

# Prospectus of Dr. Soliman Abdel Kader Fakeeh Hospital Company



## مجموعة فقيه الطبية Fakeeh Care Group

**Offering Period: Two (2) days**

**Starting on Tuesday,  
13/11/1445H (corresponding to 21/05/2024G)**

**until the end of day of Wednesday,  
14/11/1445H (corresponding to 22/05/2024G).**

A Saudi closed joint-stock company pursuant to Ministry of Commerce resolution number 28/G dated 01/02/1432H (corresponding to 05/01/2011G), registered in Jeddah under commercial registration number 4030014511 dated 11/04/1398H (corresponding to 20/03/1978G).

Offering of forty-nine million eight hundred thousand (49,800,000) Ordinary Shares, representing 21.47% of the share capital of Dr. Soliman Abdel Kader Fakeeh Hospital Company post-capital increase (and 24.9% of the Company's share capital pre-capital increase), through a public offering, at an Offer Price of SAR 57.5 per share.

Dr. Soliman Abdel Kader Fakeeh Hospital Company (hereinafter referred to as the "Company" or the "Issuer") is a Saudi closed joint-stock company pursuant to Ministry of Commerce resolution number 28/G dated 01/02/1432H (corresponding to 05/01/2011G), registered under commercial registration number 4030014511 dated 11/04/1398H (corresponding to 20/03/1978G), and having its registered address at Palestine Street, Al Hamra District, Jeddah 23323, Kingdom of Saudi Arabia (hereinafter referred to as the "Kingdom" or "KSA").

As at the date of this Prospectus, the Company's share capital amounts to two hundred million Saudi Riyals (SAR 200,000,000) paid in full and divided into two hundred million (200,000,000) Ordinary Shares of equal nominal value of one Saudi Riyal (SAR 1) per Share. Post-Offering, the Company's share capital shall become two hundred and thirty-two million Saudi Riyals (SAR 232,000,000) divided into two hundred and thirty-two million (232,000,000) Ordinary Shares of equal nominal value of one Saudi Riyal (SAR 1) per Share.

The Company was initially established on 11/04/1398H (corresponding to 20/03/1978G) as a sole proprietorship owned by Dr. Soliman Abdel Kader Fakeeh, with a share capital of one hundred million Saudi Riyals (SAR 100,000,000), which was registered in Jeddah under commercial registration number 4030014511 dated 11/04/1398H (corresponding to 20/03/1978G). On 01/06/1432H (corresponding to 04/05/2011G), the Company was converted from a sole proprietorship into a closed joint-stock company under the name "Dr. Soliman Abdel Kader Fakeeh Hospital Company" with a fully paid-up capital of one hundred million Saudi Riyals (SAR 100,000,000) divided into ten million (10,000,000) Ordinary Shares of fully paid-up nominal value of ten Saudi Riyals (SAR 10) per Share. On 12/03/1445H (corresponding to 27/09/2023G), the Extraordinary General Assembly of the Company approved to increase the share capital of the Company from one hundred million Saudi Riyals (SAR 100,000,000) to two hundred million Saudi Riyals (SAR 200,000,000) divided into two hundred million (200,000,000) Ordinary Shares of equal nominal value of one Saudi Riyal (SAR 1) per Share, through the capitalization of the Company's statutory reserve amounting to fifty million Saudi Riyals (SAR 50,000,000) and the capitalization of fifty million Saudi Riyals (SAR 50,000,000) from the Company's retained earnings, totaling one hundred million Saudi Riyals (SAR 100,000,000). On 09/05/1445H (corresponding to 23/11/2023G), the Extraordinary General Assembly of the Company approved to increase the share capital of the Company from two hundred million Saudi Riyals (SAR 200,000,000) divided into two hundred million (200,000,000) Ordinary Shares of equal nominal value of one Saudi Riyal (SAR 1) per Share to two hundred and thirty-two million Saudi Riyals (SAR 232,000,000) divided into two hundred and thirty-two million (232,000,000) Ordinary Shares of equal nominal value of one Saudi Riyal (SAR 1) per Share, through issuing thirty million (30,000,000) new Ordinary Shares to be offered by a public offering (as described below), and issue two million (2,000,000) Ordinary Shares (representing 0.86% of the Company's share capital post-increase), through capitalizing an amount of two million Saudi Riyals (SAR 2,000,000) from retained earnings, to be held as Treasury Shares which have been allocated to the Employee Share Program of the Company and its Subsidiaries in accordance with the terms and conditions of said program (for further information, please refer to Section 5.12 ("Employee Share Program") and Section 4.1.2 ("Corporate History and Evolution of the Company's Ownership Structure and Share Capital") of this Prospectus).

The initial public offering (the "IPO" or the "Offering") is represented in the offering of forty-nine million eight hundred thousand (49,800,000) Ordinary Shares as follows: (i) the issuance of thirty million (30,000,000) new Ordinary Shares ("New Shares"), and (ii) the sale of nineteen

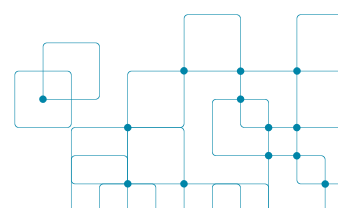
million eight hundred thousand (19,800,000) current Ordinary Shares (the "Sale Shares", which, together with the New Shares, are referred to as the "Offer Shares" and each as an "Offer Share") by the Company's Current Shareholders, on a pro-rata basis in accordance with their ownership percentages in the Company (hereinafter collectively referred to as the "Selling Shareholders"), at an offer price of SAR 57.5 per Offer Share (the "Offer Price"), with a fully paid nominal value of SAR 1 per Share. The New Shares shall represent approximately 12.93% and the Sale Shares shall represent approximately 8.53% of the Issuer's share capital upon the completion of the Offering, totaling 21.47% of the Issuer's share capital after the issuance of the New Shares and the Company's capital increase. Concurrently with the Offering, the Employee Investment Fund shall purchase a maximum of one million six hundred thousand (1,600,000) Ordinary Shares (representing up to 0.69% of the Company's post-increase capital) from the Selling Shareholders by participating in the book building process through the Participating Parties. The Fund shall determine the number of shares to be purchased by submitting a by the Participating Parties during the book building process. For further information, please refer to section 5.13 ("Shares Available for Subscription by the Group Employees") of this Prospectus.

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

**Tranche (A): Participating Parties:** This tranche includes the categories that are entitled to participate in the book-building process in accordance with the Instructions for Book Building Process and Allocation Method in Initial Public Offerings issued by the Board of Directors of the Capital Market Authority (hereinafter referred to as the "CMA") under Resolution No. 2-94-2016 dated 15/10/1437H (corresponding to 20/07/2016G) as amended by CMA Board Resolution No. 1-103-2022 dated 20/03/1444H (corresponding to 28/09/2022G) (hereinafter referred to as the "Book Building Instructions"), including investment funds, qualified foreign companies and institutions, GCC corporate investors and other foreign investors under SWAP Agreements (such categories shall be collectively referred to as the "Participating Parties") (for further information, please refer to Section 1 ("Definitions and Abbreviations") of this Prospectus). The number of Offer Shares initially allocated to Participating Parties is forty-nine million eight hundred thousand (49,800,000) Offer Shares, representing 100% of the total Offer Shares. Final allocation shall be made after the end of the individual subscription period, noting that, in the event that Individual Investors (as defined in Tranche (B) below) subscribe in full for the Offer Shares allocated to them, the Financial Advisor shall have the right to reduce the number of Offer Shares allocated to Participating Parties to forty-four million eight hundred and twenty thousand (44,820,000) Offer Shares, representing 90% of the total Offer Shares. The Financial Advisor, in coordination with the Company, shall determine the number and percentage of Offer Shares to be allocated to Participating Parties using the discretionary allocation mechanism. It is possible that certain Participating Parties shall not be allocated any shares, as deemed appropriate by the Company and the Financial Advisor.

**Tranche (B): Individual Investors:** This tranche includes Saudi natural persons, including any Saudi female divorcee or widow with minor children from a marriage to a non-Saudi person who can subscribe for her own benefit in the names of her minor children, on the condition that she proves that she is a divorcee or widow and the mother of her minor children, any non-Saudi natural person who is a resident in the Kingdom and any national of countries of the Gulf Cooperation Council (the "GCC"), in each case who has a bank account with a Receiving Agent and has the right to open an investment account with a Capital Market Institution (collectively, the "Individual Investors", and each an "Individual Investor", and, together with the Participating Parties, are referred to as the "Subscribers"). Subscription by a person in the name of his divorcee shall be deemed invalid, and if a transaction of this nature has been proved to have occurred, then the regulations shall be enforced against such person. If a duplicate subscription is made, the second subscription will be considered void and only the first subscription will be accepted. A maximum of four million nine hundred and eighty thousand (4,980,000) Offer Shares representing 10% of the total Offer Shares shall be allocated to Individual Investors. In the event that the Individual Investors do not subscribe in full for the Offer Shares allocated to them, the Financial Advisor, in coordination with the Company, may reduce the number of Offer Shares allocated to Individual Investors in proportion to the number of Offer Shares to which they have subscribed.

The Company's Substantial Shareholders own, directly, 99.98% and, indirectly, 0.02% of the Company's capital before completing the Offering, as Mazen Soliman Abdel Kader



Fakeeh has a direct ownership of 39.992%, Ammar Soliman Abdel Kader Fakeeh has a direct ownership of 39.992%, Manal Soliman Abdel Kader Fakeeh has a direct ownership of 19.996% of the Company's share capital, and 0.02% is owned through Al Sulaimania United Company and Soliman Abdel Kader Fakeeh Real Estate Company Limited, which are owned by the aforementioned shareholders, before completing the Offering (hereinafter referred to as "**Substantial Shareholders**") (as shown in Section 4.1.1 ("**The Company's Ownership Structure Pre-Offering and Post-Offering**"). Following the completion of the Offering, the Substantial Shareholders will collectively own 76.97% of the Shares and will therefore retain a controlling interest in the Company. Accordingly, the ownership of the Public as at the listing date will be 21.47% of the Company's share capital. The existing Substantial Shareholders will increase the percentage of Public ownership (as defined in the Glossary of Defined Terms Used in the Regulations and Rules of the Capital Market Authority) in the share capital of the Company from 21.47% on listing to 30% of the share capital of the Company to comply with the minimum Public ownership requirement under Article 7(b)(2) of the Listing Rules, in two stages within a period not exceeding 10 years from the listing date, (i) the first stage by increasing the percentage of Public ownership from 21.47% to 23.47% within a period not exceeding five years from the listing date, and (ii) the second stage by increasing the percentage of Public ownership to the minimum required Public ownership under Article 7(b)(2) of the Listing Rules (i.e. 30%) within five years from the date of completing of the increase of the Public ownership to 23.47% of the Company's share capital. The existing Substantial Shareholders and the Company will endeavor to achieve these increases in the Public Ownership Ratio either by selling a portion of their shares in one or several batches or by the Company issuing new shares to the Public or granting treasury shares to the employees of the Company who are deemed to be members of the Public. The sale of shares by existing Substantial Shareholders or the issuance of new shares by the Company to increase the percentage of Public ownership is subject to market conditions and the strategic objectives of the Company and the Substantial Shareholders at the time. Failure by the Company or the Substantial Shareholders to comply with the aforementioned requirements with respect to increasing Public ownership will require the consent of the CMA.

The Offering proceeds (the "**Offering Proceeds**"), after deducting the Offering costs (the "**Net Offering Proceeds**"), shall be distributed as follows: (i) an amount of 1,108,680,723 shall be distributed to the Selling Shareholders on a pro-rata basis, based on their respective ownership percentage of the Sale Shares, and (ii) an amount of SAR 1,679,819,277 shall be distributed to the Company to fund its growth strategy and achieving the Company's general corporate objectives (for further information, please refer to Section 8 ("**Use of Proceeds**") of this Prospectus). The subscription has been fully underwritten by the Underwriters (for further information, please refer to Section 13 ("**Underwriting**") of this Prospectus). The Company's Substantial Shareholders shall be prohibited from disposing of their shares for a period of six months from the date trading of the Company's shares on the Exchange commences (the "**Lock-up Period**"), as indicated in the ("**Summary of the Offering**") section of this Prospectus. After the Lock-up Period, the Substantial Shareholders shall have the right to dispose of their shares (for further information on the Company's current shareholders and their ownership percentages, please refer to Table 4.1.1.1 ("**The Company's Ownership Structure Pre-Offering and Post-Offering**") of this Prospectus).

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

The Offering Period shall commence on Tuesday, 13/11/1445H (corresponding to 21/05/2024G) and will remain open for a period of two (2) days, up to and including the last Offering day on Wednesday, 14/11/1445H (corresponding to 22/05/2024GG) (the "**Offering Period**"). During this period, Individual Investors may submit Subscription Applications to any of the receiving agents (hereinafter referred to as the "**Receiving Agents**") listed on page (x) of this Prospectus, via the internet, telephone banking or ATMs of the Receiving Agents, or through any other electronic channels provided by the Receiving Agents to their customers during the Offering Period (for further information, please refer to Section 17.4 "**Subscription by Individual Investors**" of this Prospectus). Participating Parties can subscribe to the Offer Shares through the Bookrunners during the book building process taking place prior to the Offering to Individual Investors.

Each Individual Investor who subscribes to the Offer Shares should apply for a minimum of ten (10) Shares and up to a maximum of one hundred thousand (100,000) Shares. The minimum number of allocated Shares will be ten (10) Offer Shares per Individual Investor. The balance of the Offer Shares, if any, will be allocated on a pro-rata basis based on the number of Offer Shares applied for by each Individual Investor. In the event that the number of Individual Investors exceeds 498,000, the Company will not guarantee the minimum allocation of Offer Shares, and the allocation will be made as proposed by the Company and the Financial Advisor.

Excess subscription monies, if any, will be refunded to the Individual Investors without any charge or withholding by the related Receiving Agents. Notification of the final allocation will be made at the latest by Monday 19/11/1445H (corresponding to 27/05/2024G) and refund of subscription monies, if any, will be made at the latest by Tuesday 27/11/1445H (corresponding to 04/06/2024G) (for further details, please refer to "**Key Dates and Subscription Procedures**" on page (xviii) and Section 17 ("**Subscription Terms and Conditions**") of this Prospectus).

The Company has one class of Ordinary Shares. Each Share entitles its holder to one vote, and each shareholder (hereinafter referred to as a "**Shareholder**") has the right to attend and vote at general assembly meetings of the Company (hereinafter referred to as the "**General Assembly**"). Each Shareholder has the right to authorize any other Shareholder, who is not a member of the Company's Board of Directors or its employees, to attend General Assembly meetings and vote on resolutions thereat. No Shareholder shall benefit from any preferential voting rights. The Offer Shares will entitle holders to receive any dividends declared and paid by the Company as of the date of this Prospectus (hereinafter referred to as "**Prospectus**") and for subsequent financial years (for further information on the dividend distribution policy, please refer to Section 7 ("**Dividend Distribution Policy**") of this Prospectus).

Prior to the Offering, the Company's Shares have never been listed or traded in any stock market either in the Kingdom of Saudi Arabia or elsewhere. Applications have been submitted by the Company to CMA for the registration and offering of the Shares, and to the Exchange for the listing of the Shares. All required documents have been submitted to the relevant entities and all requirements have been satisfied, and the approvals required to conduct the Offering have been granted, including the approvals pertaining to this Prospectus. It is expected that trading in the Shares will commence on the Exchange shortly after the final allocation of the Offer Shares and satisfaction of the necessary conditions and procedures (for further details, please refer to "**Key Dates and Subscription Procedures**" on page (xviii) of this Prospectus). Saudi nationals, non-Saudi nationals holding valid residency permits in the Kingdom, and companies, banks, and investment funds established in the Kingdom or in countries of the GCC countries as well as GCC nationals will be permitted to trade in the Shares after trading therein starts on the Exchange.

Subscription to the Offer Shares entails risks and uncertainties. Those wishing to subscribe to the Company's Shares should carefully read and review the ("**Important Notice**") on page (i) and Section 2 ("**Risk Factors**") of this Prospectus, before making any decision to invest in the Offer Shares.

This Prospectus includes information provided as part of the application for registration and offer of securities in compliance with the Rules on the Offer of Securities and Continuing Obligations (OSCOs) issued by the Capital Market Authority in the Kingdom of Saudi Arabia (the "**CMA**") and the application for listing securities in compliance with the Listing Rules of the Saudi Stock Exchange. The Directors, whose names appear in this Prospectus collectively and individually accept full responsibility for the accuracy of the information contained in this Prospectus and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading. The CMA and the Exchange do not take any responsibility for the contents of this Prospectus, do not make any representation as to its accuracy or completeness, and expressly disclaim any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this Prospectus.

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**Sole Financial Advisor, Joint Bookrunner, Underwriter and Lead Manager**



**Joint Bookrunners and Underwriters**

**anbcapital**

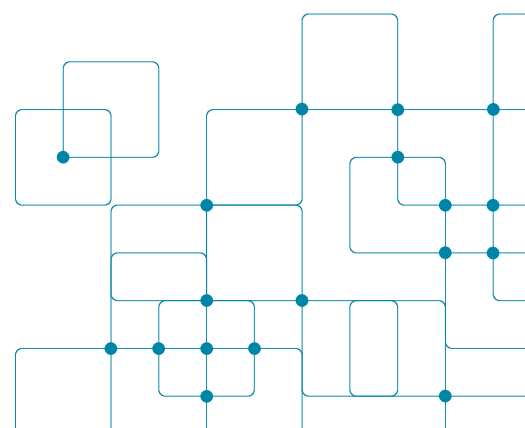
**EFG Hermes**

**Selling Shareholders' Advisor**

**Moelis**

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This Prospectus is dated 21/09/1445H (corresponding to 31/03/2024G).



# PROSPECTUS

Dr. Soliman Abdel Kader Fakeeh  
Hospital Company





## IMPORTANT NOTICE

This Prospectus contains detailed information relating to the Company and the Offer Shares. When submitting an application to subscribe to the Offer Shares, investors, whether Participating Parties or Individual Investors, will be treated as applying solely on the basis of the information contained in this Prospectus, copies of which can be obtained from Company, Lead Manager, or Receiving Agents, or by visiting the websites of the Company ([dsfhjeddah.fakeeh.care](http://dsfhjeddah.fakeeh.care)), CMA ([www.cma.org.sa](http://www.cma.org.sa)), Saudi Exchange ([www.saudiexchange.sa](http://www.saudiexchange.sa)) or the Financial Advisor ([www.hsbcSaudi.com](http://www.hsbcSaudi.com)).

In respect to the Offering, the Company has appointed HSBC Saudi Arabia as financial advisor (hereinafter referred to as the "**Financial Advisor**"), and HSBC Saudi Arabia, EFG Hermes KSA ("**Hermes**") and anb capital ("**anb capital**") as bookrunners (hereinafter referred to as the "**Bookrunners**") and underwriters (hereinafter referred to as the "**Underwriters**"). The Company has also appointed HSBC Saudi Arabia as the lead manager (hereinafter referred to as the "**Lead Manager**") regarding the offering of the Offer Shares described in this Prospectus.

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

While the Company has made all reasonable enquiries as to the accuracy of the information contained in this Prospectus as at the date of its publication, a substantial portion of the information in this Prospectus relevant to the market and industry in which the Company operates is derived from external sources, estimates by the Company's Management and publicly available information, data and analyses from publications issued by data, information and news providers. While none of the Company, Directors, Selling Shareholders, Financial Advisor, nor any of the Company's other advisors whose names appear on pages (vi) to (x) of this Prospectus have any reason to believe that any of the market and industry information contained herein is materially inaccurate, such information has not been independently verified. Accordingly, no representation or assurance is made with respect to the accuracy or completeness of any of this information.

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

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

Subscription to Offer Shares shall be limited to two tranches of investors, as follows:

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



**Tranche (B): Individual Investors:** This tranche includes Saudi natural persons, including any Saudi female divorcee or widow with minor children from a marriage to a non-Saudi person who can subscribe for her own benefit in the names of her minor children, on the condition that she proves that she is a divorcee or widow and the mother of her minor children, any non-Saudi natural person who is resident in the Kingdom and any national of the GCC countries, in each case who has a bank account with a Receiving Agent and having the right to open an investment account. Subscription by a person in the name of his divorcee shall be deemed invalid, and if a transaction of this nature has been proved to have occurred, then the regulations shall be enforced against such person. If a duplicate subscription is made, the second subscription will be considered void and only the first subscription will be accepted.

This Prospectus shall not constitute an offer to sell or a request of an offer to purchase any of the Offer Shares by any person in any country where the law in force in such country does not permit such person to make such an offer or request. These Offer Shares shall be offered outside the United States through transactions made outside the United States in accordance with Regulation S.

It is expressly prohibited to distribute this Prospectus or to sell the Offer Shares in any country other than the Kingdom of Saudi Arabia, except for qualified foreign financial institutions and/or foreign investors by way of entering into SWAP agreements. The Company and the Financial Advisor ask all recipients of this Prospectus to review all legal restrictions relevant to the Offering and the sale of the Offer Shares and to comply with all such restrictions. Each Individual Investor and Participating Party should read the entire Prospectus and seek professional advice from a CMA-licensed financial advisor, their own counsel, accountants, and other professional advisors concerning the various legal, tax, regulatory and economic considerations relating to their investment in the Offer Shares and will be responsible for the fees of such consultation. No assurance by the Company or the Financial Advisor can be made that profits will be achieved.

## MARKET AND INDUSTRY INFORMATION

The information and data contained in Section 3 ("**Market and Industry Information**") of this Prospectus and with respect to the market and industry in which the Company operates is derived from the market study report dated 06/05/1445H (corresponding to 20/11/2023G) prepared by the market consultant, Jones Lang LaSalle Saudi Arabia Ltd. (hereinafter referred to as the "**Market Consultant**").

Jones Lang LaSalle Saudi Arabia Ltd. is an independent provider of strategic market research services. The Market Consultant prepared the study report independently and objectively, and was keen to ensure the accuracy and completeness of said report. The research was conducted with a broad sector perspective, which may not necessarily reflect the performance of individual companies in the sector.

The Directors believe that the information and data contained herein and obtained or derived from other sources, including the market study report prepared by the Market Consultant, is reliable. However, this information and data has not been independently verified by the Company, the Directors, nor the Advisors (except for the Market Consultant), and therefore none of the aforementioned guarantees the accuracy or completeness of said information.

It should be noted that the Market Consultant does not, nor do any of its shareholders, directors, or their relatives own any Shares or any interest of any kind in the Company and its Subsidiaries. As at the date of this Prospectus, the Market Consultant has given and not withdrawn its written consent for the use of the market researches in the manner and format set out in this Prospectus.

## FINANCIAL INFORMATION

The Company's audited consolidated financial statements for the Financial Years ended 31 December 2020G, 2021G, and 2022G as well as the Company's reviewed consolidated financial statements for the nine-month period ended 30 September 2023G, along with the notes thereto, were prepared in accordance with the standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants (SOCPA) as well as the International Financial Reporting Standards (IFRS). The consolidated financial statements for the Financial Years ended 31 December 2020G, 2021G and 2022G were audited by KPMG Professional Services (hereinafter referred to as the "**Auditor**"). The consolidated financial statements were reviewed by the Auditor for the nine-month period ended 30 September 2023G. The abovementioned financial statements are included in Section 19 ("**Financial Statements and Auditor's Report**") of this Prospectus. The Company publishes its financial statements in Saudi Riyals.

Some of the financial and statistical information included in this Prospectus has been rounded to the nearest whole number. Therefore, the total of the figures presented in the tables may not match or be consistent with the information set forth in this Prospectus.

## FORECASTS AND FORWARD-LOOKING STATEMENTS

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

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

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

## DEFINITIONS AND ABBREVIATIONS

For further details on the terms and expressions used in this Prospectus, please refer to Section 1 ("**Definitions and Abbreviations**") of this Prospectus.

