



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

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)
FOR THE THREE- MONTH PERIOD ENDED 31 MARCH 2026
AND INDEPENDENT AUDITOR'S REVIEW REPORT



**SCIENTIFIC AND MEDICAL EQUIPMENT HOUSE COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2026
AND INDEPENDENT AUDITOR'S REVIEW REPORT**

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

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Scientific and Medical Equipment House Company, (A Saudi Joint Stock Company) (the "Company") and its subsidiaries (collectively referred to as "Group") as at 31 March 2026, and the related interim condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the three-month period then ended, and other explanatory notes. Management is responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on this interim financial information based on our review.

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

Conclusion

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

For and on behalf of Alluhaid and Alyahya Chartered Accountants



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

Riyadh: 27 Dhu al-Qi'dah 1447 AH.
(14 May 2026)



SCIENTIFIC AND MEDICAL EQUIPMENT HOUSE COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2026

	Notes	31 March 2026 ﷲ (Unaudited)	31 December 2025 ﷲ (Audited)
ASSETS			
Non-current assets			
Property, plant, and equipment		25,747,518	25,957,487
Right-of-use assets		15,178,014	15,278,017
Investment properties		30,794,296	30,880,746
Intangible assets		1,184,106	1,244,133
Investment at fair value through other comprehensive income (FVOCI)	5	12,053,684	-
Prepayments and other debit balances non-current portion		5,113,880	5,471,820
Total non-current assets		90,071,498	78,832,203
Current assets			
Inventories		61,252,922	65,845,409
Trade receivables and contract assets	6	672,127,401	686,213,442
Prepayments and other debit balances		54,044,653	58,966,606
Due from related parties	7a	23,648,459	23,070,718
Cash and cash equivalents		40,276,536	20,472,235
Total current assets		851,349,971	854,568,410
TOTAL ASSETS		941,421,469	933,400,613
EQUITY AND LIABILITIES			
EQUITY			
Share capital	8	300,000,000	300,000,000
Statutory reserve		36,586,165	36,586,165
Fair value reserve of financial assets held at "FVOCI"		54,495	-
Retained earnings		180,382,306	172,101,287
Equity attributable to the shareholders of the Parent Company		517,022,966	508,687,452
Non-controlling interests		(8,176,365)	(7,844,409)
TOTAL EQUITY		508,846,601	500,843,043
LIABILITIES			
Non-current liabilities			
Employees' defined benefits obligations		72,589,886	70,159,786
Lease liabilities		7,184,433	7,521,886
Long-term borrowings	9	4,425,000	5,025,000
Total non-current liabilities		84,199,319	82,706,672
Current liabilities			
Lease liabilities – current portion		6,529,622	6,984,257
Long-term borrowings - current portion	9	2,350,000	1,750,000
Short-term borrowings	9	156,245,740	170,222,302
Notes payable		2,194,637	-
Trade payables		58,111,071	47,994,325
Accrued expenses and other credit balances		93,160,262	91,957,326
Due to related parties	7b	1,035,000	-
Contract liabilities		8,592,981	14,348,069
Zakat payable		20,156,236	16,594,619
Total current liabilities		348,375,549	349,850,898
TOTAL LIABILITIES		432,574,868	432,557,570
TOTAL EQUITY AND LIABILITIES		941,421,469	933,400,613



Chief Financial Officer
Mr. Ahmed Basha Al-Najjar



Chief Executive Officer
Mr. Faisal bin Hawas Al-Atawi




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

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

SCIENTIFIC AND MEDICAL EQUIPMENT HOUSE COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME (UNAUDITED)
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2026

