIZED MEDICAL COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2025

1. COMPANY INFORMATION AND ACTIVITIES (Continued)

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	Address	Commercial Registration Date
Specialized Medical Center hospital – SMC 1 - King Fahad Road	1010150227	Hospitals	Riyadh	June 24, 1998
Diet World – SMC	1010156585	Catering centers; activities of contractors providing food services; operation of catering services in sports facilities and similar venues under a defined franchise system; activities of contractors providing food services to aircraft.	Riyadh	Dec 4, 1999
Specialized Medical Center hospital – SMC 2 - King Abdullah Road	1010413585	Hospitals	Riyadh	May 8, 2014
Specialized Medical Company – SMC	1010431691	Hospitals; medical care hospitals; hospitals for addiction treatment and rehabilitation; medical operation of hospitals; general medical complexes; medical clinics.	Riyadh	Mar 23, 2015
Specialized Medical Company – SMC 3 – Northern Ring Road	1010851377	Public hospitals	Riyadh	Dec 28, 2022

SPECIALIZED MEDICAL COMPANY

(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2025****2. MATERIAL ACCOUNTING POLICY INFORMATION**

The following are the material accounting policies adopted by the Group's management in the preparation of these consolidated financial statements. These policies have been applied consistently to all periods presented, unless otherwise stated.

2-1 Basis of Preparation of the Consolidated Financial Statements

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

The consolidated financial statements have been prepared under the historical cost principle, except where otherwise stated.

The consolidated financial statements have been prepared on the going concern basis.

The consolidated financial statements have been prepared on the accrual basis of accounting.

The Saudi Riyal (SAR) is the presentation currency of the consolidated financial statements and represents the Group's functional currency. All amounts are rounded to the nearest Saudi Riyal (SAR), unless otherwise stated.

The preparation of consolidated financial statements in conformity with International Financial Reporting Standards (IFRS) as endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements issued and endorsed by the Saudi Organization for Chartered and Professional Accountants (SOCPA) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in (Note 3).

2-2 Basis of Preparation of the Consolidated Financial Statements

The consolidated financial statements of the Group include the financial statements of the Company and its controlled subsidiaries. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Group controls an investee if and only if the Group has:

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

SPECIALIZED MEDICAL COMPANY

(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2025****2. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)****2-2 Basis of Preparation of the Consolidated Financial Statements (Continued)**

- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

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

The Group re-assesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control mentioned above.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to align their accounting policies with those of the Group. All intra-group assets and liabilities, equity, income, expenses, and profits or losses arising from transactions between the Group and its subsidiaries are eliminated in full. The Company and its subsidiaries follow the same reporting period.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Included in consolidated statement of income: income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of income from the date the Group gains control until the date the Group ceases to control the subsidiary.

The consolidation of a subsidiary commences when the Group obtains control over the subsidiary and ceases when the Group loses control. The revenue and expenses of a subsidiary or disposed entity for the year are included in the consolidated profit or loss and other comprehensive income from the date the Group obtains control until the date the Group ceases to have control over the subsidiary.

The Company accounts for business combinations using the acquisition method when control is transferred to the Company. Consideration transferred at acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any excess of the acquisition cost over the fair value of the identifiable net assets acquired is recognized as goodwill in the consolidated statement of financial position.

SPECIALIZED MEDICAL COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2025

2. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

2-2 Basis of Preparation of the Consolidated Financial Statements (Continued)

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

2-3 Changes in accounting policy and disclosures

New and amended standards and interpretations issued and adopted by the Group in the financial year beginning on 1 January 2025

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

The amendment listed above did not have any material impact on the Group’s consolidated financial statements.

SPECIALIZED MEDICAL COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2025

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2-3 Changes in accounting policy and disclosures (continued)

New and amended standards and interpretations issued but not yet effective and not early adopted

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. 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
Amendments to IFRS 9 and IFRS 7 Contracts referencing Nature-dependent Electricity	Contracts Referencing Nature-dependent Electricity amends IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures to more faithfully reflect the effects of contracts referencing nature-dependent electricity on an entity’s financial statements.	1 January 2026
Annual improvements to IFRS – Volume 11	Annual improvements are limited to changes that either clarify the wording in an Accounting Standard or correct relatively minor unintended consequences, oversights or conflicts between the requirements in the Accounting Standards. The 2024 amendments are to the following standards: IFRS 1 First-time Adoption of international Financial Reporting Standards; IFRS 7 Financial Instruments: Disclosures and its accompanying Guidance on implementing IFRS 7; IFRS 9 Financial Instruments; IFRS 10 Consolidated Financial Statements; and IAS 7 Statement of Cash Flows.	1 January 2026

SPECIALIZED MEDICAL COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2025

2. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

2-3 Changes in accounting policy and disclosures (continued)

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	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
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.	1 January 2027
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

SPECIALIZED MEDICAL COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2025

2. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

2-3 Changes in accounting policy and disclosures (continued)

The management is still in the process of evaluating the impact of these new amendments on the Group's consolidated financial statements, and it believes that there will be no significant impact on the consolidated financial statements when they are implemented.

There are no other standards from the approved financial reporting standards in the Kingdom of Saudi Arabia, nor amendments to published standards or other interpretations issued by the Saudi Organization for Chartered and Professional Accountants, that have been issued but not yet applied for the first time to the Group's financial year beginning on January 1, 2025, and are expected to have a material impact on the Group's consolidated financial statements.

2-4 Classification of Current and Non-Current

The Group presents assets and liabilities in the consolidated statement of financial position based on their classification as current and non-current.

Assets are classified as current when:

- It is expected to be realized or intended to be sale or consume in the normal operating cycle;
- It is held primarily for trading purposes;
- It is expected to be realize within 12 months after the reporting period; or;
- It is in the form of cash or cash equivalents, unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Liabilities are classified as current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for trading purposes;
- It is due for settlement within 12 months after the reporting period; or;

There is no unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

SPECIALIZED MEDICAL COMPANY

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2025**2. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)****2-5 Foreign currency translation****(A) Functional and presentation currency**

Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in (ﷲ) which is the Group functional and presentation currency.

(B) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates, are generally recognized in the consolidated statement of profit or loss.

2-6 Financial Instruments

Financial instruments are recognized when the Group becomes a party to the contractual terms of the instrument. A financial instrument is any contract that gives rise to a financial asset in one entity and a financial liability or equity instrument in another entity.

Financial assets

The Group classifies all financial assets and subsequently measures them either at amortized cost or at fair value. The classification is based on the business model for managing the financial asset and the contractual cash flow characteristics of the financial asset, which are determined at initial recognition.

Financial assets are classified into the following categories under IFRS 9:

- Debt instruments at amortized cost;
- Debt instruments at fair value through other comprehensive income, with gains or losses reclassified to other comprehensive income upon derecognition;
- Equity instruments at fair value through other comprehensive income, with gains or losses not reclassified to profit or loss upon derecognition;
- Financial assets at fair value through profit or loss.

SPECIALIZED MEDICAL COMPANY

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2025**2. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)****2-6 Financial Instruments (continued)****Financial Assets Measured at Amortized Cost**

Debt instruments that meet the following criteria are subsequently measured at amortized cost, less any impairment losses (except for debt investments classified at fair value through other comprehensive income at initial recognition):

- The asset is held within a business model whose objective is to hold financial 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 outstanding principal amount.

If a financial asset does not meet both of these criteria, it is measured at fair value

Financial Assets at Fair Value through Other Comprehensive Income

Debt instruments that meet the following criteria are subsequently measured at fair value through other comprehensive income:

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; 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 outstanding principal amount.

Investment in Equity Instruments Measured at Fair Value Through Other Comprehensive Income (FVOCI)

Upon initial recognition, the Group has the irrevocable option (on an instrument-by-instrument basis) to designate its investments in equity instruments at fair value through other comprehensive income. Classification of an instrument at fair value through other comprehensive income is not permitted if the equity investment is held for trading purposes or if it represents a contingent consideration recognized by the acquirer in a business combination.

As of the reporting date, the Group does not hold any equity instruments classified at fair value through other comprehensive income.

SPECIALIZED MEDICAL COMPANY

(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2025****2. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)****2-6 Financial Instruments (continued)****Impairment of Financial Assets**

The Group applied IFRS 9 – Financial Instruments to measure the expected credit loss (ECL) model for all financial assets measured at amortized cost.

The Group has four types of financial assets that are subject to the expected credit loss model under IFRS 9:

1. Trade receivables.
2. Due from related parties.
3. Other current assets (excluding prepaid expenses).
4. Bank balances.

Trade receivables: The Group applied the simplified approach under IFRS 9 to measure the expected credit losses, which uses a lifetime expected loss provision for trade receivables.

To measure expected credit losses, trade receivables are grouped based on shared credit risk characteristics and the number of days past due.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators of no reasonable expectation of recovery include, among others, the debtor's failure to agree on a repayment plan with the Group or failure to make contractual payments. Impairment losses on trade receivables are presented within profit from operations in the consolidated statement of profit or loss under administrative and general expenses. Subsequent recoveries of amounts previously written off are recognized in the same line item.

Derecognition of Financial Assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when the financial asset is transferred along with substantially all the risks and rewards of ownership to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership but retains control over the transferred asset, the Group recognizes its retained interest in the asset and the associated liabilities for amounts it may have to settle. If the Group retains substantially all the risks and rewards of the transferred financial asset, it continues to recognize the financial asset, and also recognizes any secured loans related to the income received.

SPECIALIZED MEDICAL COMPANY

(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2025****2. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)****2-6 Financial Instruments (continued)****Financial Liabilities**

Financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument and are classified at initial recognition as financial liabilities at fair value through profit or loss, loans, trade payables, or derivative financial instruments designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are initially measured at fair value, and in the case of loans and trade payables, they are presented net of directly attributable transaction costs.

The Group's financial liabilities consist of trade payables, term loans, and amounts due to related parties.

Financial liabilities are classified into the following categories in accordance with IFRS 9 – Financial Instruments:

- Financial liabilities measured at amortized cost;
- Financial liabilities designated at fair value through profit or loss.