## GENERAL PROVISIONS

Some figures contained in this Prospectus have been rounded to the nearest whole number. Accordingly, the figures shown for the same item presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

Throughout this Prospectus, Hijri dates are presented along with corresponding Gregorian dates. The Hijri calendar is prepared on the basis of the anticipated lunar cycles. However, an actual sighting of the moon is used to determine the beginning of each month, as a result of which conversions from the Hijri to Gregorian calendars are often subject to discrepancies of one or few day(s). In addition, unless otherwise expressly stated in this Prospectus, any reference to "**year**" or "**years**" means Gregorian years.

## CORPORATE DIRECTORY

### Members of the Board of Directors

**Table (1): Members of the Company's Board of Directors**

No.	Name	Position	Nationality	Age	Status	Direct Ownership		Indirect Ownership**		Date of Appointment* <sup>1</sup>
						Pre-Of-fering	Post-Of-fering	Pre-Of-fering	Post-Of-fering	
1	Ammar Soliman Abdel Kader Fakeeh	Chairman	Saudi	48	Non-executive	39.992%	30.79%	0.008%	0.007%	01/01/2024G
2	Manal Soliman Abdel Kader Fakeeh	Vice Chairman	Saudi	57	Non-executive	19.996%	15.39%	0.004%	0.003%	01/01/2024G
3	Mazen Soliman Abdel Kader Fakeeh	Managing Director – Group President	Saudi	60	Executive	39.992%	30.79%	0.008%	0.007%	01/01/2024G
4	Ayman Asaad Soliman Abdo	Board Member	Saudi	51	Executive	-	-	-	-	01/01/2024G
5	Noor AlRehman Abbas Ali Abid	Board Member	Bahraini	71	Non-executive	-	-	-	-	01/01/2024G
6	Deborah Gill	Board Member	British	57	Non-executive / Independent	-	-	-	-	01/01/2024G
7	Aness Ahmed Mohamed Mounina	Board Member	Saudi	60	Non-executive / Independent	-	-	-	-	01/01/2024G
8	Turbine Hilbertz	Board Member	German	52	Non-executive / Independent	-	-	-	-	01/01/2024G

\* The dates listed in this table are the dates of appointment of each member of the Board of Directors for the current session. The Directors' CVs indicate the initial start date of their respective appointment to the Board as well as to any other position (for further information, please refer to Section 5.2.3 ("Biographies of the Members and Secretary of the Board") of this Prospectus).

\*\* The Board Members' indirect ownership is as a result of their ownership in both Al Sulaimania United Company and Soliman Abdel Kader Fakeeh Real Estate Company Limited, whereby each owns shares representing 0.01% of the Issuer's Pre-Offering capital, and Mazen Soliman Abdel Kader Fakeeh owns 40% of the share capital of both Al Sulaimaniya United Company and Soliman Abdel Kader Fakeeh Real Estate Company Limited. Similarly, Ammar Soliman Abdel Kader Fakeeh also owns 40% of the share capital of both companies, while Manal Soliman Abdel Kader Fakeeh owns 20% of the share capital of both companies.

Source: the Company

<sup>1</sup> Directors were appointed by virtue the General Assembly meeting held on 27/06/1445H (corresponding to 09/01/2024G).



By way of example, the following negate the independence requirement for an Independent Director:

- 1- he/she holds five percent or more of the Shares of the Company or any other company within its Group; or is a relative of who owns such a percentage;
- 2- he/she is a relative of a board Member of the Company, or any other company within the Company's Group;
- 3- he/she is a relative of any Senior Executive of the Company, or of any other company within the Company's Group;
- 4- he/she is a board member of any company within the Group of the Company for which he/she is nominated to be a board member;
- 5- he/she is an employee or used to be an employee, during the preceding two years, of the Company or any company within its Group; or if he/she held, during the preceding two years, a controlling interest in the Company, any party dealing with the Company or any company within its Group, such as external auditors or main suppliers;
- 6- he/she has a direct or indirect interest in the businesses and contracts executed for the Company's account;
- 7- he/she receives financial consideration from the Company in addition to the remuneration for his/her membership of the Board or any of its committees exceeding an amount of (SAR 200,000) or 50% of his/her remuneration of the last year for the membership of the board or any of its committees, whichever is less.
- 8- he/she engages in a business where it competes with the Company, or engages in businesses relating to the Company's activities; or
- 9- he/she served for more than nine years, consecutive or inconsecutive, as a Board Member of the Company.

## Company's Address, Representatives and Board of Directors' Secretary

### Company's Address

#### Dr. Soliman Abdel Kader Fakeeh Hospital Company

Palestine Street, Al Hamra District  
P.O. Box 2537, Jeddah 21461  
Kingdom of Saudi Arabia  
Tel: +966 126655000  
Website: <https://dsfhjeddah.fakeeh.care/>  
Email: [jeddah@fakeeh.care](mailto:jeddah@fakeeh.care)



مستشفى د. سليمان فقيه  
Dr. Soliman Fakeeh Hospital

### Company's Representatives

#### Mazen Soliman Abdel Kader Fakeeh

Managing Director – Group President  
Palestine Street, Al Hamra District  
P.O. Box 2537, Jeddah 21461  
Kingdom of Saudi Arabia  
Tel: +966 126655000/7003  
Email: [mazen@fakeeh.care](mailto:mazen@fakeeh.care)

#### Panagiotis Chatziantoniou

Group CFO  
Palestine Street, Al Hamra District  
P.O. Box 2537, Jeddah 21461  
Kingdom of Saudi Arabia  
Tel: +966 126655000/1900  
Email: [panos@fakeeh.care](mailto:panos@fakeeh.care)

### Board Secretary

#### Ban Jamal Abdulsalam Yassin

Palestine Street, Al Hamra District  
P.O. Box 2537, Jeddah 21461  
Kingdom of Saudi Arabia  
Tel: +966 126655000/7009  
Email: [ban@fakeeh.care](mailto:ban@fakeeh.care)

### Stock Exchange

#### Saudi Tadawul Company

Tawuniya Towers, North Tower  
King Fahd Road - Al Olaya 6897  
Unit No.: 15  
Riyadh 12211-3388  
Kingdom of Saudi Arabia  
Tel: +966 11 92 000 1919  
Fax: +966 11 218 9133  
Website: [www.saudiexchange.sa](http://www.saudiexchange.sa)  
Email: [csc@tadawul.com.sa](mailto:csc@tadawul.com.sa)



### Edaa Center

#### Securities Depository Center Co., Edaa

King Fahad Road - Olaya 6897  
Unit No. 11  
Riyadh 12211-3388  
Kingdom of Saudi Arabia  
Tel: + 966 11 920026000  
Website: [www.edaa.com.sa](http://www.edaa.com.sa)  
Email: [cc@edaa.com.sa](mailto:cc@edaa.com.sa)



من مجموعة تداول السعودية  
From Saudi Tadawul Group

## ADVISORS

### Sole Financial Advisor, Joint Bookrunner, Underwriter and Lead Manager

#### HSBC Saudi Arabia

Olaya Street, Al Murooj District

P.O. Box 12283, Riyadh

Kingdom of Saudi Arabia

Tel: +966 922 000 5920

Fax: +966 11 511 2201

Website: <https://www.hsbcSaudi.com>

Email: [fakeehcareipo@hsbcsa.com](mailto:fakeehcareipo@hsbcsa.com)



### Joint Bookrunners and Underwriters

#### anb capital

3581 Al Mouayyad Al Jadid, Al Murabbaa

P.O. Box: 220009 Riyadh 11311

Kingdom of Saudi Arabia

Tel: +966 (11) 4062500

Fax: +966 (11) 4062548

Website: [www.anbcapital.com.sa](http://www.anbcapital.com.sa)

Email: [fakeehcareipo@anbcapital.com.sa](mailto:fakeehcareipo@anbcapital.com.sa)



#### EFG Hermes KSA

Third floor, Northern Tower, Sky Towers, King Fahad Road

P.O. Box: 300189, Riyadh 11372

Kingdom of Saudi Arabia

Tel: +966012938048

Fax: +966012938032

Website: [www.efghermesksa.com](http://www.efghermesksa.com)

Email: [fakeehcareipo@EFG-HERMES.com](mailto:fakeehcareipo@EFG-HERMES.com)



### Legal Advisor of the Issuer

#### White & Case Company

The Business Gate

Building No. 26, Area C

Airport Road

P.O. Box 1080, Riyadh 11431

Kingdom of Saudi Arabia

Tel: +966 (11) 4167300

Fax: +966 (11) 4167399

Website: [www.whitecase.com](http://www.whitecase.com)

Email: [wprojectleila@whitecase.com](mailto:wprojectleila@whitecase.com)





## Legal Advisor for the Offering outside the KSA

### White & Case Company

ICD Brookfield Place

Al Mustaqbal St., DIFC

Dubai P.O. Box 9705

United Arab Emirates

Tel: +971(4)3816200

Fax: +971(4)3816299

Website: [www.whitecase.com](http://www.whitecase.com)

Email: [wprojectleila@whitecase.com](mailto:wprojectleila@whitecase.com)

**WHITE & CASE**

## Legal Advisor to the Financial Advisor, Lead Manager, Bookrunners and Underwriters

### Legal Advisors

Abdulaziz Ibrahim Al Ajlan, Lawyers and Legal Advisors

Al Olayan Complex, Tower II, third floor

Al Ahsa Street, Al Malaz

P.O. Box: 69103 Riyadh 11547

Kingdom of Saudi Arabia

Tel: +966 11 265 8900

Fax: + 966 11 265 8999

Website: [www.legal-advisors.com](http://www.legal-advisors.com)

Email: [legal.advisors@legal-advisors.com](mailto:legal.advisors@legal-advisors.com)

**Legal  
Advisors.**

Abdulaziz Alajlan & Partners  
in association with Baker & McKenzie Limited

## Legal Advisor to the Financial Advisor, Lead Manager, Bookrunners and Underwriters for the Offering outside the KSA

### Baker & McKenzie LLP

280 Bishopsgate Street

London EC2M 4RB

United Kingdom

Tel: +44 20 7919 1000

Fax: +44 20 7919 1999

Website: [www.bakermckenzie.com](http://www.bakermckenzie.com)

Email: [legal.advisors@legal-advisors.com](mailto:legal.advisors@legal-advisors.com)

**Baker  
McKenzie.**

## Selling Shareholders' Advisor

### Moelis & Company Saudi Limited Co.

Faisaliah Tower, Unit T15B, 15th Floor,

Riyadh 11461

Kingdom of Saudi Arabia

Tel: +966 11 827 8300

Website: [www.moelis.com](http://www.moelis.com)

Email: [Project\\_Leila\\_Ext@moelis.com](mailto:Project_Leila_Ext@moelis.com)

**Moelis**

## Financial Due Diligence Advisor

**PricewaterhouseCoopers Company**

Kingdom Tower, 21st Floor  
P.O. Box 8282 Riyadh 11482  
Kingdom of Saudi Arabia  
Tel: +966 11 211 0400  
Fax: +966 11 211 0401  
Website: [www.pwc.com/me](http://www.pwc.com/me)  
Email: [mer\\_project\\_laila@pwc.com](mailto:mer_project_laila@pwc.com)



## Market Consultant

**Jones Lang LaSalle Saudi Arabia Ltd.**

17th Floor, South Tower, Tawuniya Towers  
King Fahad Road  
P.O. Box 13547 Riyadh 11414  
Kingdom of Saudi Arabia  
Tel: +966 11 2180303  
Fax: +966 11 2183080  
Website: [www.jll-ksa.com](http://www.jll-ksa.com)  
Email: [projectleilajll@jll.com](mailto:projectleilajll@jll.com)



## Independent Auditor

**KPMG Professional Services**

KPMG Tower, Roshn Front  
Airport Road, P.O. Box 92876, Riyadh  
Kingdom of Saudi Arabia  
Tel: +966 11 874 8500  
Fax: +966 11 874 8600  
Website: [www.kpmg.com/sa](http://www.kpmg.com/sa)  
Email: [marketingsa@kpmg.com](mailto:marketingsa@kpmg.com)



**Note:** As of the date of this Prospectus, all the above-mentioned Advisors and Auditor have given and have not withdrawn their written consent, to the reference of their names, logos and the publication of their statements in the context in which they appear in this Prospectus, and do not themselves, their employees (from the engagement team serving the Company), or any of their relatives have any shares or interest of any kind in the Company, as of the date of this Prospectus which would impair their independence.

## RECEIVING AGENTS

### Saudi Awal Bank (SAB)

Prince Abdulaziz Bin Mosaad Bin Jalawi Road, Al Morouj District  
P.O. Box 9084 Riyadh 11413  
Kingdom of Saudi Arabia  
Tel: +966 440 8440  
Fax: +966 276 3414  
Website: www.sab.com  
Email: sab@sab.com



### Alinma Bank

Al Anoud Tower, King Fahad Road  
P.O. Box 66674 Riyadh 11586  
Kingdom of Saudi Arabia  
Tel: +966 218 5555  
Fax: +966 218 5000  
Website: www.alinma.com  
Email: info@alinma.com



### Arab National Bank

King Faisal Road, Al Muraba, Unit 1  
P.O. Box 56921, Riyadh 11564  
Kingdom of Saudi Arabia  
Tel: +966 114029000  
Fax: +966 114039044  
Website: www.anb.sa  
Email: info@anb.com.sa



### Saudi National Bank

King Fahad Road  
P.O. Box 3208, Unit 778  
Kingdom of Saudi Arabia  
Tel: +966 920001000  
Fax: +966 114060052  
Website: www.alahli.com  
Email: contactus@alahli.com



### Alrajhi Bank

King Fahad Road, Almorouj, Alrajhi Bank Tower  
P.O. Box 11411  
Kingdom of Saudi Arabia  
Tel: +966 8282515  
Fax: +966 112798190  
Website: www.alrajhibank.com.sa  
Email: contactcenter1@alrajhibank.com.sa



### Bank Aljazira

King Abdulaziz Road, Alshatei District  
P.O. Box 6277, Jeddah 21442  
Kingdom of Saudi Arabia  
Tel: +966 126098888  
Fax: +966 126098881  
Website: www.alrajhibank.com.sa  
Email: contactcenter1@alrajhibank.com.sa





## OFFERING SUMMARY

This Summary of the offering is intended to provide a brief overview of the information detailed in this Prospectus. As such, it does not include all of the information that may be important to prospective investors. Accordingly, prospective investors should read this Prospectus in full. Any decision by prospective investors related to investing in the Offer Shares must be based on a consideration of this Prospectus as a whole. In particular, it is important to carefully consider the contents of the "Important Notice" section on page (i) and Section 2 ("Risk Factors") of this Prospectus prior to making any investment decision in relation to the Offer Shares.

<p><b>Company's Name, Description, and Incorporation</b></p>	<p>Dr. Soliman Abdel Kader Fakeeh Hospital Company is a closed joint-stock company established pursuant to the Ministry of Commerce resolution no. 28/G, dated 01/02/1432H (corresponding to 05/01/2011G), registered under commercial registration no. 4030014511, dated 11/04/1398H (corresponding to 20/03/1978G), and having its registered office located at Palestine Street, Al-Hamra District, Jeddah 23323, Kingdom of Saudi Arabia.</p> <p>The Company's current share capital amounts to two hundred million Saudi Riyals (SAR 200,000,000) paid in full and divided into two hundred million (200,000,000) Ordinary Shares of equal nominal value of one Saudi Riyal (SAR 1) per Share. Post-Offering, the Company's share capital shall become two hundred and thirty-two million Saudi Riyals (SAR 232,000,000) paid up in full and divided into two hundred and thirty-two million (232,000,000) Ordinary Shares of equal nominal value of one Saudi Riyal (SAR 1) per Share.</p> <p>The Company was initially established as a sole proprietorship with a share capital of one hundred million Saudi Riyals (SAR 100,000,000). On 01/06/1432H (corresponding to 04/05/2011G), the Company was converted into a closed joint-stock company under the name of "Dr. Soliman Fakeeh Abdel Kader Hospital Company", with a fully paid capital of one hundred million Saudi Riyals (SAR 100,000,000), divided into ten million (10,000,000) Ordinary Shares, with a fully paid nominal value of ten (10) Saudi Riyals per Share.</p> <p>On 12/03/1445H (corresponding to 27/09/2023G), the Extraordinary General Assembly approved to increase the Company's share capital from one hundred million Saudi Riyals (SAR 100,000,000) to two hundred million Saudi Riyals (SAR 200,000,000), divided into two hundred million (200,000,000) Ordinary Shares with a nominal value of one Saudi Riyal (SAR 1) per Share, through the capitalization of fifty million Saudi Riyals (SAR 50,000,000) from the Company's statutory reserve and fifty million Saudi Riyals (SAR 50,000,000) from the Company's retained earnings, totaling one hundred million Saudi Riyals (SAR 100,000,000).</p> <p>On 09/05/1445H (corresponding to 23/11/2023G), the Extraordinary General Assembly approved to increase the Company's share capital from two hundred million Saudi Riyals (SAR 200,000,000) to two hundred and thirty-two million Saudi Riyals (SAR 232,000,000), divided into two hundred and thirty-two million (232,000,000) Ordinary Shares, with a nominal value one Saudi Riyal (SAR 1) per Share, through the public offering of thirty million (30,000,000) shares (representing 12.93% of the Company's share capital post-increase), and by capitalizing an amount of two million Saudi Riyals (SAR 2,000,000) from retained earnings, to which the remaining new issued shares that amounts to two million (2,000,000) shares (representing 0.86% of the Company's post-increase share capital) are to be held as Treasury Shares to be allocated for the Company's and its Subsidiaries' employee share program in accordance with its provisions there of. For further information, please refer to Section 4.1.2 "Corporate History and Evolution of the Company's Ownership Structure and Share Capital" and Section 5.12 "Employee Share Program" of this Prospectus.</p>
<p><b>Company's Activities</b></p>	<p>The Company's main activity consists of owning, operating, and managing hospitals, clinics, and other healthcare facilities, as well as medical education and training centers, laboratories, radiology centers, and pharmacies. For further information, please refer to section 4.3.6 "Multi Specialty Hospitals" of this Prospectus.</p> <p>According to its Commercial Registration, the Company's activities are as follows: (1) general construction of non-residential buildings including schools, hospitals, hotels, etc.; (2) cafeterias and buffets; (3) operation of canteens or cafeterias on a concession basis (e.g. for factories, offices, hospitals, schools, etc.); (4) coordination of therapeutic services among patients and hospitals inside and outside the Kingdom; (5) organization and management of exhibitions and conferences; (6) organization and management of crowds; (7) operation of exhibitions and conference centers and facilities; (8) colleges and university institutes; (9) hospitals; (10) extended and recovery medical care hospitals; (11) addiction treatment and rehabilitation hospitals; (12) medical operation of hospitals; (13) specialized medical Complexes; (14) one-day surgery centers; (15) general medical Complexes; (16) medical clinics; (17) critical care centers; (18) shared healthcare workspace centers; (19) fertility, embryo and infertility treatment centers; (20) medical operation of medical Complexes and one-day surgery centers; (21) radiology centers; (22) ambulance transport services centers; (23) medical laboratories; (24) alternative and complementary medicine Complexes; (25) alternative and complementary medicine centers; (26) medical rehabilitation centers (27) speech-language and dysphagia centers; (28) dialysis centers; (29) foot and ankle care centers; (30) prosthetics and orthotics centers; (31) nutrition centers; (32) home services medical centers; (33) mobile medical clinics; (34) occupational therapy centers; (35) physiotherapy centers; (36) urgent medical care centers; (37) pain relief centers; (38) hearing therapy centers; (39) telecare and telemedical centers; (40) teleradiology centers; (41) medical operation of medical laboratories, radiology centers and medical services support; (42) alternative and complementary medicine clinics; (43) sample collection centers; and (44) intravenous fluids centers.</p>

<p><b>Riyadh Hospital Company's Activities</b></p>	<p>The main activity of Riyadh Hospital Company consists of owning, operating, and managing hospitals, clinics, and other healthcare facilities. (For further information, please refer to section 4.3.6 "<b>Multi Speciality Hospitals</b>" of this Prospectus.)</p> <p>According to its Commercial Registration, Riyadh Hospital Company's activities are as follows: (1) general construction of non-residential buildings including schools, hospitals, hotels, etc.; (2) building finishing; (3) pharmacies activities; (4) retail sale of cosmetics and soaps; (5) retail sale of child care supplies and tools; (6) retail sale of catering services' tools and equipment (including catering equipment at hotels, hospitals, etc.); (7) cafeterias and buffets; (8) operation of canteens or cafeterias on a concession basis (e.g. for factories, offices, hospitals, schools, etc.); (9) general cleaning of buildings; (10) exterior cleaning of buildings; (11) training centers; (12) hospitals; (13) extended and recovery medical care hospitals; (14) addiction treatment and rehabilitation hospitals; (15) medical operation of hospitals; (16) specialized medical Complexes; (17) one-day surgery centers; (18) general medical Complexes; (19) medical clinics; (20) critical care centers; (21) shared healthcare workspace centers; (23) medical operation of medical Complexes and one-day surgery centers; (24) radiology centers; (25) plasma collection centers; (26) ambulance transport services centers; (27) medical laboratories; (28) alternative and complementary medicine Complexes; (29) alternative and complementary medicine centers; (30) medical rehabilitation centers; (31) speech-language and dysphagia centers; (32) dialysis centers; (33) foot and ankle care centers; (34) prosthetics and orthotics centers; (35) nutrition centers; (36) home services medical centers; (37) mobile medical clinics; (38) occupational therapy centers; (39) physiotherapy centers; (40) urgent medical care centers; (41) pain relief centers; (42) hearing therapy centers; (43) telecare and telemedicine centers; (44) artificial eye centers; (45) teleradiology centers; (46) medical operation of medical laboratories, radiology centers and medical services support; (47) sample collection centers; (48) intravenous fluids centers; (49) specialized rehabilitation centers for addicted persons; (50) welfare of intellectual education and centers of mental health care; (51) psychological rehabilitation centers; (52) addiction treatment and rehabilitation centers; (53) activities of visiting elderly and persons with special needs; and (54) private non-residential centers for the elderly.</p>
<p><b>Saudi Airlines Medical Services Company's Activities</b></p>	<p>The main activity of Saudi Airlines Medical Services Company is owning the Fakeeh Medical Clinic, which provides healthcare services to current and retired employees and families of the Saudi Arabian Airlines Corporation, as well as other members of the public. For further information, please refer to section 4.3.7 "<b>Medical Centers</b>" of this Prospectus.</p> <p>According to its Commercial Registration, the Saudi Airlines Medical Services Company's current activities are as follows: (1) pharmacies activities; (2) drug warehouse activities; (3) hospitals; (4) one-day surgery centers; (5) general medical Complexes; and (6) medical laboratories.</p>
<p><b>Dr. Soliman Abdel Kader Fakeeh Medical Education Company's Activities</b></p>	<p>The main activity of Dr. Soliman Abdel Kader Fakeeh Medical Education Company is owning and managing the Fakeeh College of Medical Sciences. For further information, please refer to section 4.3.8 "<b>Higher Medical Education</b>" of this Prospectus.</p> <p>According to its Commercial Registration, Dr. Soliman Abdel Kader Fakeeh Medical Education Company's current activities are as follows: (1) colleges and university institutes; and (2) activities of private medical training centers.</p>