	Notes	Three-month period ended	
		31 March 2026 ﷲ	31 March 2025 ﷲ
Revenue	13	192,090,969	221,733,292
Cost of revenue	13	(166,947,915)	(188,467,151)
Gross profit		25,143,054	33,266,141
Selling and marketing expenses		(4,589,803)	(5,381,568)
General and administrative expenses		(13,035,107)	(14,617,497)
Reversal of expected credit losses	6	1,052,021	502,783
Operating profit		8,570,165	13,769,859
Finance cost		(3,689,369)	(3,731,485)
Other income	10	6,629,884	2,084,533
Profit before zakat		11,510,680	12,122,907
Zakat for the period		(3,561,617)	(4,828,852)
Net profit for the period		7,949,063	7,294,055
Other Comprehensive Income (OCI)			
<i>Items that will not be reclassified to net income</i>			
Unrealized gain on fair value of equity investment at FVOCI		54,495	-
Total comprehensive income for the period		8,003,558	7,294,055
Net profit / (loss) for the period attributable to:			
Shareholders of the parent company		8,281,019	7,689,081
Non-controlling interests		(331,956)	(395,026)
		7,949,063	7,294,055
Total comprehensive income / (loss) for the period attributable to:			
Shareholders of the parent company		8,335,514	7,689,081
Non-controlling interests		(331,956)	(395,026)
		8,003,558	7,294,055
Basic and diluted earnings per share attributable to the shareholders of the parent company	11	0.28	0.26


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SCIENTIFIC AND MEDICAL EQUIPMENT HOUSE COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2026

	Attributable to the shareholders of the parent					Non-controlling interests	Total equity
	Share capital	Statutory reserve	Fair value reserve of financial assets held at "FVOCI"	Retained earnings	Total		
	ﷲ	ﷲ	ﷲ	ﷲ	ﷲ	ﷲ	ﷲ
As at 1 January 2025 (Audited)	300,000,000	36,586,165	-	174,021,556	510,607,721	(5,619,787)	504,987,934
Net profit for the period	-	-	-	7,689,081	7,689,081	(395,026)	7,294,055
Other comprehensive income for the period	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	7,689,081	7,689,081	(395,026)	7,294,055
As at 31 March 2025 (Unaudited)	300,000,000	36,586,165	-	181,710,637	518,296,802	(6,014,813)	512,281,989
As at 1 January 2026 (Audited)	300,000,000	36,586,165	-	172,101,287	508,687,452	(7,844,409)	500,843,043
Net profit for the period	-	-	-	8,281,019	8,281,019	(331,956)	7,949,063
Other comprehensive income for the period	-	-	54,495	-	54,495	-	54,495
Total comprehensive income for the period	-	-	54,495	8,281,019	8,335,514	(331,956)	8,003,558
As at 31 March 2026 (Unaudited)	300,000,000	36,586,165	54,495	180,382,306	517,022,966	(8,176,365)	508,846,601


Chief Financial Officer
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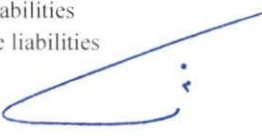

Chairman of the Board of Directors
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SCIENTIFIC AND MEDICAL EQUIPMENT HOUSE COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2026

	Three-month period ended	
	31 March 2026	31 March 2025
	س.ر.	س.ر.
OPERATING ACTIVITIES		
Profit before zakat	11,510,680	12,122,907
Adjustments for non-cash items:		
Depreciation of property, plant and equipment	2,065,209	2,348,132
Depreciation of investment properties	86,450	86,450
Depreciation of right-of-use assets	1,618,676	2,301,088
Amortization of intangible assets	60,027	37,385
Reversal of expected credit losses	(1,052,021)	(502,783)
Provision for slow-moving inventories	640,876	400,299
Gain on disposal of property, plant and equipment	(107,710)	(3,907)
Gain on lease agreements termination	(209,640)	-
Finance cost	3,689,369	3,731,485
Employees' defined benefits obligation	4,011,120	4,279,200
Changes in working capital:		
Decrease in trade receivables and contract assets	15,663,062	38,553,727
Decrease / (increase) in inventories	3,951,611	(7,780,932)
Decrease / (increase) in prepayments and other debit balances	4,396,953	(1,722,239)
Increase / (decrease) in trade payables	10,116,746	(7,723,931)
Increase in accrued expenses and other credit balances	1,088,638	9,604,032
Decrease in contract liabilities	(5,755,088)	(1,503,298)
Increase in due from / to related parties, net	457,259	1,552,907
	52,232,217	55,780,522
Employees' defined benefits obligation paid	(1,581,020)	(2,776,692)
Zakat paid	-	(125,013)
Net cash flows provided by operating activities	50,651,197	52,878,817
INVESTING ACTIVITIES		
Purchase of property, plant, and equipment	(1,855,280)	(2,592,909)
Proceeds from disposal of property, plant, and equipment	107,750	18,261
Other non-current assets	357,940	-
Purchase of investment at fair value through OCI	(11,999,189)	-
Net cash flows used in investing activities	(13,388,779)	(2,574,648)
FINANCING ACTIVITIES		
Notes payable	2,194,637	-
Payment of principal portion of lease liabilities	(2,365,003)	(3,182,759)
Proceeds from short-term borrowings	180,654,679	76,047,432
Repayments of short-term borrowings	(194,631,241)	(141,657,733)
Financing costs paid	(3,311,189)	(3,466,499)
Net cash flows used in financing activities	(17,458,117)	(72,259,559)
Net increase / (decrease) in cash and cash equivalents	19,804,301	(21,955,390)
Cash and cash equivalents at beginning of the period	20,472,235	88,064,217
Cash and cash equivalents at the end of the period	40,276,536	66,108,827
Non-cash transactions		
Additions to right-of-use assets against lease liabilities	3,461,783	2,687,259
Termination of right-of-use assets against lease liabilities	(1,943,110)	-
Change in fair value of investment at FVOCI	54,495	-