Financial Liabilities Measured at Amortized Cost

This category is the most relevant to the Group. After initial recognition, interest-bearing loans are subsequently measured at amortized cost using the effective interest rate (EIR) method. Gains and losses are recognized in the consolidated statement of profit or loss upon derecognition of the liabilities, as well as through the EIR amortization process.

Amortized cost is calculated taking into account any premium or discount at acquisition, as well as fees or transaction costs that are considered an integral part of the effective interest rate. The EIR amortization is recognized as finance costs in the consolidated statement of profit or loss.

Financial Liabilities at Fair Value Through Profit or Loss (FVTPL)

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and current liabilities designated at initial recognition at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in accordance with IFRS 9. Similarly, derivatives included under other separate financial instruments are classified as held for trading unless they are designated as effective hedging instruments.

SPECIALIZED MEDICAL COMPANY

(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2025****2. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)****2-6 Financial Instruments (continued)**

Gains or losses on liabilities held for trading are recognized in the consolidated statement of profit or loss. Financial liabilities designated at initial recognition at fair value through profit or loss are designated at the date of initial recognition only if they meet the requirements of IFRS 9. The Group has not designated any financial liabilities as "financial liabilities at fair value through profit or loss".

Derecognition of Financial Liabilities

Financial liabilities are derecognized when the obligation specified in the contract is settled, cancelled, or expired. In the case of exchange of existing financial liabilities for new ones with the same lender under substantially different terms, or a modification of the terms of existing financial liabilities, such an exchange or modification is treated as derecognition of the original liabilities and recognition of new liabilities. The difference between the carrying amounts is recognized in the consolidated statement of profit or loss.

Offsetting Financial Instruments

Financial assets and financial liabilities are offset and presented on a net basis in the consolidated statement of financial position only when there is a currently enforceable legal right to set off the recognized amounts and the Group intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Derivative Financial Instruments

Derivative financial instruments are recognized at fair value on the date the derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are recorded as financial assets when their fair value is positive and as financial liabilities when their fair value is negative.

2-7 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. Fair value measurement assumes that the sale of the asset or transfer of the liability will take place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or most advantageous market must be accessible to the Group.

Fair value of an asset or liability is measured assuming that market participants would act in their economic best interests when pricing the assets or liabilities. Measurement of fair value for non-financial assets takes into account the ability of market participants to derive economic benefits through the asset's highest

SPECIALIZED MEDICAL COMPANY

(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2025****2. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)****2-7 Fair Value Measurement (continued)**

and best use or by selling it to other market participants who would use the asset in the best and most efficient manner. The Group uses appropriate valuation techniques based on the circumstances and sufficient data available to measure fair value, emphasizing the use of observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities measured at fair value or disclosed in the consolidated financial statements are classified within the following fair value hierarchy, based on the lowest-level input that is significant to the fair value measurement as a whole:

- **Level 1:** Quoted (unadjusted) prices in active markets for identical assets or liabilities.
- **Level 2:** Valuation techniques using observable inputs, either directly or indirectly, that are significant to the fair value measurement.
- **Level 3:** Valuation techniques using unobservable inputs that are significant to the fair value measurement.

For assets and liabilities that are measured at fair value on a recurring basis in the consolidated financial statements, the Group assesses whether any transfers have occurred between levels of the fair value hierarchy by reassessing the classification (based on the lowest-level input that is significant to the overall fair value measurement) at the end of each reporting period.

2-8 Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand, bank balances, and short-term deposits with original maturities of three months or less, which are readily convertible to cash and are subject to an insignificant risk of changes in value.

2-9 Financial assets at fair value through profit or loss (FVTPL)

Initial recognition of financial assets at fair value through profit or loss (FVTPL) is made in accordance with IFRS 9 at fair value, including any directly attributable transaction costs when acquired for trading purposes. Transaction costs are recognized directly in the consolidated statement of profit or loss. Subsequently, these assets are measured at fair value at each reporting date, with any changes in fair value recognized directly in the consolidated statement of profit or loss under gains or losses on financial instruments at fair value. Dividend income is recognized in the consolidated statement of profit or loss when the right to receive it is established. Financial assets are derecognized and removed from the consolidated financial statements upon sale or expiry of ownership, with any difference between the net proceeds from sale and the carrying amount recognized in the consolidated statement of profit or loss.

SPECIALIZED MEDICAL COMPANY

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2025

2. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

2-11 Related Parties

The Group discloses the volume of transactions during the reporting period, the nature of the relationships, and the outstanding balances at the end of the reporting period, in addition to the terms and conditions, including pricing policies with related parties, in accordance with IAS 24 – Related Party Disclosures.

A related party is any person or entity that has a relationship with the Group preparing the consolidated financial statements. Related parties include:

- Associates and joint ventures.
- Key management personnel and their close family members.
- Entities under the control or significant influence of the parent company, key management personnel, or their close family members.

Transactions with related parties are recognized and recorded on an arm’s length basis, similar to transactions with independent parties, unless otherwise disclosed. Outstanding balances with related parties at the reporting date are presented in the consolidated statement of financial position under amounts due from related parties or amounts due to related parties, and are not offset unless permitted under the applicable standards. Expected credit loss provisions related to receivables from related parties are assessed and recorded in accordance with IFRS 9.

2-12 Inventories

Inventory includes costs incurred in acquiring the inventory and costs incurred to bring it to its present location and condition. Inventory is measured at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The cost of inventory is determined using the weighted average method for all inventory items, except for pharmaceuticals and food items, for which the first-in, first-out (FIFO) method is used. The cost of inventory is recognized as an expense in the period in which it is incurred and is included in the consolidated statement of profit or loss under cost of revenue.

The Group performs a comprehensive review of all spare parts to determine whether there is a need to record a provision for obsolete or unusable items. According to the terms of agreements with suppliers, the Group has the right to return pharmaceutical products nearing expiration to the supplier.

SPECIALIZED MEDICAL COMPANY

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2025

2. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

2-13 Other current assets

Other current assets primarily consist of prepaid expenses, including, but not limited to, advances to suppliers and prepaid expenses. They are recognized when the Group has:

- Is likely to receive future economic benefits;
- Is expected to realize, or consume them within the Group’s normal operating cycle or within twelve months from the reporting date; and
- Can reliably measure their value.

Other current assets are initially measured at cost. After initial recognition, they are subsequently measured at cost less any provision for impairment, if applicable. Management assesses at the end of each reporting period whether there is objective evidence of impairment of other current assets, and if such evidence exists, impairment losses are recognized in the consolidated statement of profit or loss.

2-14 Property and Equipment’s

Property and equipment are recognized at historical cost less accumulated depreciation and any impairment losses, if applicable. Historical cost includes direct costs incurred in acquiring the items. Subsequent expenditures are included in the carrying amount of the asset or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of a separately recognized asset is derecognized upon its replacement. All other maintenance and repair costs are recognized in the consolidated statement of profit or loss as incurred.

Depreciation is allocated over the estimated useful lives of the assets on a straight-line basis, commencing when the assets are ready for their intended use. The estimated useful lives, residual values, and depreciation methods are reviewed at the end of each reporting period, with the effect of any changes in estimates accounted for prospectively.

The Group has estimated depreciation rates for each category of property and equipment as follows:

Category	Depreciation Percentage
Building and renovation	1.75% to 6.67%
Medical equipment’s	10%
Furniture and fixtures	10% to 20%
Computers and Software	10% to 25%
General equipment’s	6.67% to 10%
Motor vehicles	25%

SPECIALIZED MEDICAL COMPANY

(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2025****2. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)****2-14 Property and Equipment's (continued)**

Expenditures incurred to replace any part of property and equipment items accounted for separately are capitalized, and the carrying amount of the replaced item is derecognized. Other subsequent expenditures are capitalized only when they increase the future economic benefits of the related property and equipment item. All borrowing costs are recognized in the consolidated statement of profit or loss as incurred.

Any item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising from derecognition of an asset (calculated as the difference between the net proceeds from disposal and the carrying amount of the asset) are recognized in the consolidated statement of profit or loss in the period in which the asset is derecognized.

The residual value of an asset is estimated as the amount the Group could currently obtain from disposal of the asset, less estimated disposal costs, assuming the asset is in the condition expected at the end of its useful life. Residual values and useful lives of assets are reviewed and adjusted, if appropriate, at the end of each reporting period.

Projects under construction

These represent the Group's hospital projects under construction. They are recorded at cost, less any recognized impairment losses, (if applicable). Cost includes directly attributable expenditures on these projects and capitalized borrowing costs for qualifying assets in accordance with the Group's accounting policy. Upon completion and when the assets are ready for their intended use, these projects are classified into the appropriate property and equipment categories. Depreciation commences on the same basis as other items of property and equipment when the assets are ready for their intended use.

2-15 Right-of-Use Assets and Lease Liabilities

The Group recognizes right-of-use assets and lease liabilities for a variety of lease contracts, including hospital land and buildings, administrative office buildings, outpatient clinics buildings, staff accommodation buildings, and medical equipment. Lease terms range from 2 to 23 years. Each lease payment is allocated between the lease liability and finance cost. The Group classified cash payments for the principal and finance cost components of lease contracts as financing activities in the consolidated statement of cash flows. Finance costs are charged to the consolidated statement of profit or loss over the lease term so as to achieve a constant periodic interest rate on the remaining lease liability balance. Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Payments for short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in the consolidated statement of profit or loss. Short-term leases are leases with a term of 12 months or less.

SPECIALIZED MEDICAL COMPANY

(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2025****2. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)****2-15 Right-of-Use Assets and Lease Liabilities (continued)**

Lease terms are negotiated on an individual basis and contain a wide range of terms and conditions. Lease agreements do not impose any collateral obligations, but the leased assets cannot generally be used as security for borrowing purposes. When 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 included in the lease term only if the lease is reasonably certain to be extended. In determining the lease term, management considers factors including historical lease periods, significant improvements made to leased properties that provide substantial economic benefits over the lease term, the importance of the leased asset to the Group's operations, and whether alternatives are available that would disrupt operations requiring replacement of the leased asset.