<p><b>Number of Shares held by the Substantial Shareholders Pre-Offering and Post-Offering</b></p>	<p>The Company's Substantial Shareholders, each of whom directly owns 5% or more of the Company's shares, are: (i) Mazen Soliman Abdel Kader Fakeeh, (ii) Ammar Soliman Abdel Kader Fakeeh, and (iii) Manal Soliman Abdel Kader Fakeeh.</p> <p>The following table sets out the names and ownership percentages of the Substantial Shareholders pre-Offering and post-Offering.</p> <p><b>Table (2): Number of Shares held by the Substantial Shareholders Pre-Offering and Post-Offering</b></p>																																																			
	<table border="1"> <thead> <tr> <th rowspan="2">Shareholder Name</th> <th colspan="4">Pre-Offering</th> <th colspan="4">Post-Offering</th> </tr> <tr> <th>No. of Shares</th> <th>Total Par Value (SAR)</th> <th>Direct Share-holding</th> <th>Indirect Share-holding*</th> <th>No. of Shares</th> <th>Total Par Value (SAR)</th> <th>Direct Share-holding</th> <th>Indirect Share-holding *</th> </tr> </thead> <tbody> <tr> <td>Mazen Soliman Abdel Kader Fakeeh</td> <td>79,984,000</td> <td>79,984,000</td> <td>39.992%</td> <td>0.008%</td> <td>71,424,000</td> <td>71,424,000</td> <td>30.79%</td> <td>0.007%</td> </tr> <tr> <td>Ammar Soliman Abdel Kader Fakeeh</td> <td>79,984,000</td> <td>79,984,000</td> <td>39.992%</td> <td>0.008%</td> <td>71,424,000</td> <td>71,424,000</td> <td>30.79%</td> <td>0.007%</td> </tr> <tr> <td>Manal Soliman Abdel Kader Fakeeh</td> <td>39,992,000</td> <td>39,992,000</td> <td>19.996%</td> <td>0.004%</td> <td>35,712,000</td> <td>35,712,000</td> <td>15.39%</td> <td>0.003%</td> </tr> </tbody> </table>								Shareholder Name	Pre-Offering				Post-Offering				No. of Shares	Total Par Value (SAR)	Direct Share-holding	Indirect Share-holding*	No. of Shares	Total Par Value (SAR)	Direct Share-holding	Indirect Share-holding *	Mazen Soliman Abdel Kader Fakeeh	79,984,000	79,984,000	39.992%	0.008%	71,424,000	71,424,000	30.79%	0.007%	Ammar Soliman Abdel Kader Fakeeh	79,984,000	79,984,000	39.992%	0.008%	71,424,000	71,424,000	30.79%	0.007%	Manal Soliman Abdel Kader Fakeeh	39,992,000	39,992,000	19.996%	0.004%	35,712,000	35,712,000	15.39%	0.003%
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<p>Source: The Company</p> <p>* The Substantial Shareholders indirect ownership is as a result of their ownership in both Al Sulaimania United Company and Soliman Abdel Kader Fakeeh Real Estate Company Limited, whereby each owns shares representing 0.01% of the issued Pre-Offering capital, whereby Mazen Soliman Abdel Kader Fakeeh owns 40% of the share capital of both Al Sulaimania United Company and Soliman Abdel Kader Fakeeh Real Estate Company Limited. Similarly, Ammar Soliman Abdel Kader Fakeeh also owns 40% of the share capital of both companies, while Manal Soliman Abdel Kader Fakeeh owns 20% of the share capital of both companies.</p>																																																				
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<b>Total Number Of Shares Post-Offering</b>	Two hundred and thirty-two million (232,000,000) Shares.																																																			
<b>Par Value per Share</b>	One Saudi Riyal (SAR 1) per Share.																																																			
<b>Offering</b>	<p>Offering of forty-nine million eight hundred thousand (49,800,000) Ordinary Shares of the Company's total capital, as follows:</p> <p>(i) Issuance of thirty million (30,000,000) new Ordinary Shares (the "New Shares"; and</p> <p>(ii) Sale of nineteen million eight hundred thousand (19,800,000) current Ordinary Shares (the "Sale Shares") (referred to with the New Shares as the "Offer Shares", and each as an "Offer Share") through public offering at an offer price of SAR 57.5 per Share (the "Offer Price"), with a fully-paid nominal value of one (1) Saudi Riyals (SAR 1) per Share. The New Shares represent approximately 12.93% and the Sale Shares represent 8.53% of the Issuer's share capital upon completion of the Offering, totaling 21.47% of the Issuer's share capital after issuance of the New Shares and the Company's capital increase.</p>																																																			
<b>Total Number of Offer Shares</b>	Forty-nine million eight hundred thousand (49,800,000) Shares.																																																			
<b>Ratio of Offer Shares to the Company's Capital</b>	The Offer Shares represent 21.47% of the Company's shares post-Offering, and 24.9% of the Company's shares pre-Offering.																																																			



<b>Treasury Shares</b>	The issuance of two million (2,000,000) New Shares (representing 0.86% of the Issuer's post-increase share capital), shall be completed through the capitalization of two million Saudi Riyals (SAR 2,000,000) from retained earnings, in parallel with the Offering – and to be held as Treasury Shares to be allocated for the Company's and its Subsidiaries' employee share program in accordance with the provisions there of (for further information, please refer to Section 5.12 "Employee Share Program" of this Prospectus).
<b>Offering Price</b>	SAR 57.5
<b>Total Value of the Offering</b>	Two billion eight hundred sixty-three million five hundred thousand Saudi Riyals (SAR 2,863,500,000).
<b>Use of Proceeds</b>	The Net Offering Proceeds of two billion seven hundred eighty-eight million five hundred thousand Saudi Riyals (SAR 2,788,500,000) after deducting the Offering expenses, which are estimated at seventy five million Saudi Riyals (SAR 75.0 million) (VAT-exclusive), will be distributed as follows: (i) approximately one billion one hundred eight million six hundred eighty thousand seven hundred twenty-three Saudi Riyals (SAR 1,108,680,723) shall be distributed to the Selling Shareholders on a pro rata basis, based on their respective ownership percentage of the Sale Shares to be sold during the Offering; and (ii) approximately one billion six hundred seventy-nine million eight hundred nineteen thousand two hundred seventy-seven Saudi Riyals (SAR 1,679,819,277) will be distributed to the Company, and the latter intends to use the Net Offering Proceeds, in addition to its other financial inflows including cash and loans, to finance the Group's growth strategy and for general corporate purposes. For further information, please refer to Section 8 ("Use of Proceeds") of this Prospectus.
<b>Number of Offer Shares to be Underwritten</b>	Forty-nine million eight hundred thousand (49,800,000) Shares.
<b>Total Value of Offer Shares to be Underwritten</b>	Two billion eight hundred sixty-three million five hundred thousand Saudi Riyals (SAR 2,863,500,000).
<b>Categories of Target Investors</b>	Subscription to the Offer Shares is restricted to the following groups of investors: <b>Tranche (A): Participating Parties:</b> This tranche includes investors eligible to participate in the book building process, in accordance with the Book-Building Instructions, including investment funds, qualified foreign companies and institutions, GCC corporate investors, and other foreign investors under Swap Agreements. For further details, please refer to Section 1 ("Definitions and Abbreviations") of this Prospectus. <b>Tranche (B): Individual Investors:</b> This tranche includes Saudi natural persons, including any female divorcee or widow with minor children from a marriage to a non-Saudi husband who can subscribe for her own benefit in the names of her minor children, on the condition that she proves that she is a divorcee or widow and the mother of her minor children; any non-Saudi natural person who is a resident in the Kingdom and any GCC national, in each case who has a bank account with a Receiving Agent. Subscription by a person in the name of his divorcee shall be deemed invalid, and if a transaction of this nature has been proven to have occurred, then the regulations shall be enforced against such person. If a duplicate subscription is made, the second subscription will be considered void and only the first subscription will be accepted.
<b>Total Offer Shares available for each Target Investor Category</b>	
<b>Number of Shares Offered to Participating Parties</b>	Forty-nine million eight hundred thousand (49,800,000) Shares, representing 100% of the total Offer Shares. In the event that Individual Investors subscribe to the entire Offer Shares allocated to them, the Financial Advisor, in coordination with the Company, may reduce the number of shares allocated to the Participating Parties to forty-four million eight hundred and twenty thousand (44,820,000) Offer Shares, representing 90% of the total number of Offer Shares.
<b>Number of Shares Offered to Individual Investors</b>	A maximum of four million nine hundred and eighty thousand (4,980,000) Offer Shares, representing 10% of the total number of Offer Shares.
<b>Subscription Method for each Target Investor Category</b>	
<b>Subscription Method for Participating Parties</b>	The Participating Parties are entitled to apply for participation in the book building process through filling out the Participaton Forms provided by the Bookrunners, to the Participating Parties during the book building process. After the initial allocation, the Bookrunners will provide Subscription Application Forms to the Participating Parties, which they must complete in accordance with the instructions outlined in Section 17 ("Information on the Shares and Offering Terms and Conditions") of this Prospectus.
<b>Subscription Method for Individual Investors</b>	The Subscription Application Forms will be made available during the Offering Period by the Receiving Agents, which must be filled out in accordance with the instructions outlined in Section 17 ("Information on the Shares and Offering Terms and Conditions") of this Prospectus and submitted to the Receiving Agents. Individual Investors may subscribe through the internet, telephone banking, or ATMs of any of the Receiving Agents, provided that: (i) the investor has a bank account at a Receiving Agent that offers such services, and (ii) there have been no changes in the personal information or data of the Individual Investor since the Subscriber last participated in a recent offering.

Minimum Number of Offer Shares that can be Subscribed to by Each Target Investor Category	
Minimum Number of Offer Shares that can be Subscribed to by Participating Parties	One hundred thousand (100,000) Shares.
Minimum Number of Offer Shares that can be Subscribed to by Individual Investors	Ten (10) Shares.
Value of the Minimum Number of Offer Shares that can be Subscribed to by Each Target Investor Category	
Value of the Minimum Number of Offer Shares that can be Subscribed to by Participating Parties	Five million seven hundred fifty thousand Saudi Riyals (SAR 5,750,000).
Value of the Minimum Number of Offer Shares that can be Subscribed to by Individual Investors	Five hundred seventy-five Saudi Riyals (SAR 575).
Maximum Number of Offer Shares that can be Subscribed to by Each Target Investor Category	
Maximum Number of Offer Shares that can be Subscribed to by Participating Parties	Eleven million five hundred and ninety-nine thousand nine hundred and ninety-nine (11,599,999) Shares.
Maximum Number of Offer Shares that can be Subscribed to by Individual Investors	Two hundred and fifty thousand (250,000) Shares.
Value of the Maximum Number of Offer Shares that can be Subscribed to by Each Target Investor Category	
Value of the Maximum Number of Offer Shares that can be Subscribed to by Participating Parties	Six hundred sixty-six million nine hundred ninety-nine thousand nine hundred forty-three Saudi Riyals (SAR 666,999,943).
Value of the Maximum Number of Offer Shares that can be Subscribed to by Individual Investors	Fourteen million three hundred seventy-five thousand Saudi Riyals (SAR 14,375,000).

Allocation Method and Refund of Excess Subscription Monies for Each Target Investor Category	
<b>Allocation Method and Refund of Excess to Participating Parties</b>	<p>The Financial Advisor, in coordination with the Company, shall determine the number and percentage of Offer Shares to be allocated to Participating Parties using the discretionary allocation mechanism. It is possible that certain Participating Parties shall not be allocated any shares, as deemed appropriate by the Company and the Financial Advisor. The Financial Advisor will make the final allocation of the Offer Shares to the Participating Parties after the end of the subscription period for the Individual Investors. The number of Offer Shares to be initially allocated to Participating Parties will be forty-nine million eight hundred thousand (49,800,000) Shares, representing one hundred percent (100%) of the total number of Offer Shares. In the event that Individual Investors subscribe to all the Offer Shares allocated to them, the Financial Advisors, in coordination with the Company, shall have the right to reduce the number of Offer Shares allocated to Participating Parties to forty-four million eight hundred and twenty thousand (44,820,000) Shares, representing 90% of the total Offer Shares after completing Individual Investors subscription process.</p> <p>Initially, 19,920,000 Shares (representing 40% of the total Offer Shares) will be allocated to public funds, noting that in the event there is sufficient demand by Individual Investors, the Lead Manager shall have the right to reduce the number of Offer Shares allocated to public funds to a minimum of 17,928,000 Ordinary Shares representing 36.0% of the total Offer Shares, after completing the Individual Investors subscription process. In addition, 2,782,609 Offer Shares will be allocated, representing 5.6% of the total number of Offer Shares, to Rana Investment Company and Abdullah Alrayes , collectively, granting them priority to subscribe to these Shares through participating in the book building process based on the final Offer Price. In the event that Rana Investment Company and Abdullah Alrayes do not subscribe to all of these shares, any unsubscribed portion there of shall be considered part of the shares allocated to the Public.</p>
<b>Allocation Method to Individual Investors</b>	<p>The Offer Shares are expected to be allocated no later than Monday, 19/11/1445H (corresponding to 27/05/2024G). The minimum number of Offer Shares that can be allocated is ten (10) Shares per Individual Investor, while the maximum number is 250,000 Shares per Individual Investor. The balance of Offer Shares, if any, shall be allocated pro-rata, based on the number of Offer Shares requested by each Individual Investor and the total number of Offer Shares requested for subscription. In the event that the number of Individual Investors exceeds 498,000 subscribers, the Company will not guarantee the minimum allocation. In such case, the allocation of the Offer Shares to Individual Investors will be determined at the discretion of the Company and the Financial Advisor. For further information, please refer to Section 17 ("<b>Information on the Shares and Offering Terms and Conditions</b>") of this Prospectus.</p>
<b>Refund of Excess Subscription Monies (if any)</b>	<p>The Lead Manager or Receiving Agents, as the case may be, will notify the Subscribers of the final allocation of the Offer Shares and the excess subscription monies to be refunded. Excess subscription monies, if any, will be refunded to the Subscribers without any deduction or charge and will be deposited into the respective Subscribers' accounts indicated in the Subscription Application Forms. The final allocation and excess subscription monies, if any, will be announced no later than Tuesday, 27/11/1445H (corresponding to 04/06/2024G).</p>
<b>Offering Period</b>	<p>The Offering Period will commence on Tuesday, 13/11/1445H (corresponding to 21/05/2024G). It will continue for two (2) days, up to and including the closing day of the subscription, and will end on Wednesday, 14/11/1445H (corresponding to 22/05/2024G).</p>
<b>Eligibility to Dividends</b>	<p>The holders of Offer Shares will be entitled to their portion of any dividends declared by the Company as of the date of this Prospectus and for subsequent financial years. For further details, please refer to Section 7 ("<b>Dividend Distribution Policy</b>") of this Prospectus.</p>
<b>Voting Rights</b>	<p>The Company has one category of Ordinary Shares, which does not give any of its shareholders any preferential rights. Each share entitles its holder to one vote and each shareholder has the right to attend and vote at meetings of the General Assembly. Any shareholder of the Company may delegate another shareholder of the Company, provided that they are not a member of the Board, to attend a meeting of the General Assembly on their behalf. For further details, please refer to Section 12.15 ("<b>Summary of the Company's Bylaws</b>") of this Prospectus. Any shareholder of the Company may, under a written proxy, appoint another natural person, whether a shareholder of the Company or not, provided that they are not a member of its Board, to attend a meeting of the General Assembly or Special Assembly and vote on its agenda items on their behalf.</p>
<b>Share Restrictions (Lock-up Period)</b>	<p>The Substantial Shareholders will be subject to a Lock-up Period of six (6) months, starting from the commencement of trading of the Shares on the Saudi Stock Exchange, during which the Substantial Shareholder shall be prohibited from disposing of their Shares. After the end of the Lock-up Period, the Substantial Shareholders may dispose of their shares without the prior approval of the CMA</p>
<b>Listing and Trading of the Shares</b>	<p>Prior to this Offering, the Company's shares had not been listed in the Kingdom or elsewhere. The Company has submitted an application to the CMA for the registration and offering of the Offer Shares, as per the OSCOs, and an application to the Saudi Exchange (Tadawul), pursuant to the Listing Rules, for the listing of the shares. All official approvals required to conduct the Offering and Listing have been granted and all CMA-required supporting documents have been completed. Trading of shares is expected to commence on the Exchange after the final allocation of the shares. For further information, please refer to Section ("<b>Key Dates and Subscription Procedures</b>") on page (xviii) of this Prospectus.</p>

<b>Risk Factors</b>	<p>There are certain risks related to any investment in the Offer Shares. These risks can be categorized into:</p> <ol style="list-style-type: none"> <li>1- risks related to the Company's business activities and operations;</li> <li>2- risks related to the market, industry, and regulatory environment; and</li> <li>3- risks related to the Offer Shares.</li> </ol> <p>These risks are described in Section 2 ("Risk Factors") of this Prospectus and should be considered carefully prior to making an investment decision in relation to the Offer Shares.</p>
<b>Offering Expenses</b>	<p>The Offering expenses and costs are initially estimated at approximately SAR 75.0 million. These fees initially include the fees of the Financial Advisor, Selling Shareholders, Bookrunners, Lead Manager, Underwriters, Legal Advisors, Financial Due Diligence Advisor, Auditors, Receiving Agents, and Market Consultant, in addition to marketing, printing, distribution and other expenses relating to the Offering, all of which will be deducted from the Offering Proceeds. The Selling Shareholders will initially bear SAR 29.8 million and the Company will initially bear SAR 45.2 million.</p>
<b>Sole Financial Advisor, Joint Bookrunner, Underwriter and Lead Manager</b>	<p><b>HSBC Saudi Arabia</b>  Olaya Street, Al Murooj District  P.O. Box 12283, Riyadh  Saudi Arabia  Phone: +966 922 000 5920  Fax: +966 11 511 2201  Website: <a href="https://www.hsbcSaudi.com">https://www.hsbcSaudi.com</a>  Email: <a href="mailto:fakeehcareipo@hsbcsa.com">fakeehcareipo@hsbcsa.com</a></p>
<b>Joint Bookrunners and Underwriters</b>	<p><b>anb capital</b>  3581 Al Mouayyad Al Jadid, Al Murabbaa  P.O. Box: 220009 Riyadh 11311  Kingdom of Saudi Arabia  Tel: +966 (11) 4062500  Fax: +966 (11) 4062548  Website: <a href="http://www.anbcapital.com.sa">www.anbcapital.com.sa</a>  Email: <a href="mailto:fakeehcareipo@anbcapital.com.sa">fakeehcareipo@anbcapital.com.sa</a></p> <p><b>EFG Hermes KSA</b>  Third floor, Northern Tower, Sky Towers, King Fahad Road  P.O. Box: 300189, Riyadh 11372  Kingdom of Saudi Arabia  Tel: +966012938048  Fax: +966012938032  Website: <a href="http://www.efghermesksa.com">www.efghermesksa.com</a>  Email: <a href="mailto:fakeehcareipo@EFG-HERMES.com">fakeehcareipo@EFG-HERMES.com</a></p>

**Note:** Page (i) "Important Notice" and Section 2 "Risk Factors" of this Prospectus must be carefully considered before making any decision regarding investing in the Offer Shares under this Prospectus.

## KEY DATES AND SUBSCRIPTION PROCEDURES

### Key Dates

**Table (3): Anticipated Subscription Timetable**

Event	Date
Application registration period for Participating Parties and Book Building Process	A period of seven (7) days, commencing on Thursday, 23/10/1445H (corresponding to 02/05/2024G) until the end of Wednesday, 29/10/1445H (corresponding to 08/05/2024G).
Subscription period for Individual Investors	A period of two (2) days, commencing on Tuesday, 13/11/1445H (corresponding to 21/05/2024G) until the end of Wednesday, 14/11/1445H (corresponding to 22/05/2024G).
Deadline for submission of Subscription Application Forms for Participating Parties based on the number of Offer Shares provisionally allocated to each Participating Party	Friday, 09/11/1445H (corresponding to 17/05/2024G).
Deadline for payment of subscription monies for Participating Parties based on the number of Offer Shares provisionally allocated to each Participating Party	Monday, 12/11/1445H (corresponding to 20/05/2024G).
Deadline for submission of Subscription Application Forms and payment of subscription monies (for Individual Investors)	Wednesday, 14/11/1445H (corresponding to 22/05/2024G).
Announcement of final allocation of Offer Shares	Monday, 19/11/1445H (corresponding to 27/05/2024G).
Refund of excess subscription monies (if any)	Tuesday, 27/11/1445H (corresponding to 04/06/2024G).
Expected date of commencement of trading on the Exchange	Trading of the Company's shares on the Exchange is expected to commence after fulfillment of all relevant statutory requirements. The commencement of trading will be announced on Tadawul's website ( <a href="http://www.tadawul.com.sa">www.tadawul.com.sa</a> ).

**Note:** The timetable and dates mentioned above are estimates, and the actual dates will be announced on the websites of the Saudi Exchange ([www.saudiexchange.sa](http://www.saudiexchange.sa)), the Financial Advisor (<https://www.hsbcSaudi.com>), and the Company (<https://dsfhjeddah.fakeeh.care>).

## How to Apply for the Offering

Subscription to the Offer Shares is restricted to two tranches of investors:

### Tranche (A): Participating Parties:

This tranche includes the parties entitled to participate in the book building process, in accordance with the Book Building Instructions. For further information, please refer to Section 1 ("**Definitions and Abbreviations**") of this Prospectus.

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

### Tranche (B): Individual Investors:

This tranche includes Saudi natural persons, including any Saudi female divorcee or widow with minor children from a marriage to a non-Saudi individual, who is entitled to subscribe to the Offer Shares for her own benefit in the names of her minor children, on the condition that she proves that she is a divorcee or widow and the mother of her minor children, and any GCC national who has a bank account and is entitled to open an investment account with one of the Receiving Agents. A subscription for shares made by a person in the name of his divorcee shall be deemed invalid and if a transaction of this nature is proved to have occurred, the law shall be enforced against the applicant. If a duplicate subscription is made, the second subscription will be considered void and only the first subscription will be accepted.

The Subscription Application Forms will be made available during the Offering Period by the Receiving Agents. Individual Investors who have participated in previous initial public offerings in Saudi Arabia may subscribe through the internet, telephone banking, or ATMs of any of the Receiving Agents that provide these services to its customers, provided that:

- The Individual Investor has a bank account at a Receiving Agent that offers such service.
- There have been no changes in the personal information or data of the Individual Investor (the removal or addition of a family member) since the Individual Investor last participated in a recent offering.

The Subscription Application Forms must be filled out in accordance with the instructions contained in Section 17 ("**Information on the Shares and Offering Terms and Conditions**") of this Prospectus. Each applicant must accept all the relevant items in the Subscription Application Form. The Company reserves the right to decline any Subscription Application, in part or in whole, in the event that any of the subscription terms and conditions are not met. If a duplicate subscription is made, the second subscription will be considered void and only the first subscription will be accepted. A Subscription Application cannot be amended or withdrawn once submitted. A Subscription Application, once submitted, is considered a binding agreement between the Company and the applicant in relation to the New Shares, and a binding agreement between the applicant and the Selling Shareholders in relation to the Sale Shares. For further information, please refer to Section 17 ("**Information on the Shares and Offering Terms and Conditions**") of this Prospectus.

Excess subscription monies, if any, will be refunded to the principal Individual Investor at the Receiving Agent that initially deducted the subscription amount, without any commissions or amounts being withheld by the Lead Manager or the Receiving Agents. Subscription monies may not be refunded in cash or to third-party accounts.

For further details on the subscription of Individual Investors or Participating Parties, please refer to Section 17 "**Information on the Shares and Offering Terms and Conditions**" of this Prospectus.

## SUMMARY OF KEY INFORMATION

This summary of key information is intended to give an overview of the information contained in this Prospectus and does not contain all the information that may be important to prospective investors. Accordingly, this summary must be treated as a brief introduction to the key information in this Prospectus. Persons who wish to subscribe to the Offer Shares are advised to read the entire Prospectus so that any decision to invest in the Offer Shares is based on the careful consideration of this Prospectus as a whole. In particular, it is important to carefully consider the contents of the "Important Notice" section on page (i) and Section 2 "Risk Factors" of this Prospectus prior to making any investment decision in relation to the Offer Shares.