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**SCIENTIFIC AND MEDICAL EQUIPMENT HOUSE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2026**

1. ORGANIZATION AND ACTIVITY

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

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

The registered address of the Company is P.O. Box 1584, Riyadh 12711, Kingdom of Saudi Arabia.

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

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

**SCIENTIFIC AND MEDICAL EQUIPMENT HOUSE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
(CONTINUED)
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2026**

1. ORGANIZATION AND ACTIVITY (CONTINUED)

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

Company's name	Ownership % as at		Activity
	31 March 2026	31 December 2025	
Girgas Trading Co. Drug Store Co. *	100%	100%	A warehouse for wholesale and retail trade in medical supplies.
Protecta Visions Co.	100%	100%	Import, export, wholesale and retail trade in medical, electronical, electrical and mechanical equipment and devices, laundries, incinerator equipment and pumps.
Nabd Medical Industries Co.	51%	51%	Manufacture of pacemakers, manufacture of ECG devices, manufacture of tubes for catheterization, nutrition and liposuction, etc.
Alwateen A/C & Refrigeration Co.	100%	100%	Cooling and air conditioning systems installation, maintenance and repair.
New Era Co. Ltd.	100%	100%	Installation and extension of television, satellite, computer and telecommunications networks. Installation and maintenance of fire alarm, security and lighting systems and equipment. Extension of electrical and communication wires.
Future Doors Contracting Co.	100%	100%	Installation and maintenance of cooling, air conditioning, electric, gas and oil heating systems. Extension and maintenance of gas, steam and fire pipes. Installation, extension and maintenance of air conditioning and irrigation pipes.
The House of Food Supplies Co.	100%	100%	Refrigerated food warehouses, wholesale of food and drinks

**SCIENTIFIC AND MEDICAL EQUIPMENT HOUSE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
(CONTINUED)
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2026**

2. BASIS OF PREPARATION

Statement of Compliance

These interim condensed consolidated financial statements have been prepared in accordance with the International Accounting Standard (IAS 34) “Interim Financial Reporting” that is endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants (SOCPA) and should be read in conjunction with the Group’s last annual consolidated financial statements for the year ended 31 December 2025.

These interim condensed consolidated financial statements do not include all the information and disclosures required for a complete set of consolidated financial statements, however, accounting policies and selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance since 31 December 2025.

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

Preparation of Interim Condensed Consolidated Financial Statements

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

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

The interim condensed consolidated financial statements have been prepared on a historical cost basis except for the following:

- Employees’ defined benefits obligations, which are measured using the projected unit credit method.
- Investment at fair value through other comprehensive income (FVOCI).