2-16 Investments in Equity Instruments at Fair Value through Profit or Loss (FVTPL)

Investments in equity instruments are initially recognized at fair value through profit or loss, including any directly attributable transaction costs. Subsequently, these investments are measured at fair value at each reporting date, with any changes in fair value recognized directly in the consolidated profit or loss under fair value gains or losses on financial instruments. Dividend income is recognized in the consolidated profit or loss when the right to receive payment is established, unless it represents a recovery of the investment cost. Investments are derecognized and removed from the consolidated financial statements upon disposal or expiration of ownership rights, with any difference between the net proceeds from disposal and the carrying amount recognized in the consolidated profit or loss.

2-17 Impairment of Non-Financial Assets

Non-financial assets subject to depreciation or amortization are tested for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. For non-depreciable/non-amortizable assets, impairment is reviewed at the date of each reporting period. An impairment loss is recognized to the extent that the carrying amount of an asset exceeds its recoverable amount, which is the fair value of the asset less costs of disposal for the purpose of measuring impairment. Assets are grouped at the lowest levels for which identifiable cash flows exist independently (cash-generating units).

Non-financial assets, except for goodwill that has suffered impairment, are reviewed for potential reversal of impairment at the end of each reporting period. When previously recognized impairment losses are reversed, the carrying amount of the asset (or cash-generating unit) is increased to its revised recoverable amount, provided that the revised carrying amount does not exceed the carrying amount that would have been determined had no impairment losses been recognized in prior years. Reversal of impairment losses is recognized directly in the consolidated statement of profit or loss.

SPECIALIZED MEDICAL COMPANY

(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2025****2. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)****2-18 Trade payables**

Trade payables represent liabilities for goods and services acquired from suppliers in the ordinary course of business. They are classified as current liabilities if payment is due within one year or less; otherwise, they are presented as non-current liabilities. Trade payables are initially recognized at fair value and are subsequently measured at amortized cost using the effective interest method.

2-19 Loans

Loans are initially recognized at fair value, net of any transaction costs incurred, and are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in the consolidated statement of profit or loss over the term of the loans using the effective interest method. Loans are derecognized from the consolidated statement of financial position when the specified obligation under the contract is settled, cancelled, or expires. Loans are classified as current liabilities unless there is an unconditional right to defer settlement for at least 12 months from the reporting date.

2-20 Government Grants and Loans

Government grants are recognized when there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income systematically over the periods in which the related costs, intended to be compensated, are incurred. When the grant relates to an asset, it is recognized as income in equal amounts over the expected useful life of the related asset.

When the Group receives non-monetary grants, both the grant and the asset are recorded at nominal value, and the income is recognized in the consolidated statement of profit or loss over the expected useful life of the asset, based on the pattern of depreciation of the asset's primary benefits through equal annual instalments. When loans or similar assistance are provided by governments or related institutions at interest rates below current market rates, the beneficial effect of this below-market interest is treated as a deferred government grant.

2-21 Other current liabilities

Other current liabilities primarily consist of accrued expenses, including, but not limited to, employee salaries and benefits, and provisions for legal cases. They are recognized when the Group has:

- A present or constructive obligation arising from past events.
- It is probable that an outflow of resources will be required to settle the obligation.
- The amount can be reliably estimated.

SPECIALIZED MEDICAL COMPANY

(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2025****2. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)****2-21 Other current liabilities (continued)**

Accrued expenses are measured at the present value of the best estimate by management of the amounts expected to be paid for the financial obligations at the end of the year. Provisions are measured using a discount rate that reflects the time value of money and the risks specific to the current liabilities. When discounting is used, the increase in the provision due to the passage of time is recognized as part of finance cost in the consolidated statement of profit or loss.

2-22 Zakat and Taxes**Zakat**

The Company and its subsidiaries are subject to Zakat in accordance with the regulations of the Zakat, Tax and Customs Authority. Zakat is calculated based on the provisions of the regulations using the consolidated financial statements of the Company and its subsidiaries. The calculated Zakat provision is allocated between the Company and its subsidiaries, and any difference between the provision and the final assessment is recognized in the year in which the final assessment is conducted.

Value Added Tax (VAT)

VAT on outputs related to revenue is payable to the Zakat, Tax and Customs Authority either (a) upon collection from customers or (b) upon delivery of goods or services to customers, whichever occurs first. VAT on inputs is generally recoverable against VAT on outputs upon receipt of a valid VAT invoice. The Zakat, Tax and Customs Authority allows for net settlement of VAT. VAT related to sales and purchases is recognized on a net basis in the consolidated statement of financial position and is disclosed separately under other current assets or other current liabilities, as applicable.

Withholding Tax

The Group withholds taxes on transactions with non-resident parties in accordance with the regulations of the Zakat, Tax and Customs Authority. These amounts are recorded as payables to the Authority on behalf of the party from whom the amounts are withheld and are disclosed under other current liabilities if not yet due at the reporting date.

2-23 Employee Benefits**Short-Term Liabilities**

Liabilities arising from wages and salaries, including non-monetary benefits, accrued annual leave, and travel tickets, expected to be settled in full within 12 months after the end of the period in which employees render the related service, are classified as current liabilities under other current liabilities.

SPECIALIZED MEDICAL COMPANY

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2025**2. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)****2-23 Employee Benefits (Continued)****Defined Contribution Plans**

For defined contribution plans, the Group makes mandatory contributions to the General Organization for Social Insurance, which is a defined contribution scheme. The Group has no further obligations once the contributions are paid, and these contributions are recognized as social insurance expenses in the consolidated statement of profit or loss when due.

Defined Benefit Plans

A defined benefit plan is an employee benefit plan that is not a defined contribution plan. The Group makes payments to employees upon resignation or termination of service, typically based on one or more factors, such as age, years of service, and final salary, provided the employee has completed the minimum service period in accordance with the Group's employment regulations.

The Group's defined benefit plans include end-of-service benefits. The recognized obligation in the consolidated statement of financial position represents the present value of the defined benefit obligation at the reporting date. The defined benefit obligation is calculated annually by management using the Projected Unit Credit Method. The Group sets assumptions used to determine key cost elements to meet these future obligations, after consulting with the Group's actuary. These assumptions include those used to determine current service costs and finance costs related to the obligations.

A qualified actuary calculates the employee defined benefit obligations using the Projected Unit Credit Method.

The Group determines the interest expense on defined benefit obligations for the period by applying the discount rate used to measure the defined benefit obligations at the beginning of the annual period, taking into account any changes in the net defined benefit obligations during the year due to contributions and benefit payments. The net interest expense and other costs related to the defined benefit plans are recognized in the consolidated statement of profit or loss.

Actuarial Gains and Losses resulting from experience adjustments and changes in actuarial assumptions (remeasurements) are recognized in the consolidated statement of other comprehensive income in the period in which they occur. Past service costs are recognized immediately in the consolidated statement of profit or loss.

SPECIALIZED MEDICAL COMPANY

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2025**2. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)****2-24 Revenue Recognition**

Revenue is the income arising in the ordinary course of the Group's activities. Revenue is recognized at the transaction price, which is the amount the Group expects to be entitled to in exchange for transferring control of promised goods or services to the customer, excluding amounts collected on behalf of third parties. Revenue is recognized net of discounts, returns, value-added tax, and other similar mandatory payments.

The Group recognizes revenue based on the following five steps in accordance with IFRS 15:

Step 1: Identify the contract(s) with the customer: a contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and specifies the criteria to be fulfilled under each contract.

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 provide a service to the customer.

Step 3: Determine the transaction price: the transaction price is the amount the Group expects to be entitled to in exchange for transferring control of promised goods or services to the 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 with more than one performance obligation, the Group allocates the transaction price to each performance obligation in an amount that reflects the consideration the Group expects to be entitled to in exchange for satisfying each performance obligation.

Step 5: Recognize revenue when the Group satisfies a performance obligation.

Revenue is recognized over time if the Group satisfies a performance obligation and meets one of the following criteria:

- 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 alternative use, and the Group has an enforceable right to payment for performance completed to date.

For performance obligations that do not meet any of the above criteria, revenue is recognized at the point in time when the performance obligation is satisfied.

When the Group satisfies a performance obligation by providing promised services, it creates a contract-

SPECIALIZED MEDICAL COMPANY

(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2025****2. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)****2-24 Revenue Recognition (Continued)**

based asset (contract asset) measured at the amount of consideration earned. If the amount of consideration received from the customer exceeds the recognized revenue, a contract liability is recognized.

Revenue is measured at the fair value of the consideration received or receivable, taking into account the contractual payment terms and excluding taxes and duties. The Group evaluates its revenue arrangements against specific criteria to determine whether it acts as a principal or an agent.

Revenue is recognized to the extent that it is probable that economic benefits will flow to the Group and, where applicable, the revenue and costs can be measured reliably.

The Group recognizes revenue in the consolidated statement of profit or loss from the following sources:

a. Inpatient and outpatient services

Revenue from patient services is recognized when the services are provided to the patient, adjusted for any expected discounts or reductions at the time of service. Revenue from outpatient services is recognized at a specific point in time, whereas revenue from inpatient services is recognized over a specific period. Revenue is recorded net of contractual discounts, value-added tax (VAT), any discounts granted to the patient, and other similar mandatory payments.

b. Sale of medicines, food, and catering services

Revenue from the sale of medicines, food, and catering services is recognized when the goods are delivered to the patient or customer and control has fully transferred. Sales are recorded net of discounts, returns, VAT, and other similar mandatory payments.

c. Other revenue

Other revenue is recognized on an accrual basis, including but not limited to rent, donations, bank deposit interest, and gains or losses from the disposal of property and equipment. These revenues are included in the consolidated statement of profit or loss under the "Other Revenue" line item.

2-25 Cost of revenue and expenses

Expenses are recognized when incurred on an accrual basis. Expenses are classified as follows:

- a. Cost of revenue:** this includes costs directly related to revenue from patient services, sales of medicines, food, and catering services, i.e., costs directly associated with revenue recognized in the consolidated statement of profit or loss.

SPECIALIZED MEDICAL COMPANY

(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2025****2. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)****2-25 Cost of revenue and expenses (Continued)**

- b. Selling and marketing expenses:** these represent the Group's efforts related to the marketing and sales department, including advertising and promotional expenses.
- c. General and administrative expenses:** all other expenses, excluding cost of revenue and selling and marketing expenses, are classified as general and administrative expenses.

Expenses are allocated between cost of revenue, selling and distribution expenses, and general and administrative expenses, when necessary, based on consistent and reasonable methods.