### Overview of the Company

Dr. Soliman Abdel Kader Fakeeh Hospital Company is a Saudi closed joint-stock company established pursuant to Ministry of Commerce resolution number 28/G, dated 01/02/1432H (corresponding to 05/01/2011G), registered under commercial registration number 4030014511, dated 11/04/1398H (corresponding to 20/03/1978G), having its registered address at Palestine Street, Al Hamra District, Jeddah 23323, Kingdom of Saudi Arabia.

The Company's current share capital amounts to two hundred million Saudi Riyals (SAR 200,000,000) paid in full and divided into two hundred million (200,000,000) Ordinary Shares of equal nominal value of one Saudi Riyal (SAR 1) per Share. Post-Offering, the Company's share capital shall become two hundred million and thirty-two million Saudi Riyals (SAR 232,000,000) divided into two hundred and thirty-two million (232,000,000) Ordinary Shares of equal nominal value of one Saudi Riyal (SAR 1) per Share.

The Company was initially established on 11/04/1398H (corresponding to 20/03/1978G) as a sole proprietorship owned by Dr. Soliman Abdel Kader Fakeeh and was registered in Jeddah under commercial registration number 4030014511, dated 11/04/1398H (corresponding to 20/03/1978G). On 01/06/1432H (corresponding to 04/05/2011G), the Company was converted from a sole proprietorship into a closed joint-stock company under the name "Dr. Soliman Abdel Kader Fakeeh Hospital Company", with a paid-up capital of one hundred million Saudi Riyals (SAR 100,000,000), divided into ten million (10,000,000) shares of equal nominal value of ten Saudi Riyals (SAR 10) per Share. On 12/03/1445H (corresponding to 27/09/2023G), the Extraordinary General Assembly of the Company approved to increase the Company's share capital from one hundred million Saudi Riyals (SAR 100,000,000) to two hundred million Saudi Riyals (SAR 200,000,000), divided into two hundred million shares (200,000,000) shares of equal nominal value of one Saudi Riyal (SAR 1) per Share, through the capitalization of fifty million Saudi Riyals (SAR 50,000,000) from the Company's statutory reserves and fifty million Saudi Riyals (SAR 50,000,000) from the Company's retained earnings, totaling one hundred million Saudi Riyals (SAR 100,000,000), with the shareholders continuing to hold the same shareholding percentage in the Company's capital. On 09/05/1445H (corresponding to 23/11/2023G), the Extraordinary General Assembly approved to increase the Company's share capital from two hundred million Saudi Riyals (SAR 200,000,000) to two hundred and thirty-two million Saudi Riyals (SAR 232,000,000), divided into two hundred and thirty-two million (232,000,000) Ordinary Shares, with a nominal value of one Saudi Riyal (SAR 1) per Share, through the public offering of thirty million (30,000,000) shares (representing 12.93% of the Company's share capital post-increase), and by capitalizing an amount of two million Saudi Riyals (SAR 2,000,000) from retained earnings, to which the remaining new issued shares, that amounts to two million (2,000,000) shares (representing 0.86% of the Company's post-increase share capital) are to be held as Treasury Shares to be allocated for the Company's and its Subsidiaries' employee share program in accordance with its provisions. For further information, please refer to Section 4.1.2 "Overview of the Company and Growth of its Capital" and Section 5.12 "Employee Share Program" of this Prospectus

### Main Business Activities

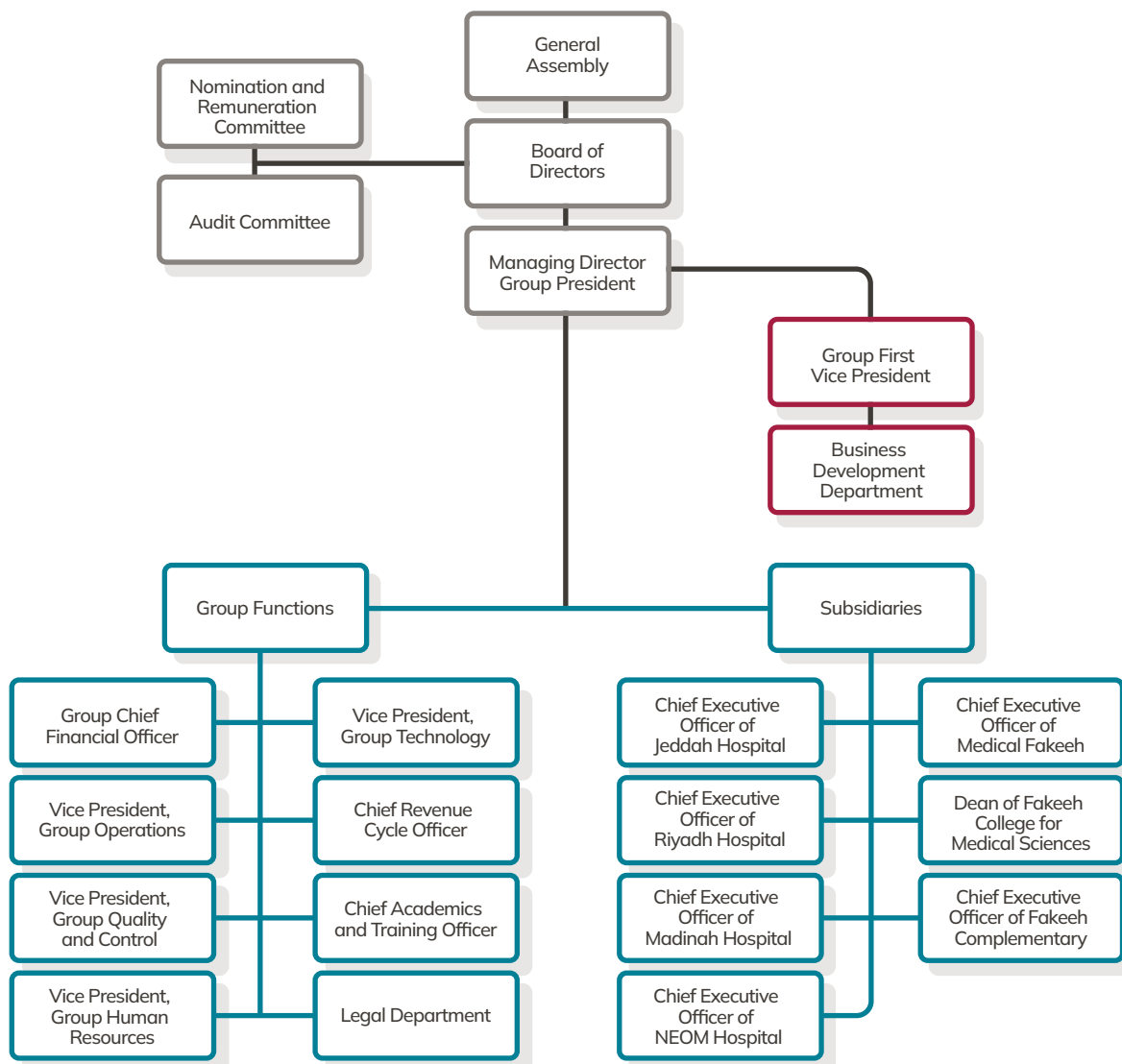
The Company's main activity consists of owning, operating, and managing hospitals, clinics, and other healthcare facilities, as well as medical education and training centers, laboratories, radiology centers, and pharmacies. (For further information, please refer to section 4.3.6 "Multi Specialty Hospitals" of this Prospectus). According to its Commercial Registration, the Company's activities are as follows: (1) general construction of non-residential buildings including schools, hospitals, hotels, etc.; (2) cafeterias and buffets; (3) operation of canteens or cafeterias on a concession basis (e.g. for factories, offices, hospitals, schools, etc.); (4) coordination of therapeutic services among patients and hospitals inside and outside the Kingdom; (5) organization and management of exhibitions and conferences; (6) organization and management of crowds; (7) operation of exhibitions and conference centers and facilities; (8) colleges and university institutes; (9) hospitals; (10) extended and recovery medical care hospitals; (11) addiction treatment and rehabilitation hospitals; (12) medical operation of hospitals;



(13) specialized medical Complexes; (14) one-day surgery centers; (15) general medical Complexes; (16) medical clinics; (17) critical care centers; (18) shared healthcare workspace centers; (19) fertility, embryo and infertility treatment centers; (20) medical operation of medical Complexes and one-day surgery centers; (21) radiology centers; (22) ambulance transport services centers; (23) medical laboratories; (24) alternative and complementary medicine Complexes; (25) alternative and complementary medicine centers; (26) medical rehabilitation centers (27) speech-language and dysphagia centers; (28) dialysis centers; (29) foot and ankle care centers; (30) prosthetics and orthotics centers; (31) nutrition centers; (32) home services medical centers; (33) mobile medical clinics; (34) occupational therapy centers; (35) physiotherapy centers; (36) urgent medical care centers; (37) pain relief centers; (38) hearing therapy centers; (39) telecare and telemedical centers; (40) teleradiology centers; (41) medical operation of medical laboratories, radiology centers and medical services support; (42) alternative and complementary medicine clinics; (43) sample collection centers; and (44) intravenous fluids centers.

## Company Organizational Structure

**Figure (1): The Company's Organizational Structure**



Source: the Company

## The Group's Vision and Mission

### Vision

Transforming lives through clinical excellence, compassionate care, and health education.

### Mission

Improving societal wellbeing through the provision of compassionate, integrated, and innovative healthcare services.

## The Group's Strategy

### Maintaining and Increasing the Group's Market Share in Jeddah

The Group aims to expand its market share in Jeddah and position itself as a key provider of healthcare services. Towards that end, the Group intends to expand its healthcare offerings available in its healthcare facilities with the help of state-of-the-art technologies in various specialties. Specifically, the Company means to: (i) enhance the bed capacity of the Jeddah Hospital Complex by building an extension to the main hospital Complex, with a further 140-bed capacity and; (ii) add through a 300-bed extension to the medical center in South Obhur as well as a medical center in North Obhur to further develop its hub-and-spoke model. For further details on expansion projects in Jeddah, please refer to Section 4.10 "**Current and Future Projects**" of this Prospectus.

### Expanding the Group's Footprint

The Group intends to build business momentum in Riyadh Hospital Company, so it would serve as the "**hub**" for three strategically located medical centers, including the medical center to be developed in Al-Hamra district. For further details about the Group's expansion plans in Riyadh, please refer to Section 4.10 "**Current and Future Projects**" of this Prospectus. Additionally, the Group plans to increase the bed capacity of its healthcare facilities in Riyadh organically or through the acquisition and merger of other healthcare facilities to the Group.

The Group plans to inaugurate a state-of-the-art 200-bed hospital in Makkah, as part of Masar Makkah development project, to be backed by a modern medical center in Al-Awali district in Makkah. While such expansion projects are under development, they are anticipated, upon completion, to enable the Group to meet the growing demand for secondary and tertiary healthcare services in Makkah, which is expected to increase as a result of the influx of Umrah and Hajj pilgrims. For further information on the Group's expansion plans in Makkah, please refer to Section 4.10 "**Current and Future Projects**" of this Prospectus.

The Group expects to commence the operation of the 200-bed hospital in Madinah during the first half 2024G, which will allow the Group's growth plans to employ the hub-and-spoke model in Madinah.

### Maintaining and Increasing the Group's Brand Recognition

The Group's brand has gained wide recognition in the Kingdom, making it one of the leading healthcare service providers in there. The Group currently aims to maintain and increase the luster of its brand through its renewed commitment to providing the best healthcare services to its patients and establishing modern and eco-friendly healthcare facilities equipped with state-of-the-art medical technologies and AI-powered diagnostic services, in an effort to adopt a patient-centric approach. The Group will also continue to improve the patient experience by integrating its online patient platforms and smart application, to enable patients to finalize certain administrative processes remotely, without the need to be physically present at the hospital, to reduce patient wait times.

### Leveraging Successful Partnerships with the Public Sector

Historically, the Group was awarded prominent bids for the management and operation of public healthcare facilities and the launch of healthcare campaigns in several regions in the Kingdom, in which it relied on its vast capabilities. The foregoing includes the Group's management and operation of the 50-bed Neom Hospital as well as to the Advanced Medical Center in Neom. Moreover, the Group owns and manages Medical Fakeeh in partnership with the Saudi Arabian Airlines and was previously tasked with managing KAUST Medical Center. The Group intends to leverage its previous successful partnerships with the public sector to secure additional partnerships in the future and capitalize on future privatization opportunities.

## Attracting, Training, and Retaining Qualified Staff

The Group's success depends largely on its ability to recruit, train, and retain highly qualified staff and practitioners, which it strives to achieve by providing its employees and health practitioners with academic training and state-of-the-art research facilities. Since it owns Fakeeh College of Medical Sciences, the Group has the opportunity to attract and retain highly skilled healthcare practitioners. It intends to expand Fakeeh College of Medical Sciences by establishing one independent college for each specialty in the fields of medicine, nursing, pharmacy, and "**Business Technology and Innovation**". Such expansion entails converting Fakeeh College of Medical Sciences from a college to a university with various colleges operating under its purview. Due to the expected increase in the number of Fakeeh College of Medical Sciences' students as well as medical internship, residency, and employment opportunities offered by the Group to outstanding students, the Group is anticipating a constant supply of competent, skilled, and loyal healthcare practitioners.

## Improving Operational Performance and Offering Value-Based Healthcare

The Group is continuously striving to increase its operational efficiency by adopting an integrated, centralized, and streamlined operating model, and continuing to invest in the development of its digital capabilities. The Group intends to employ automation and robotic technologies to make optimal use of its human resources. Furthermore, the Group adopts best practices across all its operating segments, to improve the overall patient experience, reduce wait times, and allow patients the opportunity to complete administrative processes through its digital applications. The Group will continue its commitment to medical and academic excellence, will work to maintain its existing accreditations and acquire new ones, and will strive for excellence in the quality of healthcare services it provides to patients. All of this will ultimately improve patient care outcomes, further leverage its operations and leading position in the healthcare sector, secure agreeable contractual terms with its suppliers and insurance companies, and enable it to achieve remarkable growth.

## Strengths and Competitive Advantages

### Academic Healthcare

Since its inception in 1978G, the Group excelled in providing tertiary healthcare services. This expertise is comprehensively supported through educational experience and skills, considered a fundamental pillar embodied by the Fakeeh College of Medical Sciences, which enhances the creation of an environment where medical education, scientific research, and community engagement converge. Fakeeh College of Medical Sciences also offers diverse programs for undergraduate and postgraduate studies, along with various short-term professional courses, fostering an environment dominated by a culture of continuous learning and innovation. Additionally, the Group has long-term partnerships with prestigious educational institutions, including the University of Dundee in the United Kingdom and the Royal College of Surgeons in Ireland. The aim is to collaborate in developing educational programs, joint scientific research, and transferring technology and expertise to Saudi Arabia, including human resources development. The Group relies on these partnerships in monitoring current programs and developing future joint programs using international best practices in medical education and training, as well as supporting and expanding undergraduate and postgraduate programs offered by Fakeeh College of Medical Sciences.

### Technology-based Healthcare

The Group adopted the latest medical technologies and deems that its early investment in cutting-edge medical technologies such as Positron Emission Tomography-Computed Tomography (PET-CT), Single Photon Emission Computed Tomography (SPECT CT), and the Da Vinci robotic surgical system, which revolutionized the healthcare world and was the first of its kind installed in a private hospital in the Kingdom, enhances its leading position in the healthcare sector in the Kingdom and enables it to provide advanced diagnosis and treatments, improving the overall image of the healthcare sector.

### Integrated Healthcare System

In addition to the model of providing healthcare services through medical centers, the Group adopts a comprehensive and integrated approach aimed at enhancing integration between hospitals, medical centers, specialized emergency services, home healthcare, as well as building healthcare systems and logistics service companies, which helps establish an efficient and comprehensive healthcare network, enhancing patient experience and ensuring optimal coordination and continuity of care services.

## Strategic Growth

The Group currently operates healthcare facilities in the Western Province (Jeddah) and the Central Province (Riyadh), which are densely populated areas in the Kingdom requiring healthcare services, and resulting in high demand for such services therein. The Group also aims to expand its operations beyond these areas to include other cities with dense populations and significant population growth, such as the Medina and Makkah regions.

## Care Centered on Patients' Preferences and Needs

The Group is committed to providing comprehensive patient-centric care, responding to their preferences and medical needs while considering societal values. The Group also focuses on all aspects of healthcare services, including physical and mental services, irrespective of the patient's social and financial situation, which enables the Group to enhance trust with patients and maintain long-term relationships therewith.

To ensure and maintain patient satisfaction, the Company dealt with Press Ganey, a global leader in healthcare service assessment. Press Ganey collects and analyzes comprehensive data from over 41,000 different healthcare facilities to measure patient and customer satisfaction, providing feedback aimed at improving patient and customer experience in those facilities and enhancing their performance. Facilities are then ranked based on their performance compared to others locally, regionally, and internationally.

Furthermore, as a testament to the Group's commitment to excellence, according to Newsweek magazine's assessment, Jeddah Hospital Complex has been ranked as the best private hospital in the Kingdom for 2022G, 2023G and 2024G.

## Qualified Board and Executive Management

Since its establishment in 1978G, the Company's Board of Directors and management have diligently planned and executed its overall strategy, expansion plans, and operational details. This meticulous and effective approach has contributed to the Company's growth and the delivery of a variety of outstanding and advanced medical services aimed at serving a larger segment of patients. The success of the Group's operations is also attributed to the valuable managerial contributions of its Board members and Executive Management, drawing on their collective experiences (for further information on the expertise of Board members and Senior Executives, please refer to Section 5 ("**Organizational Structure and Corporate Governance**") of this Prospectus).

## Digital health and IT infrastructure

The Group, recognizing the advancements in the information technology and digital transformation sector, has invested in information technology and the development of its technological systems owned and employed thereby, which provided its healthcare facilities with an advanced ecosystem of modern software applications, including Enterprise Resource Planning (ERP), Electronic Medical Record (EMR), and the "Yasasii" system, which all aim to simplify and automate internal processes and procedures related to patient care. Additionally, the Group utilizes 18 other remote treatment platforms that support its business activities, ultimately contributing to its commitment to providing exceptional healthcare for patients.

## Enduring Quality of Provided Services

The Group believes that its commitment to recognized healthcare service quality standards, applied at both the national and international levels, reflects its dedication to patient safety and clinical excellence. The Group has obtained numerous accreditation certificates from leading accreditation bodies, both locally and globally, covering various clinical medical fields, which illustrates the Group's commitment to providing high-quality medical care and services.

To ensure the quality of its services, the Group relies on collecting and analyzing data related to specific performance indicators, where a dedicated quality assurance team, utilizing data management systems and business intelligence systems, continuously monitors compliance with key performance indicators, which allows the Company to promptly take any corrective measures to address any deviations in the quality of services provided by the Group.

## Overview of the Market and Sector

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

### Overview of the Healthcare Market in the Kingdom of Saudi Arabia

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

#### 1- Macroeconomics

- In 2022G, the nominal GDP of the Kingdom was the highest among the GCC countries, with a CAGR of 9.2% between 2017G and 2022G. The per capita GDP increased significantly, expecting to reach SAR 150,806 by 2030G.
- The “**Saudi Vision 2030**” strategy aims to reduce reliance on petrochemicals in the economy, as non-oil sectors contributed to the total GDP by 59% in 2022G. The Public Investment Fund (PIF), being the sovereign wealth fund of Saudi Arabia, plays a leading role in promoting economic diversification in non-oil sectors. On the other hand, the private sector has also a vital role in implementing government policies supporting economic growth, including the policy of privatization through asset sale, and the policy of facilitating the entry procedures for foreign investors into financial markets.

#### 2- Demographics

- The Kingdom’s population is expected to reach approximately 40 million people by 2030G, the increase is attributed to economic initiatives adopted by the Saudi Government and a rising birth rate. However, these inhabitants are unevenly distributed geographically, with 74% residing in four major regions: Riyadh, Makkah (including Jeddah), Medina, and the Eastern Region. Therefore, these provinces are expected to have higher demand for healthcare services compared to other areas in the Kingdom.
- In order to facilitate access to healthcare services, the healthcare sector in the Kingdom is deployed among 13 regions, and 20 administratively independent health clusters. The Kingdom is expected to experience significant economic growth due to the Government launching mega infrastructure and development projects through which the Kingdom will drive non-oil GDP growth. Such large-scale projects will help achieve economic prosperity, business boom, and increased job opportunities, which will boost the demand for improved social services, including healthcare. Moreover, government initiatives aimed at enhancing healthcare infrastructure will stimulate the medical-tourism sector for foreigners wishing to receive treatment in the Kingdom. Mega projects focusing on the creation of new clusters and model cities, the development of sports and entertainment sectors, will attract foreigners with professional jobs.

#### 3- Factors Influencing Diseases:

- Despite the youth being the largest population group in the Kingdom, the percentage of elderly individuals (aged 45 and above) is projected to rise to 35% by 2030G, compared to 25% in 2022G. It is expected that this increase in life expectancy will lead to an increase in non-communicable diseases, thus an increase in the demand for healthcare services.
- Cardiovascular diseases are among the main causes of death due to non-communicable diseases, accounting for 47% of total such deaths as of 2022G, followed by diabetes at 17.7% as at 2021G.
- The elderly also experiences an increase in the cancer incidence rate, with 884 new cases per million people as at 2020G.
- Genetic diseases and birth defects are prevalent among children, mainly due to high rates of consanguineous marriage, with a notable deficiency of maternal folic acid supplements.
- Additionally, high rates of injuries resulting from traffic accidents are a major factor increasing the demand for healthcare services in the Kingdom, particularly for tertiary healthcare services, including accident and emergency services.
- Mental health diseases also contribute to the disease burden in KSA, with 14,239 cases per 100,000 people as at 2019G. However, spending on mental health is considered low, with limited research activities about mental health, resulting in a limited capacity to accommodate the significant increase in patients’ needs for mental healthcare services at hospitals and medical centers.

#### 4- National Transformation Initiatives

- The government is currently addressing the growing burden of diseases in KSA through the implementation of transformative initiatives and the establishment of premium centers to meet the requirements associated with such burden. As such, the Health Sector Transformation Program aims to develop healthcare services in line with the Saudi Vision 2030. Its main objectives include increasing life expectancy from 75 to 80 and reducing the mortality rate due to traffic accidents to 10 cases per 100,000 persons.
- This Program is being implemented through a range of strategic initiatives, including healthcare sector governance, modern care models, institutional transformation in healthcare facilities, national health insurance system and new financing models, e-health, workforce-related initiatives, and private sector engagement.
- In March 2021G, the Saudi Council of Ministers approved the Privatization Law to encourage private sector investment in healthcare sector. This initiative focuses on nine key areas for private sector engagement in healthcare services in the Kingdom. Currently, three partnership projects between the public and private sectors are in the bids submission phase to provide extended care, medical rehabilitation, and home care services in the Riyadh Second Health Cluster and the First Health Cluster in the Eastern Region. Work is also underway on around 14 upcoming projects, including Al Yamama Women and Children Hospital, Al Masadiyah Women and Children Hospital, Maternity and Children Hospital – Al-Ahsa, housing for the staff of Al Iman Hospital, medical rehabilitation hospitals, long-term stay hospitals, nursing care centers, primary healthcare centers, medical laboratories, home healthcare, virtual health, dialysis services, telemedicine network, and digital planning. These initiatives are expected to provide significant opportunities for private healthcare facilities in the Kingdom.

#### 5- Increased Healthcare Services Covered by Insurance Companies

- The healthcare sector in the Kingdom is expected to grow significantly due to the implementation of mandatory health insurance, as of 2014G, pursuant to the Saudi Vision 2030 and the National Health Policy.
- The Health Holding Company (HHC) and the National Health Insurance Center have been established in order to enhance the overall performance of the Saudi healthcare system. In addition, the Health Insurance Law in Saudi Arabia has undergone multiple reviews since its launch in 1999G, extending coverage to expatriate workers, citizens, and their families. The Council of Health Insurance looks forward to expanding mandatory health insurance to cover approximately 54% of the Kingdom's population by 2030G.