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

Basis of Consolidation

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

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

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

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

**SCIENTIFIC AND MEDICAL EQUIPMENT HOUSE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
(CONTINUED)
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2026**

2. BASIS OF PREPARATION (CONTINUED)

Basis of Consolidation (continued)

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

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

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

Functional and Presentation Currency

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

3. USE OF JUDGMENTS AND ESTIMATES

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

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

4. MATERIAL ACCOUNTING POLICY INFORMATION

The accounting policies applied in preparing the interim condensed consolidated financial statements are consistent with those followed in preparing the Group's annual consolidated financial statements for the year ended 31 December 2025, except for the application of the new amendments that became effective on 1 January 2026. The Group did not early adopt any standard, interpretation or amendment issued but not yet effective.

a) NEW CURRENTLY EFFECTIVE REQUIREMENTS

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

b) FORTHCOMING IFRS REQUIREMENTS

<u>New accounting standards or amendments:</u>	<u>Effective date</u>
IFRS 18 Presentation and Disclosure in Financial Statements	1 January 2027
IFRS 19 Subsidiaries without Public Accountability: Disclosures	
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	Available for optional adoption/ effective date deferred indefinitely

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

**SCIENTIFIC AND MEDICAL EQUIPMENT HOUSE COMPANY
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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
(CONTINUED)
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2026**

5. INVESTMENT AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (FVOCI)

During the period ended 31 March 2026, the Group invested a total of **ﷲ** 12 million in an equity instrument, which was managed by a fund manager under a discretionary investment portfolio. The Group has made this long-term investment not for the purpose of trading. The Group has irrevocably elected to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis. Therefore, the Group has classified this investment as financial asset held at fair value through other comprehensive income in accordance with the Group's business model for such investments. This investment does not give the Group control or the right to direct decisions over the investees. Such equity investment at FVOCI is not subject to an impairment assessment.

Company	% of Ownership	31 March 2026 (Unaudited)	31 December 2025 (Audited)
SEERA Holding Group	0.2%	12,053,684	-

The movement in the equity investment designated at fair value through OCI is as follows:

	31 March 2026 (Unaudited)	31 December 2025 (Audited)
Balance at the beginning of the period / year	-	-
Additions during the period / year	11,999,189	-
Unrealized gain on fair value through OCI	54,495	-
Balance at the end of the period / year	12,053,684	-

6. TRADE RECEIVABLES AND CONTRACT ASSETS

		31 March 2026 (Unaudited)	31 December 2025 (Audited)
Trade receivables	6-A	501,491,247	549,776,058
Contract assets	6-B	193,967,857	161,346,108
		695,459,104	711,122,166
Allowance for expected credit losses	6-C	(23,331,703)	(24,908,724)
		672,127,401	686,213,442

6 -A Trade Receivables

	31 March 2026 (Unaudited)	31 December 2025 (Audited)
Trade receivables – Government and semi-government sector	431,446,615	484,800,895
Trade receivables – Private sector	68,639,680	63,628,747
Retentions	1,404,952	1,346,416
	501,491,247	549,776,058

6 -B Contract assets

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

	31 March 2026 (Unaudited)	31 December 2025 (Audited)
Operation and maintenance contracts	187,134,900	155,760,245
Construction projects	6,832,957	5,585,863
	193,967,857	161,346,108

SCIENTIFIC AND MEDICAL EQUIPMENT HOUSE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
(CONTINUED)
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2026

6. TRADE RECEIVABLES AND CONTRACT ASSETS (CONTINUED)

6 -C Allowance for expected credit losses

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

	31 March 2026 (Unaudited)	31 December 2025 (Audited)
Balance at the beginning of the period / year	24,908,724	23,358,035
(Reversal) / charge for the period / year	(1,577,021)	2,216,717
Write off	-	(666,028)
Balance at the end of the period / year	23,331,703	24,908,724

Expected credit losses shown in the statement of profit or loss for period comprise of the following:

	For the three-month period ended 31 March 2026 (Unaudited)	For the three-month period ended 31 March 2025 (Audited)
Reversal of ECL – trade receivables and contract assets	(1,577,021)	(502,783)
ECL - other debit balances	525,000	-
	(1,052,021)	(502,783)

7. RELATED PARTIES BALANCES AND TRANSACTIONS

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

The following is a summary of significant transactions that took place between the Group and related parties during the three-month period ended 31 March:

Related party name	Relationship	Nature of transactions	Three-month period ended	
			31 March 2026 (Unaudited)	31 March 2025 (Unaudited)
Rawabi Marketing International Co.	Affiliate	Expenses paid on behalf of an Affiliate	62,894	162,375
		Rental income	216,000	216,000
		Revenue from construction	-	2,318,332
		Revenue from maintenance and operating contracts	699,423	1,024,533
Rawabi for Smart Services & Devices Co.	Affiliate	Purchases	948,750	948,750
National Company for Sulfur Products	Affiliate	Expenses paid on behalf of an Affiliate	193,819	207,860
		Rental income	96,000	96,000
		Revenue from maintenance and operating contracts	1,195,766	1,277,490
German Metal Surface Treatment Chemicals Co	Affiliate	Expenses paid on behalf of an Affiliate	33,340	10,729
		Rental income	66,000	66,000
		Maintenance and operating revenues	360,244	222,841