2-26 Finance costs

Borrowing costs are recognized in the consolidated statement of profit or loss using the effective interest method, except for borrowing costs directly attributable to the acquisition, construction, or production of qualifying assets. Qualifying assets are assets that require a substantial period of time, more than one year, to be ready for their intended use. Such borrowing costs are capitalized as part of the cost of these assets until they are ready for their intended use. No borrowing costs are capitalized during periods of suspension.

The effective interest method is a method of calculating the amortized cost of a financial liability and allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments over the expected life of the financial instrument to the net carrying amount of the financial liability.

All other borrowing costs are recognized in the consolidated statement of profit or loss in the period in which they are incurred and are included under finance costs.

2-27 Earnings Per Share (EPS)

Basic and diluted earnings per share are calculated by dividing the profit for the year attributable to the Company's shareholders by the weighted average number of ordinary shares outstanding during the year.

2-28 Dividends

Liabilities for dividends are recognized for any dividends declared that have been appropriately authorized and no longer at the discretion of the Group, on or before the end of the reporting period, but not distributed by the end of the reporting period. In accordance with the Company's Articles of Association, a shareholder is entitled to their share of dividends according to the resolution of the General Assembly, which specifies the entitlement date and the distribution date. Dividend rights apply to shareholders registered in the shareholders' register at the end of the specified entitlement date.

SPECIALIZED MEDICAL COMPANY

(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2025****2. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)****2-28 Dividends (Continued)**

Dividends are recognized as a direct deduction from retained earnings in the consolidated statement of changes in equity as transactions with shareholders in their capacity as owners. Any unpaid amount is presented in the consolidated statement of financial position under other current liabilities – dividends payable

2-29 Segment Information

An operating segment is a component of the Group engaged in activities from which it earns revenue and incurs expenses, including revenue and expenses relating to transactions with other components of the Group. Operating segments are reported in a manner consistent with internal reporting provided to the Group's chief operating decision maker (CODM). The CODM is responsible for allocating resources and assessing the performance of the operating segments. Segments whose revenue, results, or assets are ten percent or more of the total for all segments are reported separately.

2-30 Contingent Liabilities and Assets

Contingent liabilities are disclosed when there is a possible obligation arising from past events, which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events outside the Group's control. They are also disclosed when there is a present obligation from past events where it is unlikely that an outflow of resources will be required to settle it, or where a reliable estimate cannot be made. Contingent assets are not recognized in the consolidated financial statements but are disclosed when it is probable that economic benefits will flow to the Group.

SPECIALIZED MEDICAL COMPANY

(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2025****3. Critical Accounting Estimates and Judgments**

The Group makes estimates and assumptions that affect the amounts recognized in the consolidated financial statements and the carrying amounts of assets and liabilities during the reporting period. Estimates and judgments are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management also makes certain judgments, aside from those involving estimates, in the process of applying accounting policies. Judgments that have a significant impact on the amounts recognized in the consolidated financial statements, and estimates that may result in a material adjustment to the carrying amounts of assets and liabilities during the reporting period, include:

A. Useful Lives of Property and Equipment

The Group's management determines the estimated useful lives and residual values of property and equipment for the purpose of calculating depreciation, as described in Note (2-14). This estimate takes into account the expected use of the asset, as well as physical, technical, and commercial obsolescence, particularly for machinery and equipment.

Estimated useful lives, residual values, and depreciation methods are reviewed at the end of each financial reporting period, with the impact of any changes in estimates applied prospectively. At the end of the year, management estimated that no changes to these estimates were necessary.

B. Provision for Expected Credit Losses

The Group has applied IFRS 9 to measure expected credit losses (ECL), using provisions for expected losses for all financial instruments. Financial instruments are grouped according to shared credit risk characteristics and days past due, as follows:

1. Trade receivables.
2. Due from related parties.
3. Other current assets (excluding prepaid expenses).
4. Bank balances.

The key inputs in measuring expected credit losses are the term structure of the following variables:

- Probability of Default (PD)
- Loss Given Default (LGD)
- Exposure at Default (EAD)

SPECIALIZED MEDICAL COMPANY

(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2025****3. Critical Accounting Estimates and Judgments (Continued)****B. Provision for Expected Credit Losses (Continued)**

The Group applies a simplified approach to measure expected credit losses based on shared credit risk characteristics and the number of days past due. Expected loss rates are derived from published credit rates and the Group's historical information, and adjusted to reflect expected future outcomes. This information is generally obtained from internally developed statistical models, other historical data, and forward-looking information such as macroeconomic factors including inflation and GDP growth rate.

C. Defined Employee Benefit Obligations

The Group establishes provisions for defined employee benefit obligations in accordance with the terms and conditions of the labour system applied within the Group. These estimates require significant judgment by management in calculating such provisions.

The assumptions used in determining the cost of defined employee benefit obligations include the discount rate, employee turnover rate, mortality rate, and expected future salary increases. Any change in these assumptions will affect the amounts of defined employee benefit obligations. The Group determines appropriate assumptions at the end of each year after consulting the Group's actuary. These assumptions are used to calculate the current service cost as well as the finance cost related to the obligations. A qualified actuary calculates the defined employee benefit obligations using the projected unit credit method.

D. Revenue from Contracts with Customers

Recognition of revenue in accordance with IFRS 15 requires management to make the following judgments:

- **Satisfaction of Performance Obligations**

The Group evaluates all contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to establish the appropriate method for recognizing revenue.

- **Determination of Transaction Prices**

The Group determines the transaction price for all contracts with customers (primarily insurance companies). In doing so, the Group assesses the impact of any variable consideration in the contract resulting from discounts or other variable terms, as well as the existence of significant financing components and any non-cash consideration in the contract.

- **Transfer of Control in Contracts with Customers**

If the Group determines that a performance obligation is satisfied over time, revenue is recognized as control of the assets subject to the contract is transferred to the customer.

SPECIALIZED MEDICAL COMPANY

(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2025****3. Critical Accounting Estimates and Judgments (Continued)****D. Revenue from Contracts with Customers (Continued)****Medical Claim Objections**

Objections to medical claims from customers (primarily insurance companies) are estimated based on the Group's past experience and are recognized against the revenue recognized during the year. These estimates are subsequently adjusted based on actual settlements with customers (primarily insurance companies).

E. Zakat

The Group determines the Zakat base in accordance with the regulations and instructions issued by the Zakat, Tax and Customs Authority, based on its interpretation of the nature of items included in the Zakat base, including the classification of certain assets and liabilities as Zakat able or non-Zakat able. Provisions for potential Zakat differences, if any, are based on management's best estimate of the likelihood of additional liabilities arising from Zakat assessments for prior years, taking into account prior assessments or any correspondence with the Authority. Any additional Zakat differences are recognized when new information becomes available or a final Zakat assessment is issued. Estimates and judgments related to Zakat are reviewed regularly, and any adjustments resulting from changes in estimates are recognized in the consolidated statement of profit or loss in the period of the change.

F. Determination of Lease Term

The Group determines the lease term based on the non-cancellable period together with (a) periods covered by an extension option if the lessee is reasonably certain to exercise that option, and (b) periods covered by a termination option if the lessee is reasonably certain not to exercise that option. For contracts that include extension or termination options, the Group uses judgment to assess whether it is reasonably certain to exercise (or not exercise) such options. In doing so, the Group considers all relevant factors that create an economic incentive to exercise (or not exercise) the option, including current and expected performance, the cost and terms of alternatives, improvements made to the leased premises, and the duration and cost of the extension or renewal. After the commencement date of the lease, the Group reassesses whether it is reasonably certain to exercise or not exercise an option if a significant event or change in circumstances occurs that is within the Group's control and affects the previous assessment of the lease term.

G. 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. Fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

SPECIALIZED MEDICAL COMPANY

(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2025****3. Critical Accounting Estimates and Judgments (Continued)****G. Fair Value Measurement (Continued)**

- in the principal market for the asset or liability, or
- in the most advantageous market in the absence of a principal market.

Principal or most advantageous markets must be accessible to the Group. Fair value of assets or liabilities is measured assuming that market participants act in their economic best interest. For non-financial assets, fair value measurement considers the ability of market participants to generate economic benefits through the highest and best use of the asset or by selling it to other market participants who would use the asset in that way.

H. Going Concern

The Group's management has assessed the Group's ability to continue as a going concern and is confident that the Group has sufficient resources to continue its operations in the near future. Furthermore, management is not aware of any material uncertainty that may cast significant doubt on the Group's ability to continue its operations on a going concern basis. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

I. Financial Assets at FVTPL

The Group holds an investment interests in certain fund (refer Note 12). Based on an assessment of the relevant facts and circumstances in accordance with IFRS 10 Consolidated Financial Statements, management has concluded that the Group does not control these funds.

Control under IFRS 10 requires (i) power over the relevant activities of the investee, (ii) exposure, or rights, to variable returns from involvement with the investee, and (iii) the ability to use power to affect those returns.

Although the Group is currently the only investor in the fund, the Group does not have substantive rights to direct the relevant activities of the funds. Decision-making authority over key financial and operating activities resides with the fund manager.

As a result, the Group does not meet the definition of control and therefore does not consolidate this fund in its consolidated financial statements.

The investment is accounted for as a financial asset in accordance with IFRS 9 Financial Instruments and is measured at fair value through profit or loss.

SPECIALIZED MEDICAL COMPANY

(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2025****4. CASH AND CASH EQUIVALENTS**

	As of December 31,	
	2025 (SAR)	2024 (SAR)
Cash at Banks – Short-Term Deposit Accounts *	200,000,000	-
Cash at Banks – Current Accounts	46,088,145	92,001,325
Cash on Hand	614,430	486,656
	246,702,575	92,487,981

* The maturity of short-term deposits ranges from one day to one month, depending on the Group's liquidity requirements. Such deposits are placed with financial institutions that have high credit ratings and are considered to have low credit risk. Interest income on deposits is accrued on a time-apportioned basis by reference to the outstanding principal amount and using the applicable effective interest rate.

The Group management's assessment, the impact of applying International Financial Reporting Standard (IFRS) 9 on all bank balances (short-term deposit accounts, short-term investment accounts, and current accounts) is not material. Accordingly, no impact was recognized for the years ended 31 December 2025 and 2024. The Group's management has decided to maintain these balances with financial institutions that have high credit ratings.