#### 6- Availability of Physicians and Nurses

- The healthcare sector in the Kingdom faces several challenges, including the limited availability of qualified healthcare professionals, particularly nurses and tertiary-healthcare specialists. The government intends to provide this sector with a more flexible workforce, while reducing reliance on foreign healthcare professionals as per the Saudization initiative.
- Medical education institutions in the Kingdom are steadily growing, and able to meet the increasing demand for physicians, doctors, nurses, and healthcare specialists. However, both public and private healthcare systems need to increase investment in the healthcare workforce to address the shortage of qualified professionals in the healthcare sector.

#### Size of the Healthcare Market in Saudi Arabia

The size of the healthcare market in the Kingdom is expected to reach be valued at approximately SAR 324 billion by 2030G, driven by the public and private sectors. In 2023G, the government allocated SAR 189 billion to the health and social development sector, while general local government spending on health represented about 70% of total health care spending in 2019G. Public sector spending is expected to increase from SAR 151 billion in 2022G to SAR 210 billion by 2030, while private sector spending is expected to rise from SAR 68 billion in 2022G to an estimated SAR 113 billion by 2030G. In this context, it is worth noting that the provision of healthcare services and the percentage of available bed represent two key elements in determining the market size.

## 1- Availability of Primary Healthcare Centers and Hospital Beds

- Healthcare market growth will be addressed by increasing hospital bed capacity while developing the existing infrastructure for specialized care. In 2021G, the number of existing primary healthcare clinics in the Kingdom was about 3,800 clinics after recording a CAGR of 8.3% since 2018G, which indicates the growing role of primary care infrastructure in providing healthcare services. The Kingdom today includes 497 hospitals and 77,224 beds, which means an average of 2.15 beds per thousand people. The public sector owns 68% of hospitals, but lacks specialized beds dedicated for tertiary healthcare services in specialized fields such as cardiology, neurology, oncology, long-term healthcare, and rehabilitation.
- In order to increase services and raise the standards of care, the Kingdom's government encouraged healthcare institutions with regional and international reputation to establish new models of healthcare delivery, such as same-day surgery centers, short-stay facilities, specialized care centers, accident and emergency centers, long-term healthcare facilities, rehabilitation centers, and home care services. Major healthcare groups also expanded their businesses and opened new areas providing more healthcare services at various stages of patient care.

## 2- Current Healthcare Services

- The Central and Western provinces of the Kingdom represent major centers for the private healthcare sector, as they constitute about 68% of the total number of beds in Saudi private hospitals as at 2021G.
- Major private healthcare clusters have witnessed rapid growth in the Central and Western provinces, with major cities such as Riyadh and Jeddah becoming important healthcare hubs. Large healthcare institutions dominate this sector, accounting for more than 6,100 beds, or about 41% of the total number of beds estimated for 2023 in the Western and Central provinces.
- The Group is expected to become the largest private integrated provider of healthcare services in the Western Province, with a strategy aiming at increasing the number of beds in its healthcare facilities to have approximately 1,250 beds available by 2030G, in addition to a sufficient number of affiliated medical centers providing health services to densely-populated local communities where the population is expected to further increase, through multi-specialty hospitals in both major healthcare centers and upcoming projects in Jeddah, Medina, and Makkah. The Group is also planning to establish medical centers in Jeddah and Makkah and to add ten accredited programs at the Fakeeh College of Medical Sciences in Jeddah.
- The Group's hospitals, whether current or planned, are strategically located so as to ensure their connection to population-dense areas and proximity from future mega projects.
- The region's healthcare sector is witnessing a major shift towards a hub-and-spoke model, in which key players adopt multi-dimensional growth strategies and new forms of health service delivery. In this context, same-day surgery and short-stay centers are growing due to the need for less capital and rapid return on investment. In parallel, leading hospitals are developing key specializations, such as "**advanced specializations**" or "**centers of excellence**," with the aim of distinguishing their services from public hospitals. The Group has become a major provider of tertiary healthcare services, with 25% of its total beds allocated to critical care. In addition, the demand for long-term care and home care services is met by specialty hospitals as well as long-term care and rehabilitation hospitals.
- The number of healthcare facilities accredited by the Joint Commission International (JCI) significantly increased in the Kingdom, as major healthcare groups have begun to focus on obtaining similar accreditations to enhance patients' confidence, including the Fakeeh Care Group, Dr. Sulaiman Al Habib Medical Services Group, Dallah Health Services Company, Al-Hammadi Holding Company, Sudair Pharmaceutical Company, and Pharma Serve Company.
- Strategic partnerships have been concluded to expand the range of services provided and improve the quality of care. For example, Fakeeh Medical Center is the first public-private partnership project in the field of healthcare in the Kingdom of Saudi Arabia, while Middle East Healthcare Company also owns a strategic stake of 53.9% in Hail National Healthcare Company, and Dallah Health Services Company invested in the Kingdom Hospital, Makkah Medical Center, Dr. Mohammad Alfagih Hospital, International Medical Center, and Mozdanh Clinic.
- The financial performance of these major healthcare groups is evident in the profit levels achieved thereby, with the Group's revenues growing by 8.3% in 2020G and 2022G.



## Current Status of the Healthcare Market and Future Outlook of the Key Regions in the Kingdom of Saudi Arabia

### 1- Overview of the Market and Future Outlook in Jeddah

- The healthcare sector in Jeddah is expected to grow due to the ongoing development projects and Jeddah's strategic location overlooking the Red Sea. By 2030G, the city is projected to undergo massive development and reconstruction estimated at SAR 338 billion, including real estate projects and infrastructure development. The proximity to major projects and religious sites, such as Hajj and Umrah, adds strategic significance to the healthcare sector.
- Population growth is expected to cause a shortage in the total number of beds relative to the required number of beds by 2030G.
- The government's focus on growth through public-private partnerships (PPPs) and the city's development vision will increase demand for healthcare services, with the private sector in Jeddah expected to contribute significantly to the growth of Jeddah's healthcare sector.
- In 2021G, private sector hospitals and beds accounted for about 66% and 40% of the total healthcare sector infrastructure, respectively. The key private medical groups, such as Dr. Soliman Abdel Kader Fakeeh Hospital, the International Medical Center Hospital, Jeddah National Hospital, National Medical Care Company, and the Saudi German Hospital, collectively have approximately 1,500 to 1,600 beds. Between 2021G and 2023G, c. 2,200 additional beds have been added or are expected to be added and operated in private sector hospitals in order to meet the increasing demand for healthcare services.
- Projections indicate that demand for high-quality tertiary healthcare beds will dominate the healthcare sector in Jeddah, with a need for around 4,700 beds of this category by 2030G. Based on the increasing demand influenced by various factors, the need for long-term care beds is estimated at approximately 30% to 35% of the total short-term beds.
- The Group is one of the key providers of premium healthcare services, and has many future projects in Jeddah, including a 140-bed further expansion project for Jeddah Hospital Complex, a 300-bed multi-specialty hospital in the South Obhur, Jeddah (expected to begin operation in 2028G).
- Between 2018G and 2021G, the percentage of general care beds as part of the total bed count decreased significantly, while the percentage of multi-specialty beds increased. The market players are focusing on expanding the service portfolio by opening specialized centers, such as Al Murjan Long Term Stay Hospital, and Bonyan United Gynecology Hospital. New real estate development projects in downtown Jeddah are expected to stimulate income and expatriates' influx, providing opportunities for various forms of private healthcare.

### 2- Overview of the Market and Future Outlook in Makkah

- The healthcare sector in Makkah is expected to become a major driver, thanks to religious tourism, especially during Hajj and Umrah seasons. The government aims to increase the capacity to accommodate 6.7 million Hajj pilgrims and 30 million Umrah pilgrims by 2030G.
- The Kingdom of Saudi Arabia provides free and comprehensive healthcare services to pilgrims during the Hajj season and various Umrah seasons, through a network of public hospitals and health centers. In addition, the private sector also offers healthcare services due to the mandatory health insurance system launched and applied to Hajj and Umrah pilgrims.
- The private healthcare sector in Makkah consists of general hospitals that cover various medical specialties and meet the diverse needs of patients.
- 20% of pilgrims visiting Makkah suffer from underlying diseases with diabetes being a common condition. As a result, the main ambulatory and tertiary healthcare services provided during the Hajj season include dialysis, endoscopy, cardiac catheterization, and open-heart surgeries.
- Currently, the public sector dominates the provision of healthcare in Makkah, with only a limited number of private hospitals. However, the region's population growth is expected to create a gap of over 1,300 beds by 2030G. Nevertheless, the private sector is expected to grow with planned additions by major healthcare groups. The Group, for instance, will open a 200-bed hospital in this region by 2027G, after opening an integrated medical center in 2025G.

### 3- Overview of the Market and Future Outlook in Medina

- Religious tourism is expected to drive the growth of the healthcare sector in Medina, which was acknowledged by the World Health Organization (WHO) as among the world's healthiest cities in 2021G. The government has laid out plans to increase the number of Hajj and Umrah pilgrims with the aim of boosting tourism activity.
- The private healthcare sector in Medina has recently begun to expand, with hospitals like Al-Mouwasat Hospital, the Saudi German Hospital, and Al-Dar Hospital representing about 71% of the private hospital beds. Furthermore, the Group plans to open a new 200-bed hospital in Medina by mid-2024G, followed by the opening of a big integrated medical center.
- Based on the National Transformation Program aiming to provide 2.70 medical beds per thousand people by 2030G, Medina will need more than 7,900 extra medical beds, leaving a shortage in the number of beds estimated at over 1,700 beds by 2030G.
- The percentage of various focused medical specialties has increased. For instance, the percentage of tertiary healthcare specialties, such as surgery, orthopedics, neurosurgery, and urology, rose from 13% in 2018G to 17% in 2021G, indicating a growing demand for specialized services.

### 4- Overview of the Market and Future Outlook in Riyadh

- Population growth and economic development are expected to stimulate the healthcare market in Riyadh. The city is therefore expected to significantly contribute to the non-oil economy and diversify the Kingdom's economy.
- The Ministry of Investment and the Royal Commission for Riyadh City (RCRC) are focusing on attracting the regional headquarters of multinational companies to enhance the local economy and create job opportunities. Infrastructure projects, such as King Salman Park and Green Riyadh Project, are also being developed.
- Currently, Riyadh has the highest concentration of hospitals in the Kingdom, with a total of 104 hospitals, of which 44% are privately owned. However, the current healthcare supply is not keeping pace with population growth, leading to a shortage in the total number of beds by 2030G.
- The current and planned healthcare supply in the market is not keeping pace with the expected population growth, which will result in a shortage in the number of beds estimated at over 2,000 beds by 2030G.
- The healthcare market in Riyadh is expected to grow significantly due to planned expansion projects and public-private partnership initiatives. The Group has established a 200-bed hospital, while Dr. Sulaiman Al Habib Medical Group is planning to develop Al Hamra Hospital and open four new healthcare facilities, Dallah Health is planning to launch a new facility and expand its branches, and Al Hammadi Group, from its end, is planning to establish two 200-bed hospitals.
- The use of private sector services has increased with the addition of many private hospitals. Riyadh has the largest number of private clinics, with 1,230 clinics in 2021G. The outpatient clinic had c. 17 million visits in 2021G, partly attributed to the easing of COVID-19 restrictions and the opening of more than 200 private clinics between 2020G and 2021G. The outpatient sector is also expected to grow overall, with a CAGR ranging from 6% and 7% between 2021G and 2023G, while the private inpatient sector is expected to grow at a CAGR ranging between 4% and 5%.
- Fakeeh Care Group recently acquired a land in Al Hamra to build its first ever integrated medical center. Study is underway to secure two other sites to establish two additional medical centers in densely-populated areas.

### 5- Overview of the Higher Education Market

- The higher education sector in the Kingdom is the largest education sector in the Arabian Gulf region as a whole, with approximately 1.97 million students enrolled in both public universities and private institutions.
- Most students (about 95%) study in public and semi-public institutions, highlighting a significant reliance on the public sector for higher education services. While the percentage of students in private sector institutions is only around 5% of the total enrolled students, these institutions offer unique programs and specialized courses that cater to specific academic interests and career paths.
- More than 65% of enrolled students are based in Riyadh, Makkah, and the Eastern Province. Demand is expected to increase in the northern, northwest and south regions of the Kingdom as the cities in those regions develop.
- The increasing demand for higher education can be noticed through the improved gross enrollment rate, increased female engagement, and growing demand for high-quality private education.

- Healthcare and well-being (CAGR: 5.2%), communications, IT, and engineering (CAGR: 3.3%), and business-related majors (CAGR: 5.2%) are experiencing increasing demand due to changes in the employment landscape, current skill shortage, and economic diversification in light of Saudi Vision 2030.
- In private educational institutions, health and well-being majors accounted for the largest share of enrolled students, chosen by 35.4% of them, and followed by business, management, law, engineering, manufacturing, and construction majors.
- The competitive landscape of private higher education in Riyadh and Jeddah reflects the growing demand for high-quality education, and students' aspirations to engage in specialized fields.
- Given the changing market requirements and the focus on aligning the educational supply with labor market demands, private education providers, such as the Group, can bridge the existing gap and meet the growing demand for specialized programs by offering programs in the fields of medicine, business and technology.

### Key Growth Opportunities

The private healthcare sector in the Kingdom is growing due to economic expansion, regulatory focus on increasing health insurance coverage, positive demographics, government privatization efforts, and improved demand for premium services.

Key growth opportunities include the growing specialty healthcare sector due to the increase in the elderly population, demographic changes, and the rising burden of non-communicable diseases.

The Health Sector Transformation Program under Saudi Vision 2030 is expected to improve access to services, leading to increased healthcare outreach in Tier II cities and areas where health services are not sufficiently deployed. Primary and preventive healthcare are given great consideration, as the Saudi government aims to reduce obesity rates by 3% and the prevalence of diabetes by 10% by 2030G.

The establishment of Centers of Excellence has contributed to strengthening the position of Riyadh and Jeddah as two key healthcare hubs, attracting more medical tourism. Today, emerging healthcare models are becoming more important, as there is a shift away from an average hospital stay of 3-4 days towards more options in outpatient care.

Long-stay care, including extended care, rehabilitation, and home care, has seen growth in the Kingdom. This growth has manifested as part of services provided within multi-specialty hospitals, and services provided in independently-operating facilities.

## SUMMARY OF RISK FACTORS

The following is a summary of the Risk Factors associated with an investment in the Offer Shares. However, this summary does not include all the information that may be of interest to investors. Prospective investors are advised to carefully consider all the information contained in this Prospectus, and any decision regarding an investment in the Offer Shares should be based on this Prospectus in its entirety. In particular, the “**Important Notice**” section on page (i) and Section 2 (“**Risk Factors**”) of this Prospectus should be thoroughly reviewed before making any decision related to an investment in the Offer Shares, and the investor should not rely solely on this summary in taking his decision.

### Risks related to the Company’s Business and Operations

- 1- Risks related to the realization of the Company’s strategy
- 2- Risks related to the Company’s revenue growth rates
- 3- Risks related to the Company’s reputation and brand
- 4- Risks related to the Company’s inability to fully control its subsidiaries
- 5- Risks related to the accumulated losses of Riyadh Hospital Company
- 6- Risks related to a reduction of the value of the Company’s goodwill
- 7- Risks related to potential acquisitions by the Company
- 8- Risks related to the quality of healthcare services
- 9- Risks related to attracting and retaining highly qualified health practitioners
- 10- Risks related to recruiting and retaining key employees
- 11- Risks related to the reliance on limited number of health facilities and geographical concentration in the city of Jeddah
- 12- Risks related to contracts and transactions with Related Parties
- 13- Risks related to the inability to renew or modify existing material agreements
- 14- Risks related to expiry, suspension and non-renewal of regulatory or operational licenses, permits or approvals
- 15- Risks related to non-renewal or issuance of material accreditations
- 16- Risks related to disputes and investigations
- 17- Risks related to Zakat, tax and customs
- 18- Risks related to the promulgation of the Corporate Governance Regulations and Companies Law in the Kingdom, which impose additional restrictions on the Company
- 19- Risks related to medical waste management
- 20- Risks related to increased cost of revenues and operating expenses
- 21- Risks related to the Company’s exposure to unforeseen operational risk challenges
- 22- Risks related to securing and maintaining required financing
  - a- Risks related to existing financing arrangements
  - b- Risks related to funding sources required to develop and expand the Group’s business
  - c- Risks related to guarantees provided for existing financing
- 23- Risks related to the effectiveness of data protection processes and disaster recovery systems
- 24- Risks related to breakouts of infectious diseases
- 25- Risks related to force majeure
- 26- Risks related to reliance on key customers and insurance companies
- 27- Risks related to rejected claims

- 28- Risks related to inadequacy of insurance coverage
- 29- Risks related to malpractice and medical errors
- 30- Risks related to violation of internal policies and procedures and code of professional conduct
- 31- Risks related to deferred revenues, late payment and collection of receivables
- 32- Risks related to emulating developments in the medical field and medical technology
- 33- Risks related to the implementation of future projects
  - a- Risks related to costs of new facilities and construction time
  - b- Risks related to the Company's ability to have distinctive sites
  - c- Risks related to the inability to recruit healthcare practitioners and other qualified employees
  - d- Risks related to the integration of future operations into the Company's existing operations
  - e- Risks related to contracting with government entities
- 34- Risks related to the completion or termination of specific time-bound or goal-specific projects
- 35- Risks related to foreign employees and Labor Law requirements
- 36- Risks related to identifying and integrating potential investment opportunities
- 37- Risks related to the reliance on external suppliers and sub-contractors
- 38- Risks related to the Management's experience in managing listed companies in the Saudi Stock Exchange
- 39- Risks related to Board committees and governance
- 40- Risks Related to the exclusive rights in the pharmaceutical and medical products market
- 41- Risks related to reliance on revenue sharing arrangements with physicians
- 42- Risks related to the inability to renew existing lease arrangements
- 43- Risks related to the outbreak of infectious diseases or other serious public health concerns, including the continuing global spread of COVID-19
- 44- Risks related to the non-sustainability of certain other revenues
- 45- Risks related to the Company's exposure to cyber-attacks and other risks associated with information technology systems
- 46- Risks related with implementing financial reporting standards, preparation of consolidated financial statements and implementation of internal controls

## **Risks related to the Market, Industry and Regulatory Environment**

- 1- Risks related to changes in the regulatory environment
- 2- Risks related to competition
- 3- Risks related to non-compliance with the Saudization requirements
- 4- Risks related to the Kingdom and global economy
- 5- Risks related to foreign exchange rates
- 6- Risks related to adverse changes in interest rates
- 7- Risks related to adoption of VAT and its impact on the Company
- 8- Risks related to changes in the legal landscape applicable to the Company
- 9- Risks related to natural disasters
- 10- Risks related to political, social and security instability in the Middle East region and their impact on the Company's operations
- 11- Risks related to reliance on the insurance market
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- 13- Risks related to change in the calculation mechanism of Zakat and tax

## **Risks related to the Offer Shares**

- 1- Risks related to the effective control by the Selling Shareholders
- 2- Risks related to the liquidity and the absence of a prior market for Shares
- 3- Risks related to fluctuations in the market price of the Shares
- 4- Risks related to research published about the Group
- 5- Risks related to the Company's ability to distribute dividends
- 6- Risks related to Issuance of new Shares in the market after the Offering.

## SUMMARY OF FINANCIAL INFORMATION

The selected financial information and key performance indicators below should be read in conjunction with the Company's audited consolidated financial statements for the Financial Years ended 31 December 2020G, 2021G, 2022G, and reviewed consolidated financial statements of the Company for the nine-month period ended 30 September 2023G, as well as the accompanying notes thereto, prepared in accordance with the International Financial Reporting Standards (IFRS) that are endorsed in the Kingdom of Saudi Arabia. These financial statements have been audited by the Auditor, KPMG Professional Services, and are included in Section 19 ("Financial Statements and Independent Auditor's Report") of this Prospectus.

The financial information for the Financial Year ended 31 December 2020G has been extracted from the comparative financial information presented in the consolidated financial statements for the Financial Year ended 31 December 2021G, and financial information for the Financial Years ended 31 December 2021G and 2022G have been extracted from the audited consolidated financial statements for the Financial Year ended 31 December 2022G.

The tables below present summaries of the statement of comprehensive income, statement of financial position, and statement of cash flows, in addition to selected key performance indicators (KPIs) for the Financial Years ended 31 December 2020G, 31 December 2021G, and 31 December 2022G and for the nine-month period ended 30 September 2022G and 2023G.

**Table (4): Summary of Statement of Comprehensive Income for the Financial Years Ended 31 December 2020G, 2021G, and 2022G and for the nine-month period ended 30 September 2022G and 2023G.**

SAR '000	FY2020G (Audited)	FY2021G (Audited)	FY2022G (Audited)	Nine-month Period Ended 30 September 2022G	Nine-month Period Ended 30 September 2023G
Revenue	1,715,426	1,964,684	2,012,391	1,472,024	1,664,368
Cost of revenue	(1,273,053)	(1,326,602)	(1,409,944)	(1,036,093)	(1,229,788)
<b>Gross profit</b>	<b>442,373</b>	<b>638,082</b>	<b>602,446</b>	<b>435,931</b>	<b>434,580</b>
Other net income <sup>(1)</sup>	17,567	23,713	37,369	11,054	47,842
Administrative expenses	(157,763)	(204,124)	(211,789)	(142,899)	(191,363)
Expected credit losses in receivables	(4,528)	(57,544)	(20,964)	(20,930)	(10,105)
<b>Operating profit</b>	<b>297,650</b>	<b>400,127</b>	<b>407,063</b>	<b>283,156</b>	<b>280,954</b>
Financing costs	(46,163)	(34,785)	(55,939)	(34,622)	(91,205)
<b>Profit before zakat</b>	<b>251,488</b>	<b>365,342</b>	<b>351,123</b>	<b>248,534</b>	<b>189,749</b>
Zakat	(26,645)	(4,563)	(20,440)	(14,907)	(20,836)
<b>Profit for the year</b>	<b>224,843</b>	<b>360,778</b>	<b>330,684</b>	<b>233,626</b>	<b>168,914</b>
<b>Profit for the Year Attributable To:</b>					
Owners of the Parent Company	203,178	334,282	326,316	221,406	205,606
Non-controlling interest	21,664	26,496	4,367	12,220	(36,693)
<b>Profit for the year</b>	<b>224,843</b>	<b>360,778</b>	<b>330,684</b>	<b>233,626</b>	<b>168,914</b>
<b>EBITDA</b>	<b>401,438</b>	<b>505,250</b>	<b>516,456</b>	<b>353,203</b>	<b>390,559</b>
<b>KPIs</b>					
Number of patients	1,174,561	1,379,025	1,432,159	1,040,433	1,123,730
Number of beds (DSFH)	404	404	379	375	395



SAR '000	FY2020G (Audited)	FY2021G (Audited)	FY2022G (Audited)	Nine-month Period Ended 30 September 2022G	Nine-month Period Ended 30 September 2023G
<b>As a Percentage of Revenue</b>					
Total profit (%)	25.8%	32.5%	29.9%	29.6%	26.1%
Operating profit (%)	17.4%	20.4%	20.2%	19.2%	16.9%
Net profit for the year (%)	13.1%	18.4%	16.4%	15.9%	10.1%
EBITDA (%)	23.4%	25.7%	25.7%	24.0%	23.5%

Source: The audited consolidated financial statements for the Financial Years ended 31 December 2020G, 2021G, 2022G, and the reviewed financial statements for the nine-month period ended 30 September 2022G and 2023G. KPIs: The Management's information for the Financial Years ended 31 December 2020G, 2021G, 2022G, and the reviewed KPIs for the nine-month period ended 30 September 2022G and 2023G.