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7. RELATED PARTIES BALANCES AND TRANSACTIONS (CONTINUED)

Related party name	Relationship	Nature of transactions	Three-month period ended	
			31 March 2026 (Unaudited) ﷲ	31 March 2025 (Unaudited) ﷲ
Dirat Al Amar Real Estate Co.	Affiliate	Expenses paid on behalf of an Affiliate	90,528	265,256
		Rent Expense	1,134,477	1,404,197
		Maintenance and operating revenues	174,564	498,720
Uni Land for Trading Est.	Affiliate	Expenses paid on behalf of an Affiliate	282,538	309,337
		Purchases	336,896	677,310

7. (a) Due From Related Parties

	ﷲ	
	31 March 2026 (Unaudited)	31 December 2025 (Audited)
Rawabi Marketing International Company	15,317,809	14,623,492
Uni Land for Trading Establishment	1,428,735	1,483,095
Dirat Al Amar Real Estate Company	1,147,538	2,016,922
National of Sulfur Products Co	581,585	-
German of metal surface treatment co	225,583	-
Wareed Medical Industries Company	4,947,209	4,947,209
	<u>23,648,459</u>	<u>23,070,718</u>

7. (b) DUE TO RELATED PARTIES

	ﷲ	
	31 March 2026 (Unaudited)	31 December 2025 (Audited)
Rawabi for Smart Services & Devices Company	1,035,000	-
	<u>1,035,000</u>	<u>-</u>

8. SHARE CAPITAL

The authorized, issued and fully paid share capital of the Company consists of 30 million shares of ﷲ 10 each (31 December 2025: 30 million shares of ﷲ 10 each).

9. BANK FACILITIES

The Group has obtained Islamic bank facilities from local banks in the form of term loans and note payable (Murabaha and Tawarruq). Balance outstanding as at period end from these facilities amounts to ﷲ 165 million (31 December 2025: ﷲ 177 million). These facilities were obtained in accordance with the conditions stated in the bank facilities' agreements. The following are the facilities details:

	ﷲ	
	31 March 2026 (Unaudited)	31 December 2025 (Audited)
Short-term borrowings (a)	156,245,740	170,222,302
Long-term borrowings (b)	6,775,000	6,775,000
Notes payable (c)	2,194,637	-
	<u>165,215,377</u>	<u>176,997,302</u>

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9. BANK FACILITIES (CONTINUED)

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

	ﷲ	
	31 March 2026 (Unaudited)	31 December 2025 (Audited)
Opening balance	170,222,302	185,138,364
Additions during the period /year	180,654,679	559,871,150
Paid during the period /year	(194,631,241)	(574,787,212)
Ending balance	156,245,740	170,222,302

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

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

	ﷲ	
	31 March 2026 (Unaudited)	31 December 2025 (Audited)
Balance at the beginning of the period/year	6,775,000	8,325,000
Paid during the period/year	-	(1,550,000)
Balance at the end of the period/year	6,775,000	6,775,000
Current portion	2,350,000	1,750,000
Non-current portion	4,425,000	5,025,000

c) Notes payable arise from borrowing activities from banks. These liabilities involve the repayment of principal amounts and interest as stipulated in corresponding agreements. These are current liabilities that represent short-term obligations that are scheduled to be settled within 2026.

10. OTHER INCOME

	(SAUDI RIYAL)	
	Three-month period ended	
	31 March 2026 (Unaudited)	31 March 2025 (Unaudited)
Compensation from Human Resources Development Fund	5,924,617	1,206,552
Rental income (note 7)	378,000	378,000
Gain on lease agreements termination	209,640	-
Gain on disposal of property, plant and equipment	107,710	3,907
Miscellaneous	9,917	496,074
	6,629,884	2,084,533

11. BASIC AND DILUTED EARNINGS PER SHARE

The earnings per share is calculated based on the net profit for the period attributable to the Company’s shareholders on the basis of the weighted average number of outstanding shares during that period, which amounted to 30 million (2025: 30 million) shares. The diluted earnings per share is the same as the basic earnings per share as the Company does not have any issued dilutive instruments.