SPECIALIZED MEDICAL COMPANY

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2025**5. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL)**

Movement of financial assets at FVTPL	As of December 31,	
	2025 (S)	2024 (S)
Balance as of the beginning of the year	-	-
Additions during the year	7,072,566	-
Unrealized losses (note 27)	(1,566,383)	-
Realized gains (note 27)	1,175,205	-
Disposals during the year	(3,938,951)	-
Balance as of the ending of the year	2,742,437	-

Financial assets at fair value through profit or loss consist of securities traded on the Saudi Stock Exchange – Saudi Tadawul Group – and are measured at fair value. The fair value is determined based on the closing prices traded on the Saudi Stock Exchange – Saudi Tadawul Group.

SPECIALIZED MEDICAL COMPANY

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2025**6. TRADE RECEIVABLES**

	As of December 31,	
	2025 (S)	2024 (S)
Trade receivables	490,243,558	424,869,155
Less: Allowance of expected credit losses	(30,900,524)	(18,265,205)
	459,343,034	406,603,950

Movement of allowance of expected credit losses	As of December 31,	
	2025 (S)	2024 (S)
Balance as of the beginning of the year	18,265,205	86,653,689
Charged during the year	12,635,319	9,678,156
Written-off during the year	-	(78,066,640)
Balance as of the ending of the year	30,900,524	18,265,205

The expected credit loss allowance for trade receivables is determined in accordance with the provision matrix pre-sented in the table below. The provision matrix is based on the number of days past due of the financial asset

SPECIALIZED MEDICAL COMPANY

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2025

6. TRADE RECEIVABLES (Continued)

Aging Analysis of Trade Receivables	As of December 31,	
	2025 (SAR)	2024 (SAR)
Not due	160,686,095	123,084,932
1 – 90 days	136,689,429	141,102,575
91 – 180 days	83,699,832	73,840,347
181 – 270 days	16,999,679	53,759,520
271- 360 days	4,751,780	5,352,634
More than 360 days	87,416,743	27,729,147
Total carrying amount of trade receivables	490,243,558	424,869,155
Analysis of expected credit loss allowance by aging of trade receivables		
Not due	-	-
1 – 90 days	1,746,014	2,053,805
91 – 180 days	2,400,922	1,287,478
181 – 270 days	1,105,519	1,823,844
271- 360 days	624,951	927,379
More than 360 days	25,023,118	12,172,699
Total allowance for expected credit losses	30,900,524	18,265,205
Net carrying amount of trade receivables	459,343,034	406,603,950

**As of 31 December 2025, approximately 91.5% of the Group’s trade receivables balance was due from government entities and insurance companies (31 December 2024: 92.2%).

Based on the Group management’s past experience, it is expected that all trade receivables will be collected. Accordingly, the Group does not have a policy of obtaining collateral in respect of trade receivables.

The Group’s credit terms require trade receivables to be settled within 30–90 days, depending on the type of customer, which is consistent with the healthcare business. Given the credit period granted to customers, a significant portion of trade receivables is not past due and their value has not decreased – classified as not due.

SPECIALIZED MEDICAL COMPANY

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2025

7. TRANSACTIONS AND BALANCES WITH RELATED PARTY

Related parties include shareholders, companies owned by them, members of the Board of Directors, and their relatives. During its ordinary course of business, the Group conducted transactions with related parties in accordance with terms approved by the Group’s management.

Name of Related Party	Relationship
Saudi Bonyan 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
Bonyan Reit Fund	Owned by one of the shareholders
Food Aroma Company	Owned by one of the shareholders
Danah Real Estate Company	Owned by a close family member of a shareholder
Khalid Medical Clinic Company	Owned by a close family member of a shareholder
Resaleh Mubashera Trading Est	Owned by a close family member of a shareholder
Wakillk for law and legal advice Company	Owned by a close family member of a shareholder
Invention Code Company	Owned by a close family member of a shareholder
Abdulrahman Saad Al-Rashid & Sons Company	Shareholder
Abdullah Saad Al Rashid & Sons Company	Shareholder
Rashid Saad Al Rashid & Sons Company	Shareholder
Al-Thomad Travel and Tourism Company	Shareholder
Dr. Khalid Al Sebaiaiy	Shareholder
Dr. Mohammad Saleh Al Konbaz	Shareholder
Family members of shareholders, board members, and those related to them	Family Members

SPECIALIZED MEDICAL COMPANY

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2025**7. TRANSACTIONS AND BALANCES WITH RELATED PARTY
(continued)**

Significant transactions and the related amounts	For the year ended December 31,	
	2025 (SAR)	2024 (SAR)
Amounts due and collected from shareholders related to dividends reversal *	200,000,000	-
Expenses incurred on behalf of shareholders **	33,993,869	3,594,358
Rent and lease liabilities payments	16,854,290	16,506,892
Purchases and services	12,619,536	8,759,074
Construction works for projects under progress	6,134,717	10,871,653
Expenses incurred on behalf	5,085,016	394,336
Revenue	2,797,857	3,988,694
Other revenue	2,686,095	1,411,900
Advance payments	-	724,959

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

- Reverse the Board of Directors' resolution dated January 21, 2025 (corresponding 21 Rajab 1446H) regarding the distribution of interim dividends to shareholders amounting to SAR 100,000,000 based on their respective shareholding in the capital. These dividends were distributed and paid on January 26, 2025 (corresponding 26 Rajab 1446H).
- Reverse the Board of Directors' resolution dated November 5, 2024 (corresponding 3 Jumada Al-Awwal 1446H) and ratified by the General Assembly of the Group on December 15, 2024 (corresponding 14 Jumada Al-Thani 1446H) regarding the distribution of interim dividends to shareholders amounting to SAR 100,000,000 based on their respective shareholding in the capital. These dividends were distributed and paid on December 19, 2024 (corresponding 18 Jumada Al-Thani 1446H) and December 21, 2024 (corresponding 20 Jumada Al-Thani 1446H).
- Each shareholder required to repay these dividends to the Group's accounts by no later than June 30, 2025 (corresponding 5 Muharram 1447H).

SPECIALIZED MEDICAL COMPANY

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2025**7. TRANSACTIONS AND BALANCES WITH RELATED PARTY
(continued)**

On June 30, 2025 (corresponding 5 Muharram 1447H) an amount of SAR 200,000,000 was collected from shareholders through a bank transfer to the Group's account.

** On July 8, 2025 (corresponding 13 Muharram 1447H) an amount of SAR 37,588,227 was collected from shareholders through a bank transfer to the Group's account related to IPO expenses incurred on behalf of them up to date of transfer.

Compensation of Key Management Personnel of the Group	For the year ended December 31,	
	2025 (SAR)	2024 (SAR)
Short term employment benefits	4,077,224	9,665,435
Board of Directors' remuneration	1,100,000	1,500,000
Post-employment benefits	2,015,450	1,212,348
	7,192,674	12,377,783

Due from Related Parties	As of December 31,	
	2025 (SAR)	2024 (SAR)
Advance food Company	1,271,900	1,271,900
Saudi Bunyan Company	857,351	394,336
Family members of shareholders, board members, and those related them	763,089	577,597
Abdulrahman Saad Al-Rashid & Sons Company	5,382	1,449,949
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
Dr. Khalid Al Sebaiaiy	-	136,732
Dr. Mohammad Saleh Al Konbaz	-	68,785
	2,897,722	6,545,669

SPECIALIZED MEDICAL COMPANY

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2025**7. TRANSACTIONS AND BALANCES WITH RELATED PARTY**
(continued)

Due to related parties	As of December 31,	
	2025 (SAR)	2024 (SAR)
Food Aroma Company	592,231	-
Cotton Experts Company	181,291	-
Al-Thomad Travel and Tourism Company	142,772	-
Code Invention Company	46,952	107,858
Adeem Al Sahra Trading Company	37,201	48,150
Snow Bright Laundry Company	-	228,618
	1,000,447	384,626

SPECIALIZED MEDICAL COMPANY

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2025**8. INVENTORIES**

	As of December 31,	
	2025 (SAR)	2024 (SAR)
Medical supplies and consumables for operating rooms and clinics	23,531,363	18,884,830
Food and beverages	2,148,396	938,838
Consumable spare parts	899,467	1,012,662
Others	579,678	1,926,009
	27,158,904	22,762,339

9. OTHER CURRENT ASSETS

	As of December 31,	
	2025 (SAR)	2024 (SAR)
Prepaid expenses	20,009,936	20,948,681
Advances payments to suppliers	19,137,886	22,185,144
Employee receivables	1,706,027	2,882,517
Contract assets *	1,447,456	7,477,455
Others	3,964,215	966,250
	46,265,520	54,460,047

*Contract asset balances represent the Group's right to fulfill performance obligations by delivering the promised goods or services to customers by December 31, and before the invoice date for the agreed consideration.