(1) It should be noted that the presentation of the comprehensive income statement has been revised in the audited financial statements for the year ended 31 December 2022G, the audited consolidated financial statements for the nine-month period ended 30 September 2023G, and the comparative period, to include other revenues within operating profit. Other income includes the income from the interest which amounted to SAR 8.5 million, SAR 6.2 million, SAR 24.9 million and SAR 42.8 million for the years ended in 2020G, 2021G, 2022G and the nine months period ended 30 September 2023. Interest income amounted to 48.3%, 26.0%, 66.6% and 89.4% of the total net other income for the years ended in 2020G, 2021G, 2022G and the nine months period ended 30 September 2023G.

**Table (5): Summary of Statement of Financial Position for the Financial Years Ended 31 December 2020G, 2021G, 2022G, and for the nine-month period ended 30 September 2022G and 2023G.**

SAR '000	FY as of December 31			
	FY2020G (Audited)	FY2021G (Audited)	FY2022G (Audited)	As of 30 September 2023G (Reviewed)
Non-current assets	2,181,489	2,473,667	3,682,799	2,811,816
Current assets	1,004,628	990,751	1,387,630	1,350,213
<b>Total assets</b>	<b>3,186,117</b>	<b>3,464,418</b>	<b>5,070,429</b>	<b>4,162,029</b>
<b>Total equity</b>	<b>1,391,942</b>	<b>1,723,438</b>	<b>2,157,244</b>	<b>1,189,649</b>
Non-current liabilities	1,247,549	1,299,888	1,748,396	1,930,371
Current liabilities	546,625	441,092	1,164,789	1,042,009
<b>Total liabilities</b>	<b>1,794,174</b>	<b>1,740,980</b>	<b>2,913,185</b>	<b>2,972,380</b>
<b>Total equity and liabilities</b>	<b>3,186,117</b>	<b>3,464,418</b>	<b>5,070,429</b>	<b>4,162,029</b>
<b>KPIs</b>				
Receivables turnover (in days)	126	109	121	127
Inventory turnover (in days)	33	33	34	40
Payables turnover rate (in days)	39	39	64	60
Cash turnover (in days)	120	102	91	107
Working capital as a percentage of revenue	30.2%	23.1%	31.3%	18.2%
Return on assets	7.1%	10.8%	7.7%	5.7%
Return on equity	16.2%	23.2%	17.0%	15.7%
Debt on equity	67.4%	51.5%	85.7%	117.9%

Source: The audited consolidated financial statements for the Financial Years ended 31 December 2020G, 2021G, 2022G, and the reviewed financial statements for the nine-month period ended 30 September 2022G and 2023G.

**Table (6): Summary of Statement of Cash Flows for the Financial Years Ended 31 December 2020G, 2021G, 2022G and for the nine-month period ended 30 September 2022G and 2023G.**

SAR '000	FY as of December 31				
	FY2020G (Audited)	FY2021G (Audited)	FY2022G (Audited)	Nine-month Period Ended 30 September 2022G	Nine-month Period Ended 30 September 2023G
Net cash generated from / (used in) operating activities	3,585	254,678	(14,629)	16,082	320,089
Net cash generated from / (used in) investing activities	(72,620)	(100,670)	(384,342)	(311,743)	989,240
Net cash generated from / (used in) financing activities	119,361	(149,542)	524,077	292,447	(1,427,496)
<b>Net increase in cash and cash equivalents</b>	<b>50,327</b>	<b>4,466</b>	<b>125,106</b>	<b>(3,214)</b>	<b>(118,167)</b>
Cash and cash equivalents at the beginning of the year	136,863	187,190	191,656	191,656	316,762
<b>Cash and cash equivalents at the end of the year</b>	<b>187,190</b>	<b>191,656</b>	<b>316,762</b>	<b>188,441</b>	<b>198,595</b>

Source: The audited consolidated financial statements for the Financial Years ended 31 December 2020G, 2021G, 2022G and the reviewed financial statements for the nine-month period ended 30 September 2022G and 2023G.

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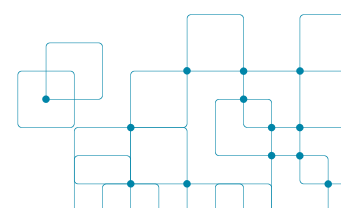
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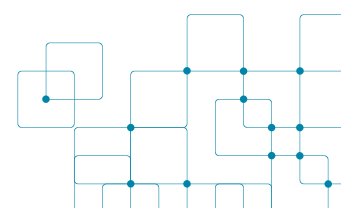
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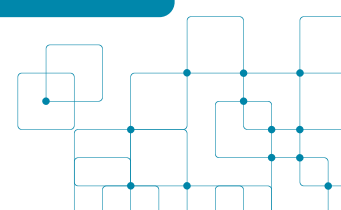


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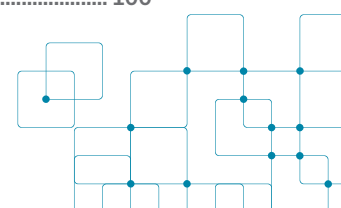
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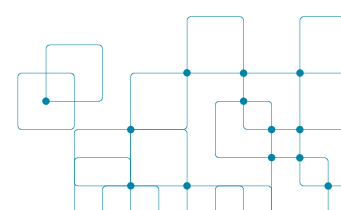
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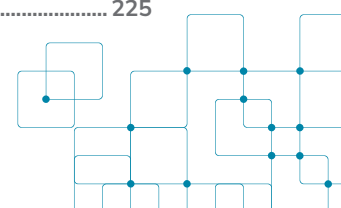




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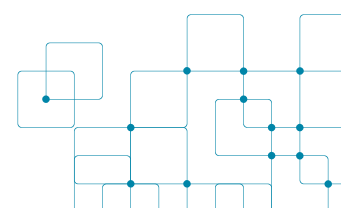
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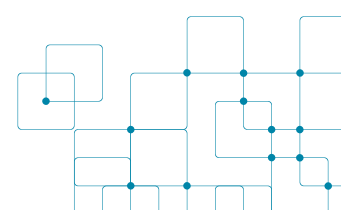
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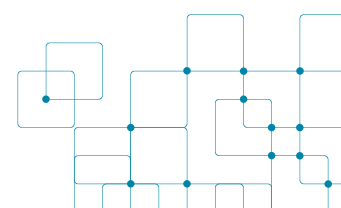


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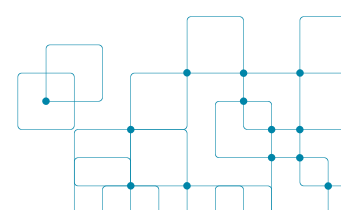


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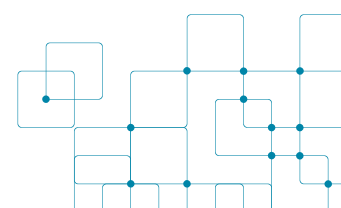


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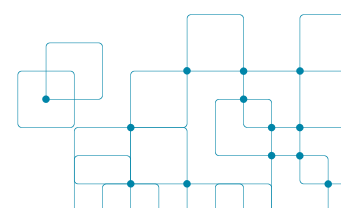
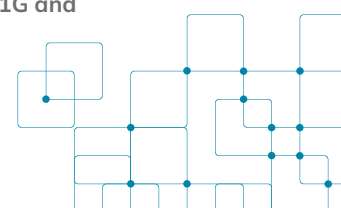


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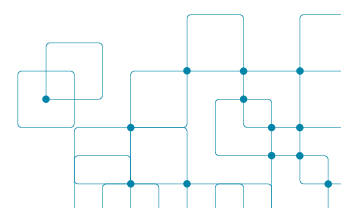
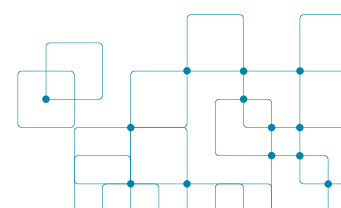
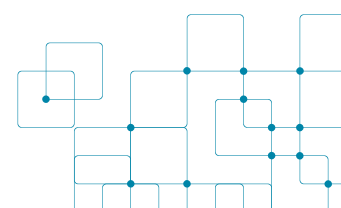


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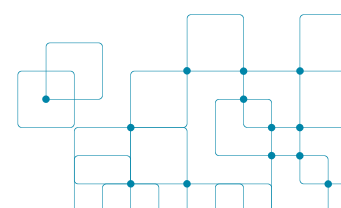


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مؤسسة

مستشفى سلمان بكير  
Sir Salman Pakir Hospital

## 1. DEFINITIONS AND ABBREVIATIONS

<b>Underwriting Agreement</b>	The underwriting agreement entered into between the Company, the Selling Shareholders and the Underwriters in connection with the Offering.
<b>Listing</b>	Admission of the Company's Shares to listing on the Exchange in accordance with the Listing Rules.
<b>Shares or Current Shares</b>	Any Ordinary Share with a nominal value of SAR 1 per share in the Company's capital.
<b>Offer Shares</b>	Sale Shares and New Shares, which represent 21.47% of the Company's capital after the capital increase and the issuance of new shares.
<b>New Shares</b>	Thirty million 30,000,000 shares to be issued and offered for subscription to increase the Company's capital during the offering process.
<b>Sale Shares</b>	Nineteen million eight hundred thousand (19,800,000) Current Shares in the Company's capital, which are to be sold by the Selling Shareholders during the Offering
<b>Shares Allocated to the Employee Investment Fund</b>	One million six hundred thousand 1,600,000 Shares are to be allocated for the Employee Investment Fund during the Offering.
<b>Selling Shareholders</b>	Mazen Soliman Abdel Kader Fakeeh, Ammar Soliman Abdel Kader Fakeeh and Manal Soliman Abdel Kader Fakeeh
<b>Directors or Board Members</b>	Members of the Company's Board of Directors.
<b>DSFMC</b>	Dr. Soliman Fakeeh Medical Center.
<b>Relatives</b>	The husband, wife and minor children. For the purposes of the Corporate Governance Regulations: <ul style="list-style-type: none"> <li>• Fathers, mothers, grandparents, grandmothers, and ascendants thereof.</li> <li>• Children, grandchildren, and descendants thereof.</li> <li>• Full brothers and sisters, paternal half-brothers and sisters, and maternal half-brothers and sisters.</li> <li>• Husbands and wives.</li> </ul>
<b>Secretary</b>	The secretary of the Company's Board of Directors.
<b>Affiliate</b>	A person who controls another person or is controlled by that other person, or who is under common control with that person by a third person. In any of the preceding, control could be direct or indirect.
<b>Book-Building Instructions</b>	Book-Building Instructions and Allocation Method in Initial Public Offerings (IPOs) issued by the Board of the CMA pursuant to resolution number 2-94-2016 dated 15/10/1437H (corresponding to 20/07/2016G) as amended by CMA resolution number 1-103-2022 dated 02/03/1444H (corresponding to 28/09/2022G).
<b>Official Gazette</b>	Umm Al-Qura, the official gazette of the Kingdom of Saudi Arabia.
<b>General Assembly</b>	An Extraordinary General Assembly and/or an Ordinary General Assembly. " <b>General Assembly</b> " shall mean any Company's general assembly.
<b>Ordinary General Assembly</b>	An ordinary general assembly of the Shareholders convened in accordance with the Bylaws.
<b>Extraordinary General Assembly</b>	An extraordinary general assembly of the Shareholders convened in accordance with the Bylaws.
<b>Public</b>	Persons other than the following: <ol style="list-style-type: none"> <li>1- affiliates of the Issuer;</li> <li>2- Substantial Shareholders of the Issuer;</li> <li>3- Directors and Senior Executives of the Issuer;</li> <li>4- Directors and Senior Executives of the affiliates of the Issuer;</li> <li>5- Directors and Senior Executives of the Substantial Shareholders of the Issuer;</li> <li>6- any relative of persons described at (1), (2), (3), (4) or (5) above;</li> <li>7- any company controlled by any persons described at (1), (2), (3), (4), (5) or (6) above; or</li> <li>8- Persons acting in concert and, collectively, holding 5% or more of the class of shares to be listed.</li> </ol>
<b>Receiving Agents</b>	The Receiving Agents whose names appear on page (x) of this Prospectus.

<b>Government</b>	Government of Saudi Arabia, with "Governmental" being interpreted accordingly.
<b>Market Study</b>	The market study prepared by Jones Lang LaSalle Saudi Arabia Ltd (JLL).
<b>Saudi Riyal(s) or SAR</b>	Saudi Arabian Riyal(s), the official currency of Saudi Arabia.
<b>Chairman or Chairman of the Board of Directors</b>	The Chairman of the Board of Directors of the Company.
<b>Offer Price</b>	SAR 57.5 per Share.
<b>Exchange, Market or Tadawul</b>	The Saudi Exchange.
<b>Financial Year or Financial Year (FY)</b>	The Company's financial year, from January 1 to December 31 of each financial year.
<b>Control</b>	Pursuant to the Glossary of Defined Terms used in the Regulations and Rules of the Capital Market Authority, "Control" means the ability to influence the actions or decisions of another person through, whether directly or indirectly, alone or with a relative or affiliate: (i) holding 30% or more of the voting rights in a company; or (ii) having the right to appoint 30% or more of the members of the governing body, and a "controller" shall be construed accordingly.
<b>Company or Issuer</b>	Dr. Soliman Abdel Kader Fakeeh Hospital Company.
<b>Riyadh Hospital Company</b>	Soliman Fakeeh Medical Hospital Company.
<b>Offering</b>	Initial Public Offering of the Company's shares under the conditions set out in this Prospectus.
<b>Related Party(ies)</b>	In this Prospectus and pursuant to the Glossary of Defined Terms used in the Regulations and Rules of the CMA, a "Related Party" or "Related Parties" includes any of the following: <ul style="list-style-type: none"> <li>a- affiliates of the Issuer;</li> <li>b- Substantial Shareholders of the Issuer;</li> <li>c- Directors and Senior Executives of the Issuer;</li> <li>d- Directors and senior executives of an affiliate of the Issuer;</li> <li>e- Directors and Senior Executives of Substantial Shareholders of the Issuer;</li> <li>f- any relatives of persons described at (a), (b), (c), (d) or (e) above; and</li> <li>g- any company controlled by any persons described at (a), (b), (c), (d), (e) or (f) above.</li> </ul>
<b>Participating Parties</b>	Parties eligible to participate in the book-building process, namely: <ul style="list-style-type: none"> <li>a- public and private funds that invest in securities listed on the Exchange, if permissible according to the terms and conditions of such funds, in accordance with the provisions and restrictions set forth in the Investment Fund Regulations and the Book-Building Instructions;</li> <li>b- Capital Market Institutions licensed by CMA to deal as principal, in accordance with the Prudential Rules when submitting the Subscription Application Form;</li> <li>c- clients of a Capital Market Institution authorized by the CMA to conduct managing activities in accordance with the provisions and restrictions set forth in the Book-Building Instructions;</li> <li>d- legal persons allowed to open an investment account in the Kingdom and an account with the Securities Depository Center (Edaa);</li> <li>e- Government entities and any supranational authority recognized by the CMA, the Exchange or any other exchange recognized by the CMA or the Securities Depository Center (Edaa);</li> <li>f- companies owned by the Government, directly or through a private portfolio manager; and</li> <li>g- GCC companies and GCC funds if the terms and conditions of the fund so permit.</li> </ul>
<b>Offering Period</b>	The Offering Period starts on Tuesday, 13/11/1445H (corresponding to 21/05/2024G) and remains in effect for a period of two (2) days through the subscriptions end date on Wednesday, 14/11/1445H (corresponding to 22/05/2024G).
<b>Lock-up Period</b>	The six-month period during which each Substantial Shareholder may not dispose of any of their Shares, starting from the commencement of trading of the Shares on the Exchange.
<b>Glossary of Defined Terms Used in the Regulations of the Capital Market Authority</b>	Glossary of Defined Terms Used in the Regulations and Rules of the Capital Market Authority issued pursuant to the CMA Board Resolution No. 4-11-2004, dated 20/8/1425H (corresponding to 04/10/2004G), as amended pursuant to the CMA Board Resolution No. 3-6-2024, dated 05/07/1445H (corresponding to 17/01/2024G).



<b>Financial Statements</b>	The Company's Financial Statements for the period covered in this Prospectus, being the Financial Years ended 31 December 2020G, 2021G, and 2022G, and the nine-month period ended 31 September 2023G.
<b>Listing Rules</b>	The Listing Rules of Tadawul approved by the board of the CMA pursuant to resolution No. 3-123-2017 dated 09/04/1439H (corresponding to 27/12/2017G), as amended pursuant to the CMA board resolution number 1-108-2022 dated 23/03/1444H (corresponding to 19/10/2022G).
<b>OSCOs</b>	The Rules on the Offer of Securities and Continuing Obligations issued by the board of the CMA pursuant to its resolution number 3-123-2017 dated 09/04/1439H (corresponding to 27/12/2017G), as amended by CMA board resolution number 3-6-2024 dated 05/07/1445H (corresponding to 17/01/2024G).
<b>Rules for Foreign Financial Institutions Investment</b>	The Rules for Qualified Foreign Financial Institutions Investment in Listed Securities issued by CMA pursuant to CMA board Resolution No. 1-42-2015 dated 15/07/1437H (corresponding to 04/05/2015G), as amended by CMA board Resolution No. 2-26-2023 dated 05/09/1444H (corresponding to 27/03/2023G).
<b>Senior Executives or Executive Management</b>	Any natural person tasked with assuming management and supervision roles, alone or jointly with others, upon the request of the Board of Directors or a member of the Board of Directors of the Company. A Senior Executive may report to the Board of Directors directly, a member of the Board of Directors, or the Managing Director.
<b>Substantial Shareholder(s)</b>	Any person holding 5% or more of the Company's Shares.
<b>Implementing Regulations of the Companies Law</b>	The Implementing Regulations of the Companies Law for Listed Joint-stock Companies issued by CMA board of director, based on the Companies Law, pursuant to Resolution No. 8-127-2017 dated 16/01/1438H (corresponding to 17/10/2016G), as amended by CMA board Resolution No. 8-5-2023 dated 25/06/1444H (corresponding to 18/01/2023G).
<b>Corporate Governance Regulations</b>	The Corporate Governance Regulations issued by the CMA's Board pursuant to Resolution No. 8-16-2017 dated 16/05/1438H (corresponding to 13/02/2017G), as amended by CMA's Board Resolution No 8-5-2023 dated 25/06/1444H (corresponding to 18/01/2023G).
<b>Investment Funds Regulations</b>	Investment Funds Regulations issued by CMA Board Resolution No. 1-219-2006 dated 03/12/1427H (corresponding to 24/12/2006G), as amended by CMA Board Resolution No. 2-22-2021 dated 12/07/1442H (corresponding to 24/02/2021G).
<b>G</b>	Gregorian.
<b>Underwriters</b>	HSBC Saudi Arabia, anb capital, and EFG Hermes KSA.
<b>Board of Directors or Board</b>	The Company's board of directors.
<b>GCC</b>	The Cooperation Council for the Arab States of the Gulf (GCC) whose Member States are: the Kingdom of Saudi Arabia, the Kingdom of Bahrain, the State of Kuwait, the Sultanate of Oman, the State of Qatar and the United Arab Emirates.
<b>Lead Manager</b>	HSBC Saudi Arabia.
<b>Bookrunners</b>	HSBC Saudi Arabia, anb capital, and EFG Hermes KSA.
<b>Auditor</b>	KPMG Professional Services
<b>Shareholder(s)</b>	Any holder of shares in the Company.
<b>Market Consultant</b>	JLL.
<b>Legal Advisor</b>	White & Case Law Firm and Legal Consultants.
<b>Advisors</b>	The Company's advisors in connection with the Offering whose names appear on pages (vii) to (ix) of this Prospectus.
<b>Financial Advisor</b>	HSBC Saudi Arabia.
<b>International Financial Reporting Standards (IFRS)</b>	The International Financial Reporting Standards, as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by SOCPA.
<b>Individual Investors</b>	Saudi natural persons, including Saudi female divorcees or widows with minor children from a marriage to a non-Saudi person who can subscribe in the names of her minor children, on the condition that she proves that she is the mother of her minor children, or any GCC national who has a bank account with a Receiving Agent and is entitled to open investment accounts.
<b>Subscriber(s)</b>	Any Participating Party and Individual Investor.



<b>KSA, the Kingdom, Saudi Arabia or Saudi</b>	The Kingdom of Saudi Arabia.
<b>Capital Market Institutions</b>	The capital market institutions authorized by the CMA to carry out securities business.
<b>Prospectus</b>	This document prepared by the Company in relation to the Offering.
<b>Bylaws</b>	The Company's Bylaws, as approved by the General Assembly.
<b>Capital Market Law</b>	The Capital Market Law issued by Royal Decree Number M/30 dated 02/06/1424H (corresponding to 31/07/2003G), as amended.
<b>Companies Law</b>	The Companies Law, issued under Royal Decree No. (M/132) dated 01/12/1443H (corresponding to 30/06/2022G), as amended.
<b>Labor Law</b>	The Saudi Labor Law issued pursuant to Royal Decree No. M/51 dated 23/08/1426H (corresponding to 27/09/2005G), as amended.
<b>Subscription Application Form</b>	The subscription application form that Individual Investors and Participating Parties (as the case may be) shall fill out to subscribe to the Offer Shares.
<b>Subscription Form</b>	The Participating Parties Subscription Form used thereby to apply for Offer Shares during the Book-Building Period. Said term includes the appended Subscription Form as applicable, upon a price change.
<b>H</b>	Hijri.
<b>CMA</b>	The Capital Market Authority in Saudi Arabia.
<b>ZATCA</b>	Zakat, Tax and Customs Authority in Saudi Arabia.
<b>Heirs of Dr. Soliman Fakeeh</b>	Mazen Soliman Abdel Kader Fakeeh, Ammar Soliman Abdel Kader Fakeeh and Manal Soliman Abdel Kader Fakeeh.
<b>MoC</b>	The Ministry of Commerce in Saudi Arabia.
<b>MHRSD</b>	The Ministry of Human Resources and Social Development in Saudi Arabia.
<b>Business Day</b>	Any business day for Receiving Agents in Saudi Arabia (with the exception of Fridays, Saturdays and official holidays).
<b>SOCPA</b>	The Saudi Organization for Chartered and Professional Accountants (SOCPA) formerly "the Saudi Organization for Certified Public Accountants".

## 2. RISK FACTORS

Prospective investors are advised to carefully consider all the information contained in this Prospectus, particularly the risk factors described below prior to deciding whether to invest in the Offer Shares. Notwithstanding this, the risks set out in this Prospectus may not necessarily represent all the risks that the Company may encounter or the risks related to an investment in the Offer Shares. Additional risks may exist that are not necessarily foreseen nor known to the Company, or that may be deemed immaterial but may nevertheless affect the Company's business, financial operations, results of operations and prospects should they materialize.

The Company's business, financial position, results of operations and prospects may be adversely affected if any of the following risks, or other risks that have not been identified as material or are currently considered not to be material, materialize. As a result of such risks or other factors that may affect the Company, the business, the future Prospectus, forward-looking events and circumstances discussed in this Prospectus might not occur in the way the Company and/or the Directors expect, if at all. These may also result in a negative performance in the Offer Share price and compromise the Company's ability to distribute dividends in the future, resulting in prospective investors losing all or part of their investment in the Offer Shares. Prospective investors should also consider all information set out in this Prospectus in totality, including the information provided in Section 4 (The Company) and Section 12 (Legal Information), when deciding whether to invest in the Offer Shares.

The Directors also confirm that, to the best of their knowledge and belief, there are no other material risks beside those mentioned in this Section, which if not disclosed would affect investors' decisions to invest in any Offer Shares as at the date of this Prospectus.

An investment in the Offer Shares is only suitable for investors who are capable of assessing the risks and prospects of investing in the Offer Shares and who have sufficient resources to sustain losses that might result from this investment. To the extent a prospective investor has any doubts with respect to its course of action, the prospective investor should seek advice from a financial advisor licensed by the CMA in connection with its decision whether to invest in the Offer Shares.