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12. COMMITMENTS AND CONTINGENCIES

Commitments and guarantees:

The Group has commitments in the form of letters of credit as of 31 March 2026 amounting to **ﷲ** 27.1 million (31 December 2025: **ﷲ** 21.5 million) and contingent liabilities against the letters of guarantee as of 31 March 2026 amounting to **ﷲ** 338.6 million (31 December 2025: **ﷲ** 343.2 million).

Legal claim contingency:

In 2025, the Group received a payment order including deductions of **ﷲ** 14.6 million relating to a previously completed project for the period 2013–2019. The deductions were imposed by the Group's customer based on observations raised by the General Court of Audit (GCA), primarily relating to non-compliance with the contractual nationality requirements and the absence of certain workers.

Accordingly, the Group filed a legal claim before the Administrative Court in Makkah on 12 March 2025. On 11 November 2025, the Court issued a first-instance judgment obliging the Group's customer to repay **ﷲ** 13 million to the Group. On 16 February 2026, the Administrative Court of Appeal in Riyadh upheld the first-instance judgment.

A provision of **ﷲ** 1.6 million is maintained and is presented within accrued expenses and other credit balances as at 31 March 2026 (31 December 2025: **ﷲ** 1.6 million).

Zakat contingency:

The Group submitted its zakat declarations until 2025 and obtained zakat certificates accordingly. During 2025, the Zakat, Tax and Customs Authority ("ZATCA") assessed the Group's zakat for the financial years 2021 to 2023. This preliminary assessment resulted in additional Zakat liability totaling approximately **ﷲ** 4.5 million (2021: **ﷲ** 3 million; 2022: **ﷲ** 1.08 million; 2023: approximately **ﷲ** 0.48 million), of which the Group paid **ﷲ** 0.5 million during the year 2025. The differences primarily relate to the treatment of certain deductions and adjustments in the zakat base.

The Group escalated the matter to the Committee for Resolution of Tax Violations and Disputes (Riyadh – First Circuit) and on 27 January 2026, the Committee issued a decision cancelling ZATCA's position in relation to the disallowance of deductions in the zakat base for the year 2022.

In February 2026, ZATCA performed a reassessment for the years 2021 and 2023 and, the additional zakat liability were updated to be **ﷲ** 1.3 for 2021 and **ﷲ** 0.4 for 2023. For the year 2022, ZATCA rejected objection of the Company and did not consider the decision of the Committee in their reassessment. The Group intends to further defend their position with ZATCA for these assessments. On 12 March 2026, ZATCA filed an appeal with the Committee for Resolution of Tax Violations and Disputes against the decision issued in favor of the Company. As of the date of approval of these interim condensed consolidated financial statements, no further updates or decisions have been received in relation to the appeal.

Based on the consultation with its zakat and tax advisors, management recorded a provision of **ﷲ** 4 million as at 31 December 2025 in its annual consolidated financial statements representing its best estimate of the potential obligation in respect of open assessments and unassessed years. Any difference arising upon final resolution of these assessments will be recognized in the period in which the matter is concluded.

13. SEGMENT INFORMATION

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

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

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

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13. SEGMENT INFORMATION (CONTINUED)

FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2026

	Operation and maintenance	Medical equipment sales and post-sale maintenance services revenue	Construction	Meat and food	Medicine and medical supplies	Eliminations	Total
External Customers	155,226,152	15,761,146	11,346,933	7,237,046	2,519,692	-	192,090,969
Inter Segment	3,662,696	-	-	498,599	-	(4,161,295)	-
Revenues	158,888,848	15,761,146	11,346,933	7,735,645	2,519,692	(4,161,295)	192,090,969
Cost of Sales	(142,018,362)	(11,418,338)	(9,136,985)	(7,134,295)	(1,401,230)	4,161,295	(166,947,915)
Gross profit	16,870,486	4,342,808	2,209,948	601,350	1,118,462	-	25,143,054
Selling and marketing expenses	(83,450)	(3,557,955)	-	(205,522)	(742,876)	-	(4,589,803)
General and administrative expenses	(9,786,021)	(402,153)	(1,281,609)	(623,093)	(942,231)	-	(13,035,107)
Reversal / (charge) for ECL	441,532	1,165,489	-	-	(555,000)	-	1,052,021
Operating Profit / (loss)	7,442,548	1,548,188	928,339	(227,265)	(1,121,645)	-	8,570,165
Other income	6,579,797	50,087	-	-	-	-	6,629,884
Net profit / (loss)	8,741,381	831,848	911,970	(727,438)	(1,808,698)	-	7,949,063

FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2025

	Operation and maintenance	Medical equipment sales and post-sale maintenance services revenue	Construction	Meat and food	Medicine and medical supplies	Eliminations	Total
External Customers	187,770,620	16,027,224	12,795,368	4,401,082	738,998	-	221,733,292
Inter Segment	5,576,149	-	-	519,531	-	(6,095,680)	-
Revenues	193,346,769	16,027,224	12,795,368	4,920,613	738,998	(6,095,680)	221,733,292
Cost of Sales	(168,233,404)	(10,525,918)	(10,787,240)	(4,537,854)	(478,415)	6,095,680	(188,467,151)
Gross profit	25,113,365	5,501,306	2,008,128	382,759	260,583	-	33,266,141
Selling and marketing expenses	(211,165)	(4,919,679)	-	(44,525)	(206,199)	-	(5,381,568)
General and administrative expenses	(12,094,659)	(571,139)	(1,073,094)	(435,960)	(459,520)	16,875	(14,617,497)
Reversal / (charge) for ECL	1,402,783	(600,000)	-	-	(300,000)	-	502,783
Operating Profit / (loss)	14,210,324	(589,512)	935,034	(97,726)	(705,136)	16,875	13,769,859
Other income	1,605,334	-	498,720	-	-	(19,521)	2,084,533
Net profit / (loss)	9,508,441	(2,080,720)	1,408,600	(549,049)	(993,217)	-	7,294,055

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14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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

Currency risks

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

Credit risks

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

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

Commission rate risks

Commission rate risks are the risk that the value of financial instruments will fluctuate due to changes in commission rates prevailing in the market. The Group is exposed to commission rate risk on its commission-bearing financial liabilities as of 31 March 2026 and 31 December 2025.

Liquidity risks

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

Equity Price risk

Equity price risk refers to the risk of decrease in fair values of equities in the Group's investment portfolio as a result of reasonable possible changes in levels of equity indices and the value of individual stocks. The Group has Saudi Exchange (Tadawul) listed equities (shares) as at 31 March 2026 31 December 2025: Nil

15. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount with which an asset is exchanged, or a liability is settled between parties who have knowledge and desire to do so with fair transaction conditions. Management believes that the fair values of the Group's financial assets and liabilities are not materially different from their carrying values. The classification methodology used is in line with the annual consolidated financial statements for the year ended 31 December 2025. No transfers were recorded between Level I, Level II or Level III for the three months period ended 31 March 2026.

16. DIVIDENDS

On 20 Ramadan 1447 AH (corresponding to 9 March 2026), the Board of Directors recommended to the General Assembly the distribution of cash dividends to shareholders amounting to ~~SR~~ 30 million for the year ended 31 December 2025.

17. SUBSEQUENT EVENTS

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

18. IMPACT OF GEO-POLITICAL SITUATION ON THE GROUP

The geopolitical situation in the Middle East has deteriorated significantly since 28 February 2026. The situation has remained highly volatile and has impacted several countries in the Middle East including Kingdom of Saudi Arabia, causing disruption to some business and economic activities. The Group continues to evaluate and closely monitor the current situation to assess any impact geopolitical situation may have had on its business and financial performance. The prevailing geopolitical situation has increased uncertainty in the economic environment despite favorable changes in oil prices and certain industries, and the Group continues to objectively assess the potential implications on its business, especially with respect to its estimated project costs and excepted credit loss.

The impact of such uncertain economic environment is judgmental, and the Group will continue to reassess its position and the related impact on a regular basis as more reliable data becomes available.

19. APPROVAL OF THE INTERIM FINANCIAL INFORMATION

The Interim Financial Information has been approved by the Board of Directors on 23 Dhu'l-Qi'dah, 1447 AH corresponding to 10 May 2026.