SPECIALIZED MEDICAL COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2025

10. PROPERTY AND EQUIPMENT

	Lands (ﷲ)	Building and renovation (ﷲ)	Medical equipment's (ﷲ)	Furniture and fixtures (ﷲ)	Computers and software (ﷲ)	General equipment's (ﷲ)	Motor vehicles (ﷲ)	Projects under construction (ﷲ)	Total (ﷲ)
Cost									
As of December 31, 2023	337,582,889	822,443,797	415,313,753	15,133,721	86,498,413	66,399,513	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	15,819,331	91,960,975	70,584,852	6,009,526	49,750,157	1,883,542,582
Additions	-	18,556,673	36,813,642	-	6,929,752	2,288,000	73,837	29,797,460	94,459,364
Transfers	-	235,000	-	-	-	-	-	(235,000)	-
Disposals	-	(86,107)	(1,944,417)	-	(1,155,059)	(85,269)	(77,722)	-	(3,348,574)
Disposals (Note 12)	(39,374,025)	-	-	-	-	-	-	-	(39,374,025)
As of December 31, 2025	298,208,864	886,167,787	479,241,856	15,819,331	97,735,668	72,787,583	6,005,641	79,312,617	1,935,279,347
Accumulated depreciation									
As of December 31, 2023	-	174,729,883	273,943,444	9,394,849	74,639,998	36,588,166	5,982,217	-	575,278,557
Additions	-	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	10,351,928	78,077,719	40,468,525	5,349,913	-	624,389,185
Additions	-	26,378,738	26,810,317	494,930	4,567,917	3,948,477	256,198	-	62,456,577
Disposals	-	(86,107)	(1,770,953)	-	(1,155,078)	(84,751)	(77,722)	-	(3,174,611)
As of December 31, 2025	-	224,010,792	317,462,303	10,846,858	81,490,558	44,332,251	5,528,389	-	683,671,151
Net book value									
As of December 31, 2025	298,208,864	662,156,995	161,779,553	4,972,473	16,245,110	28,455,332	477,252	79,312,617	1,251,608,196
As of December 31, 2024	337,582,889	669,744,060	151,949,692	5,467,403	13,883,256	30,116,327	659,613	49,750,157	1,259,153,397

SPECIALIZED MEDICAL COMPANY

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2025**10. PROPERTY AND EQUIPMENT (Continued)**

Depreciation expense was allocated as follows	For the year ended December 31,	
	2025 (SAR)	2024 (SAR)
Cost of revenue	57,214,074	53,541,350
General and administrative expenses	5,242,503	4,925,361
	62,456,577	58,466,711

Movement of projects under constrictions	As of December 31,	
	2025 (SAR)	2024 (SAR)
Balance as of the beginning of the year	49,750,157	52,188,968
Additions during the year *	29,797,460	26,795,835
Transfers during the year	(235,000)	(29,234,646)
Balance as of the ending of the year	79,312,617	49,750,157

* For the year ended December 31, 2025, an amount of SAR 10,415,773 (December 31, 2024: SAR 12,302,261) represents borrowing costs capitalized on projects under construction.

SPECIALIZED MEDICAL COMPANY

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2025**11. RIGHT OF USE ASSETS AND LEASE LIABILITIES**

Reconciliation of the carrying amount of right-of-use assets	As of December 31,	
	2025 (SAR)	2024 (SAR)
Balance as of the beginning of the year	370,582,402	378,901,195
Additions during the year	91,839,751	1,643,718
Adjustments during the year	-	(9,962,511)
Balance as of the ending of the year	462,422,153	370,582,402
Accumulated depreciation		
Balance as of the beginning of the year	168,704,117	149,654,284
Additions during the year	30,595,506	29,012,344
Adjustments during the year	-	(9,962,511)
Balance as of the ending of the year	199,299,623	168,704,117
Net book value	263,122,530	201,878,285
Details of the net book value by type of lease contract		
Hospital land and buildings and outpatients clinic buildings	243,947,574	186,207,865
Administrative office buildings and staff accommodation	15,834,497	10,752,105
Medical equipment and devices	3,340,459	4,918,315
	263,122,530	201,878,285

Depreciation expense was allocated as follows	For the year ended December 31,	
	2025 (SAR)	2024 (SAR)
Cost of revenue	28,523,586	27,153,826
General and administrative expenses	2,071,920	1,858,518
	30,595,506	29,012,344

Expenses related to short-term and low-value lease contracts for the year ended December 31, 2025 amounted to SAR 247,228 (December 31, 2024: SAR 958,183).

SPECIALIZED MEDICAL COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2025

11. RIGHT OF USE ASSETS AND LEASE LIABILITIES (Continued)

Movement of lease liabilities	As of December 31,	
	2025 (SAR)	2024 (SAR)
Balance as of the beginning of the year	225,528,207	239,833,221
Additions during the year	91,839,751	1,643,718
Finance costs during the year (note 26)	10,135,875	9,359,146
Paid during the year	(34,219,665)	(25,307,878)
Balance as of the ending of the year	293,284,168	225,528,207
Current portion of lease liabilities	39,655,973	23,536,645
Non-current portion of lease liabilities	253,628,195	201,991,562

Present value of lease liabilities	As of December 31,	
	2025 (SAR)	2024 (SAR)
Minimum future lease liabilities	404,200,979	313,306,639
Less: unamortized finance costs	(110,916,811)	(87,778,432)
Present value of minimum lease liabilities	293,284,168	225,528,207
Current portion of lease liabilities	39,655,973	23,536,645
Non-current portion of lease liabilities	253,628,195	201,991,562

SPECIALIZED MEDICAL COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2025

12. INVESTMENTS IN EQUITY INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL)

	As of December 31,	
	2025 (SAR)	2024 (SAR)
Al- Wadi Fund *	100,000,000	-
	100,000,000	-

* On 22 December 2025 (corresponding to 2 Rajab 1447H), the Company entered into an in-kind contribution agreement with Al Arjaa Al Mushayyadah Company, acting on behalf of BLME Kingdom Fund (the "Fund"). The Fund is a closed-ended private real estate investment fund, compliant with Shariah standards and controls, and established in accordance with the Investment Funds Regulations issued by the Board of the Capital Market Authority in the Kingdom of Saudi Arabia. The Fund is managed by BLME capital Company (the "Fund Manager"), a Company licensed by the Capital Market Authority. The purpose of the agreement was to transfer ownership of a plot of land owned by the Company, located in Al Wadi District, Riyadh, to the Fund in exchange for the Company receiving units issued by the Fund equivalent to the value of the in-kind contribution. The fair value of the land amounted to SAR 100,000,000, and the land was valued by independent valuers accredited by the Saudi Authority for Accredited Valuers ("Taqeem").

On 30 December 2025 (corresponding to 10 Rajab 1447H), ownership of the land was transferred from the Company to the Fund. As a result of this transaction, a gain on disposal of property and equipment (capital gain on land) amounting to SAR 60,625,975 was recognized (Note 27), representing the difference between the fair value of the land at the date of disposal and its net book value, which amounted to SAR 39,374,025 (Note 10). Such gain was recognized in the consolidated statement of profit or loss under other income (Note 27).

The investment in the Fund has been classified as an investment in equity instruments at fair value through profit or loss, as the Company does not have control over, nor significant influence on, the Fund.

The Fund aims to develop the land and construct hospitality units (hotel rooms and residential apartments) and subsequently sell them.

SPECIALIZED MEDICAL COMPANY

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2025**12. INVESTMENTS IN EQUITY INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL) (Continued)**

The investment is classified as Level 3.

Financial investments at FVTPL are recognized at fair value and categorized within the level of the fair value hierarchy based on the lowest level input that is significant to fair value measurement in their entirety. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2); and
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

13. TRADE PAYABLES

	As of December 31,	
	2025 (SAR)	2024 (SAR)
Trade payables to local and foreign suppliers	115,494,647	104,488,395
	115,494,647	104,488,395
Current portion of trade payables	115,494,647	104,158,709
Non-current portion of trade payables	-	329,686

The average credit period with suppliers is 3 months. Trade payables to foreign suppliers mainly relate to the purchase of medical equipment and supplies, which are settled through letters of credit issued by local commercial banks, with payment periods exceeding 12 months.

14. SHORT-TERM LOANS

The Group obtained Shariah-compliant bank facilities from local commercial banks at an interest rate plus SAIBOR to finance the working capital requirements. The value of the withdrawal until as of December 31, 2025 amounted to SAR 246,523,301 (December 31, 2024: SAR 490,537,492).

SPECIALIZED MEDICAL COMPANY

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2025**15. LONG -TERM LOANS**

Movement of long term loans	As of December 31,	
	2025 (SAR)	2024 (SAR)
Balance as of the beginning of the year	143,877,551	201,428,571
Additions during the year	200,000,000	-
Paid during the year	(57,551,020)	(57,551,020)
Balance as of the ending of the year	286,326,531	143,877,551
Current portion of long term loans	57,551,020	57,551,020
Non-current portion of long term loans	228,775,511	86,326,531

The Group obtained Shariah-compliant bank facilities from local commercial banks at an interest rate plus SAIBOR to finance projects under construction.

16. GOVERNMENT GRANTS AND LOAN

Movement of government loan	As of December 31,	
	2025 (SAR)	2024 (SAR)
Balance as of the beginning of the year	2,747,992	5,403,055
Amortization during the year	(2,747,992)	(2,655,063)
Balance as of the ending of the year	-	2,747,992
Current portion of government loan	-	2,747,992

The Group received an interest-free government loan for medical equipment and furniture. The loan was secured by a mortgage over land and a building. The final installment was paid on February 27, 2025, and the mortgage was released.

SPECIALIZED MEDICAL COMPANY

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2025**16. GOVERNMENT GRANTS AND LOAN (Continued)**

Movement of deferred government grant	As of December 31,	
	2025 (SAR)	2024 (SAR)
Balance as of the beginning of the year	96,177	285,287
Amortization during the year	(96,177)	(189,110)
Balance as of the ending of the year	-	96,177
Current portion of deferred government grant	-	96,177

The government grant represents the difference between the fair value and the carrying amount of the interest-free loan obtained from the Ministry of Finance to finance the purchase of medical equipment and furniture. All conditions for the grant have been fulfilled by the Group.

17. ZAKAT PAYABLE

Main elements of the Zakat base	As of December 31,	
	2025 (SAR)	2024 (SAR)
Equity and equivalents	1,201,448,449	838,747,166
Non-current liabilities	660,575,435	622,284,516
Non-current assets	(1,615,630,193)	(1,461,031,682)
Zakat base		
Minimum Zakat base	272,500,312	185,219,494
Maximum Zakat base	1,201,448,449	838,747,166
Zakat due from the minimum Zakat base*	7,024,196	4,787,453

*Zakat is calculated based on the higher of the adjusted net income or the Zakat base, in accordance with the rules of the Zakat, Tax and Customs Authority of Saudi Arabia.

SPECIALIZED MEDICAL COMPANY

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2025**17. ZAKAT PAYABLE (Continued)**

Movement of zakat payable	As of December 31,	
	2025 (SAR)	2024 (SAR)
Balance as of the beginning of the year	8,351,552	5,714,642
Additions during the year	6,273,672	8,435,573
Paid during the year	(4,787,426)	(5,798,663)
Balance as of the ending of the year	9,837,798	8,351,552

Zakat Status

Zakat declarations have been submitted to the Zakat, Tax and Customs Authority (the "Authority") for all years up to December 31, 2024. The Group has received final assessments up to the year ended 2018 and is still awaiting final assessments for the years 2019 to 2024 from the Authority. Subsequent to the financial statement date, the Group obtained a final assessment for the year ended December 31, 2024. This assessment resulted in zakat differences amounting to SAR 24,000 approximately, which were recognized in the subsequent period in the profit or loss statement.