The risks set out below are not presented in a specific order based on their materiality, importance or expected impact on the Company, its business, financial operations, results of operations and prospects. The risks set out in this Section 2 (Risk Factors) may not necessarily be: (a) a comprehensive list of all risks affecting the Company or its operations, activities, assets or markets in which it operates; and/or (b) an explanation of all the risks involved in investing in the Offer Shares.

Reference to the Company in this section should be interpreted to mean the Company and its subsidiaries, as applicable.

### 2.1 Risks related to the Company's Business and Operations

#### 2.1.1 Risks related to the realization of the Company's strategy

The Company's strategy includes operating the Company's newly acquired healthcare facilities, such as the Riyadh Hospital (For further information, please refer to Section 4.3.6 "Multi Specialty Hospitals" of this Prospectus) and organically growing existing healthcare facilities based on changing market conditions. If the Company is unable to fund operational and expansion strategy using its existing cash resources, the Company may be required to seek external funding through financing, increasing share capital or raising capital through debt instrument (e.g. Sukuk or bonds). Alternatively, the Company may need to scale back its strategy. The Company's ability to access and secure the required external funding and capital markets endeavors may be limited by several factors, including the Company's then financial condition, change of law or the interpretation thereof and otherwise adverse microeconomic and macroeconomic conditions, political and social conditions and contingencies and other conditions that are not controlled by the Company. Failure to secure funding on time and on acceptable terms or at all could prevent the Group from realizing its strategy, which could, in turn, have a material adverse effect on the Group's business, results of operations, financial condition or future prospects and have a material adverse effect on investor expectations about the Company's future value and its ability to achieve the Group's growth strategy, and therefore the Company's share price.

### 2.1.2 Risks related to the Company's revenue growth rates

The Company generates its revenue from several business lines including healthcare services and other related medical projects provided by Jeddah Hospital Complex, its affiliated medical centers, Medical Fakeeh Company, and Riyadh Hospital. The Group's revenues from these services accounted for 95.4% of the total revenues for Financial Years ended 31 December 2020G, 2021G, and 2022G, and 95.2% for the nine-month period ended 30 September 2023G. Additionally, the Group provides medical education services through Dr. Soliman Abdulkader Fakeeh for Medical Education Limited, contributing to around 4.0% of revenues for Financial Years ended 31 December 2020G, 2021G, and 2022G, and 4.3% for the nine-month period ended 30 September 2023G. Other services, including optical products, wholesale and retail sales of medical supplies, and providing information technology services for healthcare and maintenance services, contributed around 0.6% of revenues for the Financial Years ended 31 December 2020G, 2021G, and 2022G, and about 0.5% for the nine-month period ended 30 September 2023G.

The sectors in which the Group operates are exposed to various risks detailed in section 2.2 "**Risks Related to the Market, Industry and Regulatory Environment**" of this Prospectus. The Company may not be able to overcome the risks and challenges it, or the healthcare sector as a whole, may face in case of a decrease in the demand for healthcare services in the Kingdom, which could potentially force the Company to reduce the scope of its medical services, resulting in decreased revenues. Additionally, the Company may struggle to grow its revenues or expand its operations. Therefore, the Company may not be able to grow its business volume or increase its revenues at the same historical growth rate. The realization of these risks may have a material adverse impact on the Company's business, results of operations, financial position and future prospects.

### 2.1.3 Risks related to the Company's reputation and brand

Since establishment, the Company strived to create a strong reputation associated with its trademark (Soliman Fakeeh Medical Hospital Company). The Company endeavors to protect and uphold its reputation and trademark by taking all necessary measures to combat any unauthorized use of its trademarks by third parties. To achieve this, the Company has registered its trademark that it uses for the business in the Kingdom (For further information on trademarks, please refer to Section 12.12 "**Trademarks and Copyrights**" of this Prospectus). The Company is currently seeking to register the trademark for Riyadh Hospital. In the event the Company fails to successfully protect its intellectual property rights, or if any third parties steal, violate or infringe the intellectual property rights of the Company, the value of the Company's brand may be impacted, which will adversely affect the Company's business, financial position, results of operations and future prospects.

Furthermore, any future trademark disputes may require the Company to enter into franchising or licensing agreements for trademark usage, which may not necessarily be on terms that are favorable to the Company. The occurrence of any of these risks would have a material adverse impact on the Company's business, results of operations, financial position and future prospects.

Furthermore, the Group adopts a working model that involves sharing support services across the Group, where support services such as internal audit, financial resource management, information technology services, human resources management, legal affairs, and other services are centrally provided by the Company across the Group, with expenses distributed among Group companies. The Company allows the use of its trademarks for its subsidiaries in general, including partially owned subsidiaries. However, the Company does not charge fees for the use of its trademarks by these companies, except for the use of Dr. Soliman Fakeeh Academic Medical Center's trademark, which is not included in the consolidated financial statements of the Group. The Company may, in the future, enter into or update service level agreements with these companies, including appropriate fees charged by the Company for the use of its trademarks.

The Company may not succeed in promoting its brand and contributing to increasing sales and profits. The Company's brand value may be negatively affected by internal factors, such as poor quality of services provided by its employees and poor handling of client complaints, as well as external factors such as embezzlement by third parties, infringement or damage to the Company's intellectual property rights, complaints, investigations or other statutory actions or illegal activities aimed at the Company. In addition, negative publicity about the Company or any of the companies that use the trademarks owned by the Company may damage the reputation and brand of the Company and can lead to loss of clients. Moreover, the Company or any of the companies that use the trademarks owned by the Company may be exposed at any time to negative comments on social media, including blogs, social networks and other types of electronic platforms, which may have a negative impact on the Company's reputation and image. The Company's inability to adequately manage and address these factors and events or its inability to prevent them from occurring will have a material adverse effect on its brand, which leads to a decrease in the number of new clients or the departure of existing clients, and, consequently, to a decrease in revenues. This, in turn, will have a material adverse effect on the Company's business, financial position, results of operations and future prospects.

### 2.1.4 Risks related to the Company's inability to fully control its subsidiaries

The Company owns 60.56% of the share capital of Riyadh Hospital Company and 75% of the share capital of Saudi Airlines Medical Services Company. Such ownership percentages are majority interests but do not entitle the Company to exercise full control over these subsidiaries, as certain decisions require higher ownership percentages to approve unilaterally. These decisions include matters relating to increasing or decreasing the share capital, extending the term of the subsidiaries, winding up of the subsidiaries and merging subsidiaries. Therefore, the boards of directors or general assemblies of these subsidiaries may make decisions that may not necessarily be fully aligned with the Company's vision or investment strategy or would otherwise be harmful to the Company's investment in such subsidiaries. As a result, these subsidiaries may not be managed with the competence and effectiveness that the Group desires, or they may not be operated in an optimal manner to serve the Group's best interests. There is no guarantee that the minority shareholders of these subsidiaries will act in a manner that serves the interests of the Group.

In the event that any of these risks occur, it could have a material adverse impact on the Company's business, results of operations, financial position and future prospects.

### 2.1.5 Risks related to the accumulated losses of Riyadh Hospital Company

The accumulated losses of Riyadh Hospital Company, which is a Material Subsidiary that the Issuer acquired in October 2022G amounted to SAR 35.4 million, 154.1 million, 322.3 million and 457.1 million Saudi Riyals as at 31 December 2020G, 2021G, 2022G and 30 September 2023G, representing 80% of its share capital as at 30 September 2023G. As per Article 182 of the Companies Law, if the losses of a company amount to half of its share capital, the company's management would be required to invite the general assembly for a meeting, which shall convene within sixty (60) days from them becoming aware of such losses, to consider the continuation of the company by taking the necessary measures to resolve such losses, or to dissolve the company.

In compliance with the requirements of Article 182 of the Companies Law, the management of Riyadh Hospital Company invited the General Assembly to convene on 23/05/2023G, which resolved the continuation of Riyadh Hospital Company and to increase the capital of the Company by SAR 100 million. Pursuant to the agreement reached with minority shareholders in Riyadh Hospital Company (Rana Investment Company and Abdullah Alrayes) and the Selling Shareholders, which includes the minority shareholders selling their shares in Riyadh Hospital Company to the Selling Shareholders (For further information, please refer to Section 4.3.6 "Multi-Specialty Hospitals" of this Prospectus). The Issuer independently paid SAR 100 million into the Company's account to increase its capital, which was recorded in the Shareholders' equity account; however, the current minority shareholders in Riyadh Hospital Company (Rana Investment Company and Abdullah Alrayes) did not pay their share of the increase. Additionally, the shareholders will extinguish losses in Riyadh Hospital Company amounting to SAR 165.4 million through a reduction in the capital of Riyadh Hospital Company equal to said losses.

Upon the issuance of the financial statements for Riyadh Hospital Company for the Financial Year ended 31 December 2023G, the Board of Directors of Riyadh Hospital Company will identify any additional losses and then convene the General Assembly to take the necessary decisions to address those losses in accordance with the requirements of the Companies Law. However, if the losses continue to accumulate in Riyadh Hospital Company, the latter will remain adversely impacted, and its operations, creditworthiness, and ability to borrow from others will be adversely affected.

As of 30 September 2023G, Riyadh Hospital Company's debt amounted to SAR 440.3 million, resulting in increased cash outflows for the Company, totaling SAR 60.1 million as of the same date. These cash outflows negatively impacted the Company's profitability, in addition to the process of extinguishing the aforementioned losses, a portion of the SAR 100 million paid by the Company will be used to offset Riyadh Hospital Company's losses.

Failure to address the accumulated losses of Riyadh Hospital Company or an increase in its debt would have a material adverse impact on the Issuer's business, results of operations, financial position and future prospects.

### 2.1.6 Risks related to a reduction of the value of the Company's Goodwill

After acquiring Medical Fakeeh and Riyadh Hospital Company, a net SAR 488.8 million goodwill value was added to the Company's assets, (representing 11.7% of total assets as of 30 September 2023G), which marked an increase from the specified net asset value of Medical Fakeeh and Riyadh Hospital Company. A decrease in the recorded goodwill value may have a material negative impact on the Company's business, results of operations and financial position. It is important to note that the goodwill value is not automatically extinguished; instead, it is reassessed to identify any decrease in the value thereof. This reassessment occurs at least once annually or more frequently if there are indicators of a decline in value. Goodwill may be reassessed outside the annual evaluation period in certain cases, such as economic downturns, legislative changes, increased competition, decreased cash flows, or incomplete anticipated acquisition transactions. A decline in the recorded goodwill value may have a material adverse impact on the Company's business, results of operations, financial position and future prospects (for further information, please refer to Section 6 "Management Discussion and Analysis of Financial Position and Operating Results" of this Prospectus).

### 2.1.7 Risks related to potential acquisitions by the Company

As part of its growth strategy, the Company evaluates various investment opportunities, including acquiring new medical companies and facilities, as well as other assets from time to time. Decisions regarding these investment opportunities are made based on their suitability and alignment with the financial position and strategic direction of the Company and the Group. Acquisitions made by the Company may involve various risks, including errors in assessing the suitability of the targeted acquisition in relation to the Company from various aspects, and the Company's ability to effectively integrate, manage, or develop the acquired businesses or assets, which may affect the Company's ability to achieve the expected return or anticipated benefits from the acquired businesses or assets. Additionally, the Company may not successfully manage the operations of acquired companies or assets, or may not retain key employees, and may incur unexpected losses and bear liabilities and unforeseen losses associated with contractual, financial, and regulatory obligations, which would have a material adverse impact on the Company's business, profitability, results of operations, financial position, or future prospects.

### 2.1.8 Risks related to the quality of healthcare services

There are various factors that affect the quality of the healthcare services provided by the Company. Such factors include but are not limited to: (i) the effectiveness of diagnosis and treatment; (ii) the expertise and accessibility of healthcare professionals; (iii) the availability of advanced medical equipment; (iv) the condition of healthcare facilities; (v) the attitude of staff towards patients; (vi) minimal wait times; (vii) adherence to regulations and professional protocols; (viii) healthcare services' accurate billing and documentation; and (ix) reduction in the need for repeat visits. In the event that the Company fails to deliver or maintain optimal healthcare services, the Company's reputation and ability to sustain healthy business operations may be significantly damaged. This may give rise to negative publicity further damaging the Company's reputation and reducing patient interest in its facilities, possibly leading to legal action. Failure to maintain optimal quality of the healthcare services could lead patients to cease to utilize the Company's healthcare services and use the services of other service providers. Such action will result in material adverse impact on the Company's business, results of operation, financial position and future prospects.

### 2.1.9 Risks related to attracting and retaining highly qualified health practitioners

The success of the Company's business relies heavily on highly skilled healthcare professionals, including its medical physicians. The reputation, communication skills, and ability to form strong connections with patients are crucial factors to enable the Company to offer optimal healthcare services and become the preferred choice for patients. However, the limited number of qualified healthcare practitioners in the Kingdom may render recruiting qualified medical and managerial staff challenging for the Company. Moreover, the Company competes with other healthcare providers within and outside the Kingdom in attracting and retaining qualified practitioners.

Medical practitioners consider various factors when assessing employment opportunities, such as salaries, allowances, working hours, quality of medical equipment and facilities, nursing standards, work environment, and the employer's reputation. In the event that the Company fails to compete effectively in any of these aspects, it may struggle to attract and recruit highly qualified and reputable medical professionals for its facilities. Additionally, political circumstances in neighboring countries or the region can influence the willingness of non-Saudi national healthcare practitioners to work in the region.

The Company may face challenges in recruiting healthcare professionals, whether Saudi or non-Saudi, and in order to retain its talents, the Company may be compelled to offer higher salaries compared to those offered by other healthcare service providers in the region which, in turn, would have an impact on the Company's profitability. Moreover, there are various legal requirements associated with the recruitment process of healthcare professionals, including obtaining work visas for foreign nationals, adhering to labor policies, regulations, and Saudization rates set by the Ministry of Human Resources and Social Development, registering and classifying health practitioners with the Saudi Commission for Health Specialties, obtaining professional licenses, and completing mandatory training mandated by the Saudi Commission for Health Specialties. Failure to fulfill these requirements may restrict the Company's ability to attract and retain qualified healthcare practitioners. As a result, the Company may face difficulties in fulfilling its operational requirements or delivering high-quality medical services, leading to adverse effects on its reputation, business, financial position, results of operations, and future prospects.

Furthermore, the Company may need to intensify its endeavors and bear unforeseen supplementary costs to attract and retain exceptionally skilled healthcare professionals, considering that they might receive employment offers from competing healthcare service providers within and outside the Kingdom. In particular, non-Saudi healthcare practitioners may have a desire to return to their home countries. The occurrence of any of these risks may have an adverse material effect on the Company's business, results of operations, financial position and future prospects.

#### **2.1.10 Risks related to recruiting and retaining key employees**

The Company's successful and efficient management relies on its key personnel including the executive management team and senior employees at the Company's health facilities and their significant experience in the healthcare and other sectors. Recruit individuals with managerial experience in the healthcare sector may be challenging due to the increasing competition with other service providers and the shortage of adequate talents. As a result, the Company may not be able to recruit or retain qualified employees to replace or succeed key employees in the event members of the senior management team and senior employees decide to leave the Company.

Moreover, the Company's ability to implement its strategic plans depends on its ability to retain existing key employees, attract future key employees, offer competitive remuneration, salary, allowance and incentive programs, or invest in the development of their key skills. If the Company is unable to do the foregoing, or in case of an unexpected departure of an executive manager or key employee, the management experience will weaken and the implementation of the Group's strategic plans will be negatively affected, thereby affecting the Company's ability to effectively deliver healthcare services. The occurrence of any of these risks will have a material adverse effect on the Company's business, results of operations, financial position and future prospects.

#### **2.1.11 Risks related to the reliance on limited number of health facilities and geographical concentration in the city of Jeddah**

A significant portion of the Company's revenues is reliant on the income generated by its healthcare facilities located in the city of Jeddah, where revenues derived from healthcare facilities accounted for 74.5%, 75.4%, 77.1% and 76.4% of the Company's total revenues, while the revenues of Medical Fakeeh Company counted for 17%, 17.6%, 15.3% and 14% of the Company's revenues in 2020G, 2021G, 2022G and the nine-month period ended 30 September 2023G, respectively. Consequently, any factors that could impact the business of these facilities, such as the Company's ability to manage the affairs of these facilities, increased competition from other private healthcare institutions, a decrease in the number of insured individuals, the Company's inability to attract and retain highly qualified healthcare practitioners, demographic changes in Jeddah or the Western Region in general, or changes in the legislative and regulatory environment related to the operations of these facilities would have a significant adverse effect on the Company's business, financial position, results of operations, and future prospects.

#### **2.1.12 Risks related to contracts and transactions with Related Parties**

The Company executes various agreements and deals with Related Parties (including Directors and Selling Shareholders) to carry out certain aspects of its activities and business. In particular, the Company entered into contracts with Related Parties for the lease of multiple locations, all related to the Company's operations. These include sixteen (16) lease contracts related to properties owned by the Heirs of Dr. Soliman Fakeeh (For further information, please refer to section 12.7.2 "**Leases Entered into by the Group and Related Parties**" of this Prospectus). The Company also entered into a financing loan agreement with Dr. Soliman Fakeeh Academic Medical Center Ltd. (a Related Company) that has expired, as well as an engineering, procurement, and construction agreement with Cold Sky Energy (dba Hala Renewable Energy Company) (a Related Company). Additionally, the Company has entered into five service level agreements with Dr. Soliman Fakeeh Academic

Medical Center Ltd., Dr. Soliman Abdulkader Fakeeh for Information Technology Ltd., and Fakeeh College of Medical Sciences, as well as two service agreements with Al Farabi Medical Company Ltd. It should be noted that all current transactions with Related Parties, in which Board members have an interest, were approved at the Ordinary General Assembly meeting held on 24/04/1445H (corresponding to 08/11/2023G). The total financial value the transactions with these Related Parties reached SAR 338.9 million, SAR 397.7 million, SAR 498.2 million, and SAR 240.8 million for the Financial Years ended 31 December 2020G, 2021G, 2022G, and the nine-month period ended 30 September 2023G, respectively, as detailed in the following table (by transaction type). For further information regarding contracts and transactions with Related Parties, please refer to Section 12.7 "Related Party Transactions" of this Prospectus.

**Table (7): Related Party Transaction for the Financial Years Ended 31 December 2020G, 2021G, 2022G, and the Nine-Month Period Ended 30 September 2023G**

SAR '000	FY2020G	FY2021G	FY2022G	Nine-Month Period Ended 30 September 2023G
Disbursement of Loans	263,923,200	281,867,954	400,816,263	131,250,326
As a percentage of the total liabilities	14.7%	16.2%	13.8%	4.4%
Interest Income	8,490,833	6,167,900	24,880,850	38,209,074
As a percentage of other income	48.3%	26.0%	66.6%	79.9%
Revenue	26,732,122	67,880,519	32,222,855	22,018,679
As a percentage of income	1.6%	3.5%	1.6%	1.3%
Rental Income	19,097,706	19,097,706	22,263,894	18,991,943
As a percentage of the cost of administrative revenues and expenses	1.3%	1.2%	1.4%	1.3%
Received Services	5,942,469	4,243,302	3,614,100	13,799,870
As a percentage of the cost of administrative revenues and expenses	0.4%	0.3%	0.2%	1.0%
Provided Services	12,114,067	16,314,484	11,421,432	7,722,507
As a percentage of income	0.7%	0.8%	0.6%	0.5%
Payments on Behalf of the Group	0	0	0	4,734,497
As a percentage of total liabilities	-	-	-	0.2%
Expenses Incurred on Behalf of the Related Party	2,640,152	1,485,758	2,991,682	4,038,299
As a percentage of the cost of administrative revenues and expenses	0.2%	0.1%	0.2%	0.3%
Absorption of Losses of the Subsidiary	0	75,399	20,217	0
As a percentage of total equity	-	0.0%	0.0%	-
Capital and Absorption of Losses of the Subsidiary	963	530,175	0	0
As a percentage of total equity	0.0%	0.03%	-	-
<b>Total</b>	<b>338,941,512</b>	<b>397,663,197</b>	<b>498,231,293</b>	<b>240,765,195*</b>

Source: The audited consolidated financial statements for the Financial Years ended 31 December 2020G, 2021G, and 2022G, the audited consolidated financial statements for the nine-month period ended 30 September 2022G and 2023G, and management information

\* Related Party transactions during the period ended 30 September 2023G do not include the declared dividends amounting to SAR 1,150,000,000

The outstanding balance for Related Parties amounted to SAR 10.8 million, SAR 15.1 million, SAR 18.7 million, and SAR 220.1 million as of 31 December 2020G, 2021G, 2022G, and 30 September 2023G, respectively (representing 0.6%, 0.9%, 0.6%, and 7.4% of total liabilities as of 31 December 2020G, 2021G, 2022G, and 30 September 2023G).



Furthermore, the outstanding balance from Related Parties was SAR 40.1 million, SAR 38.6 million, SAR 39.3 million, and SAR 34.2 million as of 31 December 2020G, 2021G, 2022G, and 30 September 2023G, respectively (representing 1.3%, 1.1%, 0.8%, and 0.8% of total assets as of 31 December 2020G, 2021G, 2022G, and 30 September 2023G, respectively).

While all Related Party transactions detailed in Section 12.7 “**Related Party Transactions**” have been duly and legally conducted on an arm’s length basis terms similar to those made with unrelated third parties. There is no guarantee that the contracts will be renewed upon their expiry or that they will renewed on terms favorable to the Company, as the Company’s Board of Directors or General Assembly may not agree to renew contracts with Related Parties, or the relevant counterparties may not agree to renew them on conditions that are agreeable by the Company. As the Company depends to various degrees on such contracts, the failure to renew these contracts or the renewal of these contracts on terms not agreeable to the Company would have a material adverse impact on the Group’s business, results of operations, financial position and future prospects.

It should be noted that upon completion of the acquisition deal by Substantial Shareholders for a 39.44% stake in Riyadh Hospital Company’s capital (For further information on the acquisition process, please refer to section 4.2 “**Overview of the Company’s Material Subsidiaries**” of this Prospectus), transactions between the Issuer and Riyadh Hospital Company will be subject to the provisions of Articles 27 and 71 of the Companies Law, which require approval from the General Assembly and the Board of Directors regarding these transactions (for further information, please refer to Section 5.7 “**Conflicts of Interest**” of this Prospectus).

### 2.1.13 Risks related to the inability to renew or modify existing material agreements

The Company has engaged in several material agreements and arrangements including a medical services framework agreement entered into with Neom Company, insurance companies, companies specializing in the supply and maintenance of medical equipment, waste management firms dealing with medical waste, providers of catering services, as well as operation and maintenance companies, along with other service providers. A number of these agreements are due to expire within 12 months or less from the date of this Prospectus, while others are expiring within the coming years. We note that the duration of the medical services agreements entered between the Company, Riyadh Hospital Company, and Tawuniya Insurance Company and Bupa Arabia for Cooperative Insurance, is three years automatically renewable, and the duration of the agreement related to medical services between Medical Fakeeh and Tawuniya Insurance Company is one year automatically renewable. We also note that the duration of the medical services framework agreement entered between the Company and Neom Company is for 3 years renewable for two terms of 1 year each (for further details on these agreements please refer to Section 12.6 “**Material Agreements**” of this Prospectus).

These agreements may not be renewed on terms that are substantially similar to their current terms. Failure to renew any of these agreements or their renewal on less favorable terms would have a significant negative impact on the Company’s business, results of operation, financial position, and future prospects.

The Company has also engaged in a shareholders’ agreement with the Saudi Arabian Airlines Public Corporation (“**Saudia**”), which includes exclusivity provisions, whereby neither Saudia, nor its relevant affiliates, may enter into service level agreements with medical service providers other than Medical Fakeeh, unless the Company or Medical Fakeeh breach the aforementioned shareholders agreement. If Saudia terminates the shareholders agreement due to a breach of contract by the Company or Medical Fakeeh, resulting in having Saudia and its relevant affiliates using medical services from medical service providers other than Medical Fakeeh, this would have a significant negative impact on the Company’s business, results of operation, financial position, and future prospects.