18. OTHER CURRENT LIABILITIES

	As of December 31,	
	2025 (SAR)	2024 (SAR)
Employees' salaries and benefits	35,005,569	51,406,839
Value added tax	16,253,781	2,893,949
Contract liability *	8,957,364	9,341,309
Accrued expenses	8,361,671	7,996,456
General organization for social insurance	2,380,541	2,301,326
Unearned other revenue	2,284,116	1,176,406
Others	8,722,162	6,115,603
	81,965,204	81,231,888

SPECIALIZED MEDICAL COMPANY

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2025

18. OTHER CURRENT LIABILITIES (Continued)

* Contract liability balances represent the Group's obligations to customers arising from amounts received in advance, before fulfilling the promised performance obligations, or when the amount received from a customer exceeds the promised performance obligations – recognized revenue. The Group derecognizes contract liabilities and recognizes them as revenue when the promised services are delivered to customers.

19. EMPLOYEES DEFINED BENEFITS LIABILITIES

Movement of employees defined benefits liabilities	As of December 31,	
	2025 (SAR)	2024 (SAR)
Balance as of the beginning of the year	159,552,201	155,938,697
Additions during the year *	32,589,667	29,088,100
Paid during the year	(14,587,000)	(25,474,596)
Balance as of the ending of the year	177,554,868	159,552,201

Movement of employees defined benefits liabilities	For the year ended December 31,	
	2025 (SAR)	2024 (SAR)
Current service cost	18,755,968	19,112,901
Interest cost	8,365,426	6,802,067
Expenses charged to the consolidated statement of profit or loss	27,121,394	25,914,968
Actuarial losses arising from remeasurement	5,468,273	3,173,132
Expenses charged to the consolidated statement of other comprehensive income	5,468,273	3,173,132
Total additions to employees defined benefits liabilities	32,589,667	29,088,100

SPECIALIZED MEDICAL COMPANY

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2025

19. EMPLOYEES DEFINED BENEFITS LIABILITIES (Continued)

Key actuarial assumptions used in the measurement	As of December 31,	
	2025 %	2024 %
Discount rate	5.50	5.25
Salary increase rate	3.50	3.75
Employee turnover rate	13	22

Sensitivity of employees defined benefits liabilities to changes in the weighted key assumptions	As of December 31,	
	2025 (SAR)	2024 (SAR)
Discount rate assumption		
Increase in the assumption by 1%	171,458,802	153,050,552
Decrease in the assumption by 1%	184,252,852	167,748,726
Salary increase rate assumption		
Increase in the assumption by 1%	184,302,578	167,806,938
Decrease in the assumption by 1%	171,303,685	152,872,165

The sensitivity analysis has been determined based on reasonably possible changes in the relevant assumptions occurring at the end of the financial reporting period, with all other assumptions held constant. The sensitivity analysis presented above may not represent the actual change in employees defined benefit liabilities, as it is unlikely that changes in assumptions would occur independently of one another, and some assumptions may be interrelated. There were no changes in the methods and assumptions used in preparing the sensitivity analysis for the current year compared to the prior year.

SPECIALIZED MEDICAL COMPANY

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2025**19. EMPLOYEES DEFINED BENEFITS LIABILITIES (Continued)**

expected maturity analysis of employees defined benefit liabilities	As of December 31,	
	2025 (SAR)	2024 (SAR)
Year 1	60,492,245	34,593,760
Year 2	25,599,791	22,950,457
Year 3	22,574,424	18,660,223
Year 4	14,739,725	18,558,437
Year 5	13,628,026	15,710,622
Year 6 and thereafter	87,677,363	100,669,307

20. SHARE CAPITAL

The Company's share capital as of December 31, 2025 & December 31, 2024 amounted to SAR 250,000,000 consisting of 250,000,000 shares fully paid and issued shares of SAR 1 each. Holders of these shares are entitled to dividends as declared from time to time and entitled to one vote per share at general assembly meeting.

21. STATUTORY RESERVE

The statutory reserve included in the consolidated statement of financial position as of December 31, 2025 & December 31, 2024, 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. The Board of Directors, in its meeting held on July 29, 2025 (Corresponding 4 Safar 1447H), recommended to the General Assembly to transfer the balance of the statutory reserve amounting SAR 49,653,238 to retained earnings balance. The Extraordinary General Assembly, in its meeting held on 6 January 2026 (corresponding to 17 Rajb 1447H), approved this recommendation. Subsequent to the reporting date of the consolidated financial statements and upon approval by the Extraordinary General Assembly, the full balance was transferred to retained earnings.

SPECIALIZED MEDICAL COMPANY

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2025**22. REVENUE**

The Group primarily generates revenue from contract with customers from:

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

	For the year ended December 31,	
	2025 (SAR)	2024 (SAR)
Services relating to inpatient and outpatient clinics	1,254,730,804	1,180,193,726
Medicines - Pharmaceutical	258,034,331	236,010,001
Food and catering services	25,695,333	21,621,597
	1,538,460,468	1,437,825,324

23. COST OF REVENUE

	For the year ended December 31,	
	2025 (SAR)	2024 (SAR)
Salaries and employee benefits	599,674,652	570,578,069
Medicines, operating room supplies, and food	436,219,884	393,062,513
Depreciation of property and equipment	57,214,074	53,541,350
Depreciation of right-of-use assets	28,523,586	27,153,826
Maintenance and repairs	11,320,985	12,847,824
Others	22,616,391	18,641,448
	1,155,569,572	1,075,825,030

SPECIALIZED MEDICAL COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2025

24. SELLING AND MARKETING EXPENSES

	For the year ended December 31,	
	2025 (SAR)	2024 (SAR)
Advertising and promotion	15,993,616	8,949,370
	15,993,616	8,949,370

25. GENERAL AND ADMINISTRATIVE EXPENSES

	For the year ended December 31,	
	2025 (SAR)	2024 (SAR)
Salaries and employee benefits	88,138,436	92,157,655
Expected credit loss	12,635,319	9,678,156
Depreciation of property and equipment	5,242,503	4,925,361
Subscriptions	2,490,082	1,878,139
Depreciation of right-of-use assets	2,071,920	1,858,518
Maintenance and repairs	1,303,829	935,888
Others	11,664,408	4,341,691
	123,546,497	115,775,408

SPECIALIZED MEDICAL COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2025

26. FINANCE COST

	For the year ended December 31,	
	2025 (SAR)	2024 (SAR)
Interest cost on long and short term loans	32,338,213	35,806,499
Interest cost on lease liabilities	10,135,875	9,359,146
Interest cost on Employees defined benefits liabilities	8,365,426	6,802,067
Unwinding of deferred income on MOF loan	96,177	189,110
	50,935,691	52,156,822

27. OTHER INCOME

	For the year ended December 31,	
	2025 (SAR)	2024 (SAR)
Gains on disposal of property and equipment "Land" (note 10 & 12)	60,625,975	-
Supports and donations	8,449,232	7,642,792
Rent	6,594,021	2,998,448
Interest on short-term deposits	4,849,613	-
Realized gains of financial assets at FVTPL (note 5)	1,175,205	-
Unwinding of deferred income on MOF loan	96,177	189,110
Unrealized losses of financial assets at FVTPL (note 5)	(1,566,383)	-
Losses on disposal of property and equipment	(138,620)	(2,293,977)
	80,085,220	8,536,373

SPECIALIZED MEDICAL COMPANY

(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2025****28. EARNINGS PER SHARE**

	For the year ended December 31,	
	2025 (SAR)	2024 (SAR)
Profit for the year attributable to owners of the Company	266,226,640	185,219,494
Divided by: Weighted average number of outstanding ordinary shares	250,000,000	250,000,000
Basic and diluted earnings per share	1.06	0.74

29. INCREASE IN SHARE CAPITAL

The Company's share capital as of December 31, 2023 amounted to SAR 85,000,000, divided into 8,500,000 fully paid ordinary shares with a nominal value of SAR 10 each. During the period ended September 30, 2024, the Company decided to increase its share capital by SAR 165,000,000 through the capitalization of retained earnings and a share split from SAR 10 per share to SAR 1 per share, based on the approval of the Board of Directors dated August 27, 2024 (Corresponding to 23 Safar 1446H) and the approval of the Extraordinary General Assembly at its meeting held on September 15, 2024 (Corresponding to 12 Rabi' al-Awwal 1446H). The Company obtained the approval of the Ministry of Commerce and updated its commercial register on November 19, 2024 (Corresponding to 17 Jumada al-Awwal 1446H), resulting in a total share capital of SAR 250,000,000, composed of 250,000,000 fully paid ordinary shares, each with a nominal value of SAR 1.

30. APPROVED AND PROPOSED DIVIDENDS

The Board of Directors, in its meeting held on November 3, 2025 (corresponding to 12 Jumada I 1447H), recommended to the General Assembly the distribution of exceptional cash dividends to shareholders amounting to SAR 200,000,000. The Extraordinary General Assembly, at its meeting held on 6 January 2026 (corresponding to 17 Rajb 1447H), approved this recommendation. Subsequent to the reporting date of the consolidated financial statements, the amount of SAR 200,000,000 was paid and distributed to the shareholders.

The Board of Directors, in its meeting held on 8 March 2025 (Corresponding 19 Ramadan 1447H), recommended to the General Assembly to distribute cash dividend to the shareholders of SAR 80,000,000 for the year ended December 31, 2025.

SPECIALIZED MEDICAL COMPANY

(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2025****30. APPROVED AND PROPOSED DIVIDENDS (Continued)**

(December 31, 2024: SAR 200,000,000) The General Assembly, in its meeting held on December 15, 2024 (corresponding to 14 Jumada al-Akhirah 1446H), approved the distribution of annual dividends amounting to SAR 200,000,000 for the year ended December 31, 2024.

31. COMMITMENTS AND CONTINGENT LIABILITIES

Capital commitments related to projects under constructions	As of December 31,	
	2025 (SAR)	2024 (SAR)
Project - SMC 3	19,951,364	11,551,359
Project - SMC 4	82,326,917	206,918
	102,278,281	11,758,277
Letters of Guarantee		
Bank Letters of Guarantee	17,195,754	81,153,071

32. SEGMENT INFORMATION

*As the Group operates in the Kingdom of Saudi Arabia, for management purposes, the Group is organized into business units based on its products and services, and it has two reportable segments. Operating segments are identified based on the internal reports submitted to the Chief Operating Decision Maker (CODM) for operational decision-making. The CODM has been identified as the person responsible for allocating resources to the segments and assessing the performance of each segment. Revenue and the segment's gross profit are consistent measures used within the Group. The principal identified segments are Medical Services, Pharmacies, and Others.

SPECIALIZED MEDICAL COMPANY

(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2025****32. SEGMENT INFORMATION (Continued)**

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

For the year ended December 31, 2025	Medical Services (S)	Pharmacies, and Others (S)	Total (S)
Revenue	1,254,730,804	283,729,664	1,538,460,468
Gross profit	316,561,754	66,329,142	382,890,896
For the year ended December 31, 2024			
Revenue	1,180,193,727	257,631,597	1,437,825,324
Gross profit	303,748,275	58,252,019	362,000,294
As of December 31, 2025			
Total assets	2,329,994,062	69,846,856	2,399,840,918
Total liabilities	1,158,158,044	53,828,920	1,211,986,964
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

33. 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's financial instruments are generally aggregated at historical cost, differences may arise between the carrying amounts and estimated fair values. The management believes that the fair values of the Group's financial assets and liabilities do not differ materially from their carrying amounts.

Management has assessed the financial assets and liabilities and found that their carrying amounts approximate their fair values, given the short-term maturities of these instruments.

SPECIALIZED MEDICAL COMPANY

(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2025****33. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)****Fair Value Measurement (Continued)**

The table below shows the carrying amounts of the financial assets and liabilities:

Financial Assets at Amortized Cost	As of December 31,	
	2025 (S)	2024 (S)
Cash and cash equivalents	246,702,575	92,487,981
Trade receivables	459,343,034	406,603,950
Due from related parties	2,897,722	6,545,669
Other current assets	26,255,584	33,511,366
	735,198,915	539,148,966
Financial Liabilities at Amortized Cost		
Trade payables	115,494,647	104,488,395
Due to related parties	1,000,447	384,626
Short-term loans	246,523,301	490,537,492
Long-term loans	286,326,531	143,877,551
Government loan	-	2,747,992
Lease liabilities	293,284,168	225,528,207
Other current liabilities	81,965,204	81,231,888
	1,024,594,298	1,048,796,151

SPECIALIZED MEDICAL COMPANY

(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2025****33. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)****Fair Value Measurement (Continued)**

In measuring the fair value of assets or liabilities, the Group uses observable market data to the extent possible. Fair values are classified into different levels in the 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 within Level 1 that are observable for the asset or liability, either directly (such as prices) or indirectly (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 liability fall into different levels of the fair value hierarchy, the entire fair value measurement is classified in the same level of the hierarchy as the lowest level input that is significant to the measurement as a whole.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change occurred. Management believes that its estimates and judgments are reasonable and adequate.

Financial Risk Management

The Group is exposed to risks arising from its use of financial instruments. This note outlines the Group's objectives, policies, and processes for managing these risks, as well as the methods used to measure them. Additional quantitative information regarding these risks is presented in the consolidated financial statements.

The Board of Directors has the overall responsibility for setting the Group's objectives and policies for risk management. The Group's financial management assists the Board in fulfilling its responsibilities by designing and operating processes to ensure the effective implementation of these objectives and policies. The Board's overall objective is to establish policies that aim to minimize risks.

There have been no material changes in the Group's exposure to financial instrument risks, or in its objectives, policies, and processes for managing these risks, or in the methods used to measure them compared to previous periods.

SPECIALIZED MEDICAL COMPANY

(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2025****33. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)****Financial Risk Management (Continued)**

The Group is exposed to the following risks arising from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Foreign currency risk
- Commission rate risk

Credit risk

Credit risk is the risk of the Group incurring a financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The Group's assets that are subject to credit risk consist of cash and cash equivalents (excluding cash on hand), trade receivables, amounts due from related parties, and other current assets (excluding prepayments). The Group's management has decided to maintain bank balances with financial institutions with high credit ratings. Customer credit limits are monitored on a regular basis, which mitigates credit risk. The Group does not consider there to be a significant risk of default by these financial institutions and is not exposed to significant concentration of credit risk in trade receivables due to the diversity of its customer base.

The carrying amount of financial assets represents the maximum exposure to credit risk. The maximum exposure to credit risk at the reporting date of the consolidated statement of financial position is as follows:

	As of December 31,	
	2025 (SAR)	2024 (SAR)
Cash and cash equivalents	246,702,575	92,487,981
Financial assets at FVTPL	2,742,437	-
Trade receivables	459,343,034	406,603,950
Due from related parties	2,897,722	6,545,669
Other current assets	26,255,584	33,511,366
	737,941,352	539,148,966

SPECIALIZED MEDICAL COMPANY

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2025**33. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)****Liquidity Risk**

Liquidity risk is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due. The Group's objective is to maintain a balance between continuity of funding and flexibility by using short-term bank facilities to ensure that it always has sufficient funds to meet its obligations when due. The Group's operating cash flows are generally predictable. The Group maintains a short cash conversion cycle reflecting the nature of its business, trade receivables management, and credit terms granted by suppliers. Cash flow forecasts are prepared regularly to assist management in determining future liquidity requirements.

The following table summarizes the contractual maturities of the Group's financial liabilities, including estimated interest payments:

As of December 31, 2025	Carrying Amount (SAR)	Contractual Cash Flows (SAR)	Less than 1 year (SAR)	More than 1 year (SAR)
Non-Derivative Financial Liabilities				
Trade payables	115,494,647	115,494,647	115,494,647	-
Due to related parties	1,000,447	1,000,447	1,000,447	-
Short-term loans	246,523,301	247,800,607	247,800,607	-
Long-term loans	286,326,531	391,171,395	76,305,065	314,866,330
Lease liabilities	293,284,168	404,200,979	39,655,973	364,545,006
Other current liabilities	81,965,204	81,965,204	81,965,204	-
	1,025,094,299	1,241,633,279	562,221,943	679,411,336

SPECIALIZED MEDICAL COMPANY

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2025**33. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)****Liquidity Risk (Continued)**

As of December 31, 2024	Carrying Amount (SAR)	Contractual Cash Flows (SAR)	Less than 1 year (SAR)	More than 1 year (SAR)
Non-Derivative Financial Liabilities				
Trade payables	104,488,395	104,488,395	104,158,709	329,686
Due to related parties	384,626	384,626	384,626	-
Short-term loans	490,537,492	519,171,179	519,171,179	-
Long-term loans	143,877,551	155,872,902	65,777,206	90,095,696
Government loan	2,747,992	2,747,992	2,747,992	-
Lease liabilities	225,528,207	313,306,639	23,536,645	289,769,994
Other current liabilities	81,231,888	81,231,888	81,231,888	-
	1,048,796,151	1,177,203,621	797,008,245	380,195,376

Market Risk

Market risk is the risk of exposure to changes in the fair value or future cash flows of financial instruments due to fluctuations in market prices. Market prices include three types of risk: interest rate risk, currency risk, and other price risks, such as equity price risk and commodity price risk. Financial instruments affected by market risk include loans and bank deposits.

Foreign Currency Risk

Foreign currency risk is the risk of changes in the fair value or future cash flows of a financial instrument due to fluctuations in foreign exchange rates. The Group's management monitors movements in exchange rates and believes that foreign currency risk is not significant. The Group's primary transactions are denominated in SAR.

Interest Rate Risk

The Group is exposed to interest rate risk relating to cash flow fluctuations arising from borrowings from local banks, which may be linked to variable interest rates. When the Group borrows, it uses short-term Shariah-compliant financing, repay within one year, to finance working capital requirements. Long-term Shariah-compliant financing is used solely to finance projects under construction. Bank borrowings generally carry a floating interest rate, plus the prevailing SAIBOR rate.

SPECIALIZED MEDICAL COMPANY

(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2025****34. CAPITAL MANAGEMENT**

The primary objective of the Group's capital management is to maximize returns to shareholders. The Group's policy is to maintain a strong capital base to retain investor and creditor confidence and to support the future development of its business. For the purpose of capital management, the Group's capital includes issued and paid-up share capital and all reserves within equity attributable to the shareholders of the Company. Management monitors return on capital and the level of dividends paid to shareholders and seeks to maintain a balance between higher returns and the security provided by a sound capital position. The Group manages its capital structure and makes adjustments in light of changes in economic conditions and its financial requirements to maintain or adjust the capital structure.

35. RECLASSIFICATION OF COMPARATIVE FINANCIAL STATEMENTS

Certain prior year amounts have been reclassified to conform to the current year's presentation.

36. SUBSEQUENT EVENTS

1. The Extraordinary General Assembly, in its meeting held on 6 January 2026 (corresponding to 17 Rajb 1447H) , approved the Board of Directors' recommendation to transfer the statutory reserve balance, as presented in the consolidated statement of financial position as of December 31, 2025 and December 31, 2024, amounting to SAR 49,653,238, to retained earnings.
2. The Extraordinary General Assembly, in its meeting held on 6 January 2026 (corresponding to 17 Rajb 1447H), approved the Board of Directors' recommendation to distribute an exceptional cash dividend to shareholders amounting to SAR 200,000,000.
3. The Board of Directors, in its meeting held on 8 March 2025 (Corresponding 19 Ramadan 1447H), recom-mended to the General Assembly to distribute cash dividend to the shareholders of SAR80,000,000 for the year ended December 31, 2025.

There were no events, except for aforementioned, subsequent to December 31, 2025, and occurring before the date of the approval of the consolidated financial statements that are expected to have a significant impact on these consolidated financial statements.

37. BOARD OF DIRECTORS APPROVAL

These consolidated financial statements were approved by the Board of Directors on behalf of the Shareholders on March 8 ,2026 (corresponding 19 Ramadan 1447H).



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