Most of the Material Agreements concluded between the Company and its subsidiaries with other parties include non-disclosure terms that prohibit both parties from disclosing any confidential information unless such information is publicly available or required by law or by competent government authorities. In this Prospectus, the Company disclosed information related to the medical services agreement between the Company and Bupa Arabia for Cooperative Insurance, the medical services agreement between the Company and Tawuniya Insurance Company, the medical services agreement between Riyadh Hospital Company and Tawuniya Insurance Company, the medical services agreement between Medical Fakeeh Company and Tawuniya Insurance Company, the partnership agreement between the Company and Medical Fakeeh Company, and the agreement between the Company and Saudia (For further information on these agreements, please refer to section 12.6 “**Material Agreements**” of this Prospectus).



While the Company has contacted the parties to these agreements to obtain their consent to disclose these agreements in this Prospectus, the Company failed to obtain written consent from the parties to these agreements as of the date of this Prospectus. Therefore, if the parties to these agreements consider that the extent of disclosure made by the Company violates the confidentiality provisions contained in these agreements, the Company may be subject to lawsuits and claims. In the event of final court judgments determining that the Company's disclosure of these agreements violates their provisions, the Company may be required to pay compensation to the parties to these agreements.

Moreover, the counterparties to these agreements may disclose certain confidential information related to these agreements, which may adversely affect the Company's and its subsidiaries' business, its financial position, and future prospects (For further information on confidentiality terms, please refer to Section 12.6 "**Material Agreements**" of this Prospectus).

#### **2.1.14 Risks related to expiry, suspension and non-renewal of regulatory or operational licenses, permits or approvals**

The Company is obligated to regularly renew its licenses, permits, approvals, and consents. In certain instances, it may be necessary to adjust the scope of these licenses, permits, approvals and consents, such as aligning the number of beds in each hospital with the operating license requirements. Many of these licenses, permits, approvals and consents, including those issued by MoMRAH, the Directorate of Civil Defense, the Ministry of Health, the CCHI and Saudi Central Board for Accreditation of Healthcare Institutions (CBAHI), are subject to specific conditions and failure to comply with these conditions could result in their suspension or cancellation (for further information on the licenses and permits held by the Company's existing health facilities, please refer to Section 12.5 "**Key Licenses, Approvals and Permits Obtained by the Company and its Material Subsidiaries**" of this Prospectus).

It should be noted that Civil Defense permits for the Company head office, Neom Hospital, Dr. Soliman Fakeeh Medical Center in Al Nozha district, the building dedicated to the outpatient clinics in the Jeddah Hospital Complex, the Fakeeh Executive Clinic and Dr. Soliman Fakeeh Medical Center in Al Basatin district are all still pending and expected to be issued in 2024G. The Company is currently in the process of renewing the Civil Defense permits for the Fakeeh Executive Clinic and Dr. Soliman Fakeeh Medical Center in Al Basatin district, which are expected to be renewed in 2024G. The Company is also in the process of renewing the license from the Ministry of Municipal and Rural Affairs and Housing for the Company's main building, which is expected to be issued in 2024G (For further information on the Company's licenses and permits, please refer to section 12.5 "**Key Licenses, Approvals and Permits Obtained by the Company and its Material Subsidiaries**" of this Prospectus).

Additionally, accreditation certificates from the Saudi Central Board for Accreditation of Healthcare Institutions (CBAHI) for the Fakeeh Executive Clinic and Neom Hospital are still pending and expected to be issued in Q4 2024G.

Furthermore, the Ministry of Health license granted to the Company is in the process of being amended to include 10 new medical activities, which is expected to be issued in 2024G.

There is no guarantee that the relevant authorities will renew, modify the scope of, or suspend these licenses, permits and approvals, or refrain from imposing additional unfavorable orders and conditions, and there is no assurance that the Company will be able to acquire any necessary additional licenses, permits, approvals, or consents in the future.

The Company's inability to renew or obtain licenses, permits and approvals on favorable terms or inability to adjust their scope may result in suspension, interruption or discontinuation of some or all of its operations as well as additional costs. This will have a material adverse effect on the Company's business, results of operations, financial position and future prospects.

#### **2.1.15 Risks related to non-renewal or issuance of material accreditations**

The Group has obtained numerous mandatory and non-mandatory medical accreditations with respect to its existing healthcare facilities (please refer to section 4.3.13 "**Quality Accreditations**" of this Prospectus). As of the date of this Prospectus, some of these certificates and accreditations (such as the accreditation from the Joint Commission International for Fakeeh Home Healthcare, accreditation from the American College of Pathologists for Jeddah Hospital Complex, and accreditation from the National Center for Academic Accreditation and Evaluation for Fakeeh College of Medical Sciences) have expired, and are expected to be renewed in 2024G.

A failure on the part of the Group to obtain, renew or fulfill the terms of the accreditations held by the Group may lead to suspending, interrupting or stopping some or all of its operations and being unable to perform its business. This, or the Group's inability to obtain any additional material accreditations, may adversely and materially affect its reputation in the market and may lead to loss of business, which would have a material adverse effect on the Group's business, financial position, results of operations and future prospects.

## 2.1.16 Risks related to disputes and investigations

### a- Lawsuits filed against the Company

The Company is subject to potential legal and regulatory actions, both initiated by or against it, which may arise at any time in the future. These proceedings encompass various areas, such as medical malpractice claims, intellectual property disputes, Zakat matters, employment conflicts, contractual disputes, and other related issues. In the course of normal business operations, the Company may be compelled to initiate legal actions against other parties to safeguard its rights. The Company is party to labor disputes totaling SAR 19.1 million (where the Company paid SAR10.3 million and there are lawsuits amounting to SAR 7.1 million, with lawsuits amounting to SAR 1.4 million still pending before the competent courts). Additionally, 433 labor complaints were lodged against the Company regarding the termination of employment contracts for several employees before their expiry, due to the Company's project with Al-Elm Research and Development Company (Elm). The outcomes of the legal proceedings, as well as regulatory and administrative actions, are uncertain. The outcome of litigation and regulatory proceedings is uncertain, and their occurrence, including any resulting settlements, would have adverse effects on the Company's business, operations, and financial performance. For further information regarding ongoing material legal proceedings, please refer to Section 12.14 "Litigations, Disputes and Regulatory Compliance" of this Prospectus.

### b- Lawsuits filed by the Company

The Company initiated several lawsuits that are still pending against delinquent cash-paying patients, for their failure to settle the amounts owed to the Company in previous years, totaling SAR 76.0 million. The outstanding receivables related to cash-paying patients amounted to SAR 92.6 million as of 30 September 2023G, with provisions in that regard amounting to SAR 61.4 million. The outcomes of these legal proceedings are uncertain, and the Company's inability to recover the amounts owed by patients will have an adverse impact on its operations and financial performance. For further information on current material lawsuits, please refer to section 12.14 "Litigations, Disputes and Regulatory Compliance" of this Prospectus.

### c- Investigations and Penalties Imposed on the Company

From time to time, the Company receives fines and violations from relevant government authorities. The Ministry of Municipal and Rural Affairs and Housing imposed three fines totaling SAR 16,000 on the Company and Dr. Soliman Fakeeh Medical Hospital in 2021G and 2022G due to a water leakage incident on the street, road closure, and installation of unauthorized billboards. Additionally, the Civil Defense Directorate imposed six fines on the Company totaling SAR 147,400 in February 2023G for various violations, including insufficient fire exits, non-compliance with automatic fire sprinklers, lack of suitable fire extinguishing systems for radiology departments and electrical/mechanical rooms, failure to renew civil defense permits, lack of upper ventilation, and non-use of fire-resistant gypsum. Furthermore, the Ministry of Health imposed over fifty fines on the Company between 2021G and 2023G related to medical/clinical staff licensing, health facility licenses, care eligibility, infection control, and vaccine platforms. The total amount of these fines was SAR 2.8 million, of which SAR 305,000 has been paid. Some courts have rescinded several of these fines, leaving an outstanding amount of SAR 1.8 million, as some cases are still pending in the courts. Additionally, the Ministry of Health imposed nine fines on the Saudi Airlines Medical Services Company in 2023G, totaling SAR 200,000. However, Saudi Airlines Medical Services Company contested these fines before the relevant court, and the case remains pending.

The Company is also subject to fines and penalties that may be imposed by government authorities from time to time, which will continue to arise in the future. These fines and penalties could have a material adverse impact on the Company's business, financial position, results of operations, and future prospects. For further information regarding ongoing material legal proceedings, please refer to Section 12.14 "Litigations, Disputes and Regulatory Compliance" of this Prospectus.

### 2.1.17 Risks related to Zakat, tax and customs

In 2021G, the Company obtained approval from the Zakat, Tax, and Customs Authority to submit its declarations on a consolidated basis with its sister organization. The Company has been submitting its zakat declarations on a consolidated basis since 2020G. Accordingly, the Company submitted its zakat declarations for the year ended 31/12/2022G to the General Authority for Zakat and Income (as then named) on a consolidated basis. The Company received a valid zakat certificate expiring on 30/04/2024G. The Company presented its zakat declaration for 2009G through 2016G and submitted its zakat declaration for the year ended 31/12/2017G. ZATCA issued the initial assessment for 2017G, revealing zakat differences amounting to SAR 0.7 million payable by the Company, which the Company agreed to settle. The Company submitted its zakat declaration for the year ended 31/12/2018G, and ZATCA issued an initial assessment, demanding an additional zakat commitment of SAR 1.5 million. The Company objected thereto, and the ZATCA rejected said objection. As a result, the Company escalated its objection to the Committees for the Resolution of Zakat, Tax, and Customs violations. Subsequently, it appealed to the Appellate Committee for Tax Violations and Disputes. The matter is still under consideration as of the date of this Prospectus.

The Company submitted its zakat declarations for the years ended 31 December 2017G, 2018G, 2019G, 2020G, 2021G, and 2022G. It received an unrestricted zakat certificate for 2022G. However, ZATCA has not issued the zakat assessments for the above years as of the date hereof.

Medical Fakeeh submitted its zakat declarations up to 2022G. Management believes that Medical Fakeeh was exempt from zakat until 31 December 2018G, according to the regulations of the ZATCA. Said exemption was based on its ownership by Saudia as of 31 December 2018G. Therefore, no zakat provision was established until the end of 2018G. However, with the change in ownership of Medical Fakeeh in 2019G, when it became 75% owned by the Company and 25% owned by the Saudia. Accordingly, Medical Fakeeh is currently subject to Zakat. The ZATCA did not issue any assessment to date.

The Company has fulfilled its obligation of submitting filings with the ZATCA and has obtained clearance certificates which are valid until 21/10/1445H (corresponding to 30/04/2024G). Additionally, the Company settles its duties towards ZATCA in the ordinary course, however, ZATCA could decide to reassess any previous tax years. Accordingly, ZATCA may demand the Company or its Subsidiaries to make additional Zakat or other tax or customs payments or impose potential fines in relation to those years. Such circumstances could significantly impact the Company's business, financial position, results of operations, and future prospects. The Company will bear any future claims, Zakat differences, or tax claims for previous years, whether in relation to the Company or its Subsidiaries.

Net risks have been identified, amounting to SAR 24.5 million related to potential zakat obligations, arising from the Company's treatment of certain items in its zakat declarations for the Financial Years ended 31 December 2020G, 2021G, and 2022G, as well as the nine-month period ended 30 September 2023G. Said exposure relates to zakat due on the loans and obligations item, as well as some provisions related to the zakat base and previous zakat adjustments.

Additionally, net risks have been identified, amounting to SAR 2.8 million related to VAT and potential zakat obligations, arising from the Company's treatment of certain items associated with VAT and zakat in previous periods.

Considering the Company's accounting policy regarding provisions for exposure risks, and whereas the probability of these risks materializing does not exceed 50%, the Company has not made provisions for exposure risks. However, the ZATCA may not agree with the Company's treatment of these items, resulting in additional expenses for the Company and adversely impacting its financial position and performance.

### **2.1.18 Risks related to Compliance with the Companies Law, the Capital Market Law and Implementing Regulations thereof, as well as the Corporate Governance Regulations, which impose additional restrictions on the Company**

The Company is subject to several laws and regulations including the Companies Law enacted by Royal Decree No (M/132) dated 01/12/1443H (corresponding to 30 June 2022G) which came into force in January 2023G, the Capital Market Law enacted by Royal Decree No. (M/30) dated 02/06/1424H (corresponding to 31/07/2003G) as amended, and the Implementing Regulations thereof, particularly the Rules on the Offer of Securities and Continuing Obligations issued by the CMA's board pursuant to Resolution 3-123-2017 dated 09/04/1439H (corresponding to 27 December 2017) as amended pursuant to the Resolution of the CMA's board number 8-5-2023 dated 25/06/1444H (corresponding to 18 January 2023G) and the Corporate Governance Regulations issued by the CMA's board pursuant to the Resolution number 8-16-2017 dated 16/05/1438H (corresponding to 13 February 2017G) as amended pursuant to the Resolution of the CMA's board number 8-5-2023 dated 25/06/1444H (corresponding to 18 January 2023G). Such laws and regulations impose stringent regulatory obligations that the Company is required to comply with, which may involve undertaking specific procedures and the adoption of new corporate governance regulations. The Company may be subject to penalties, fines or delisting of the Company's shares if it does not adhere to any of these requirements, which will have a material adverse effect on the Company's business, results of operations, financial position and future prospects.

### **2.1.19 Risks related to medical waste management**

The Company's operations involve dealing with medical waste. Medical waste is subject to regulations relating to waste management and prevention of leakage of prohibited substances into the sewage network, including the GCC Uniform Law for Medical Waste Management (issued by Royal Decree M/53 dated 16/09/1426H) and the Law of Treated Sewage Water and Reuse (issued by Royal Decree M/6 dated 13/02/1421H) along with their respective implementing regulations. The Company relies on licensed third-party companies for healthcare waste management and treatment services (for further information on these contracts, please refer to section 12.16 "Material Agreements" of this Prospectus). However, the Company cannot guarantee that these third-party service providers will fully comply with regulatory standards and procedures for medical and hazardous waste management, potentially leading to violations of relevant applicable laws. The Company's exposure to future violations may result in a significant negative impact on the Company's business, financial position, results of operations, and future prospects.

### **2.1.20 Risks related to increased cost of revenues and operating expenses**

The Company incurs various operating costs and expenses in the ordinary course of its operations, primarily within the areas of cost of revenues and other administrative expenses (for further information on the Company's financial and operational performance, please refer to section 6 "Management Discussion and Analysis of Financial Position and Results of Operations" of this Prospectus). The cost of revenues amounted to SAR 1.27 billion, SAR 1.33 billion, and SAR 1.41 billion in FY2020G, FY2021G, and FY2022G respectively. The cost of revenues was SAR 1.0 billion and SAR 1.2 billion in the nine-month periods ended 30 September 2022G and 2023G, respectively. The increase in the cost of revenues between FY2020G and FY2022G, as well as between the nine-month periods ended 30 September 2022G and 2023G, was due to increased operations and the acquisition of Riyadh Hospital Company. Administrative expenses amounted to SAR 157.8 million, SAR 204.1 million and SAR 211.8 million in FY2020G, FY2021G, and FY2022G respectively. Administrative expenses amounted to SAR 142.9 million and SAR 191.4 million in the nine-month periods ended 30 September 2022G and 2023G, respectively. These operating costs and expenses have increased in line with the Company's business growth as they were influenced by multiple factors that may not be within the Company's control. The cost of administrative revenues and expenses represented 83.4%, 77.9%, 80.6%, and 85.4% of total Company revenues for 2020G, 2021G, 2022G, and the nine-month period ended 30 September 2023G, respectively.

The cost of revenues and general expenses are expected to continue to increase, potentially at a faster pace than the growth of the Company's operations due to various factors that may be out of the Company's control. These factors could include increases in salaries, wages, benefits, rents, materials, supplies, repairs, maintenance, fuel, water, electricity, government fees, and other direct or indirect operating costs and expenses. The occurrence of any of these risks will result in a decline in the Company's profit margins, significantly impacting its business, financial position, results of operations, and future prospects.

### 2.1.21 Risks related to the Company's exposure to unforeseen operational risks challenges

The Company's ability to sustain its business successfully is contingent upon its ability to carry on its business operations. However, there are various risks that the Company may face concerning its operations such as power outages, disruptions in medical equipment and devices, failures in information systems, criminal activities, fire hazards, and any other risks that may arise and affect all or part of the Company's operations. Should any of these risks materialize, they may lead to operational disturbances, hinder the Company's ability to fulfill its obligations, and result in additional liabilities. If any of these risks was to occur, it will have a substantial adverse impact on the Company's business, financial position, results of operations, and future prospects.

### 2.1.22 Risks related to securing and maintaining required financing

#### a- Risks related to existing financing arrangements

The Company's ability to secure appropriate financing is critical to ensure its ability to fund its projects and business operations. The Company has obtained various loans and bank facilities from Saudi banks, with a total facility and utilization amounting to SAR 3,079 million and SAR 1,848 million as of 31 December 2022G and SAR 2,649 million and SAR 1,402 million as of 30 September 2023G.

The financing agreements encompass several conditions, including timely repayment based on a specified schedule, maintaining specific leverage ratios, interest coverage ratios, debt coverage service ratios, and minimum equity requirements (please refer to section 12.8 "Financing Agreements" of this Prospectus for further details on those loans). These agreements also require the Company to obtain approval from the banks regarding any change in the ownership of the Company, and the Company has obtained all necessary approvals from the banks in this regard.

If the Company is deemed in default of the terms and conditions of these facilities, the relevant lending institution may be entitled to terminate the facility, accelerate repayment of all outstanding amounts and seek recourse against pledged assets or seize the Company's movable and immovable properties to satisfy the state's rights. Due to its reliance on these facilities, any failure by the Company to adhere to the imposed restrictions or an inability to repay the loans and facilities will have a significant negative impact on its business, financial position, results of operations, and future prospects.

If the Company breaches any of the obligations or undertakings related to the loans incurred by it in the future, the lending banks may demand the Company to pay the debt immediately and collect the guarantees provided by the Company. In such case, there is no guarantee that the Company will be able to finance the repayment of these loans. If any of these factors materializes, it may have an adverse and material effect on the Company's business, financial position, results of operations and future prospects (for further information, please refer to Section 12.8 "Financing Agreements" of this Prospectus).

The loans obtained by the Group incurred financing costs of SAR 46.2 million, SAR 34.8 million, SAR 55.9 million Saudi Riyals, and SAR 91.2 million for the Financial Years ended 31 December 2020G, 2021G, 2022G, and the nine-month period ended 30 September 2023G, respectively. The increase in financing costs since 2022G is attributed to the rise in the prime interest rate among Saudi banks during that period.

#### b- Risks related to funding sources required to develop and expand the Group's business

The Group's ability to expand its business (mainly through the execution of future projects) depends on a number of factors (please refer to section 2.1.31 "Risks related to the implementation of future projects" for further details on these factors" and Section 8 "Use of Proceeds" of this Prospectus), the most important of which is its ability to guarantee internal and external sources of funding. The Group has benefited in the past from loans granted at favorable terms by Saudi banks for the purpose of acquiring subsidiaries and expanding its operations through capital expenditures (please refer to section 12.8 "Financing Agreements" and Section 6 "Management Discussion and Analysis of Financial Position and Results of Operations", for further details on such loans). If the Company is unable to continue to benefit from these loans, or if these loans are no longer available nor granted on the same terms by the banks, or if the Company incurs higher financing costs, or is unable to guarantee alternative sources of funding at the appropriate time and on favorable terms, the Company might not be able to expand its business as well as fund and implement those future projects as planned, which will have a material adverse effect on the Company's future strategy, business, results of operations, financial position, and future prospects, and have a material adverse effect on investor expectations and prospects regarding the future value of the Company and its ability to achieve the Group's growth strategy, thereby affecting the Company's share price. (For further information on the group's growth strategy, please refer to Section 4.10 "Current and Future Projects" and Section 8 "Use of Proceeds" of this Prospectus).

### c- Risks related to guarantees provided for existing financing

The facilities agreement between the Company and Arab National Bank, dated 24/04/1443H (corresponding to 29/11/2020G), was secured through (1) a promissory note of SAR 300.0 million and (2) any other guarantees requested by the Bank.

Similarly, the credit facilities agreement between the Company and Saudi National Bank, dated 21/05/1444H (corresponding to 15/12/2022G), was secured through (1) a promissory note of SAR 985.0 million and (2) any other guarantees requested by the Bank.

Furthermore, the credit facilities agreement between the Company and Alinma Bank, dated 04/05/1444H (corresponding to 28/11/2022G), was secured through the assignment of financial proceeds obtained from insurance companies in favor of Alinma Bank, along with any other guarantees requested by the Bank. Alinma Bank has the right to enforce on any commercial or financial instruments or assets held as collateral.

The credit facilities agreement between Riyadh Hospital Company and Alinma Bank, dated 04/05/1444H (corresponding to 28/11/2022G), was secured through (1) The assignment of financial proceeds obtained from insurance companies in favor of Alinma Bank, (2) payment bonds and performance bonds by Rana Investment Company amounting to SAR 212.3 million, (3) payment bonds and performance bonds by the Company amounting to SAR 357.6 million, (4) the mortgage of the building owned by Riyadh Hospital Company, and (5) any other commercial or financial instruments or assets held as collateral for Alinma Bank.

In the event of the Company violating the terms and conditions of the credit facilities agreements, the lender shall have the right to terminate the facilities and enforce on the collateralized assets or seize the Company's movable and immovable properties to recover the outstanding amounts. Given the Company's reliance on these facilities, any failure by the Company to comply with imposed restrictions or its inability to repay the loans and facilities will have a material and adverse effect on its business, financial position, results of operations, and future prospects.

#### 2.1.23 Risks related to the effectiveness of data protection processes and disaster recovery systems

The Company's information and disaster recovery systems are critical for various essential aspects of its business operations including a patient health information system, Yasasii, a software owned by the Group, which handles tasks such as scheduling appointments, generating patient bills and insurance claims, managing electronic documents, and maintaining patient records (please refer to Section 4.4.8 "Information Technology (IT) Department" of this Prospectus for further information on IT systems).

The Company faces risks associated with both internal and external IT systems. These risks encompass malware and viruses, programming flaws, attempts at network intrusion, inadequate updates or modifications, program compatibility issues, technical difficulties during testing, data breaches, and human errors. These risks directly threaten the Company's services and data, including electronic documents and patient records. Furthermore, the Company's networks may be disrupted by unforeseen events beyond its control, such as natural disasters or other force majeure situations which would pose risks to the confidentiality of the Company's information, customer data, assets, and the security and accessibility of that information. Consequently, there is a possibility of information loss or leakage, whether by the Company or by any entrusted third party. If the Company elects to update its technical systems or implement additional measures to protect data or IT systems, it could end up incurring additional operating costs and liabilities. The overall impact would be detrimental to the Company's business, financial position, results of operations, and future prospects.

The Company heavily relies on the availability, completeness, and confidentiality of information, including sensitive data such as patients' credit card details, personal information, medical records, and employee data. Therefore, any failure to safeguard this information or failure ensure compliance with relevant regulations regarding timely and accurate disclosures could lead to issues or claims against the Company. Any of these factors, if materialized, will have a significant adverse impact on the Company's business, financial position, results of operations, and future prospects.

### 2.1.24 Risks related to breakouts of infectious diseases

The Company offers medical services that encompass treatment of patients afflicted with various bacterial and viral infectious diseases. If healthy individuals contract such infectious diseases while staying, visiting or working at the Company's healthcare facilities, they may have grounds to seek compensation from the Company. In the event that any physicians, employees, and administrative staff contract these infectious diseases, it would impede the Company's ability to deliver treatment and medical services to patients. Furthermore, any negative media coverage and reports regarding the spread of infectious diseases at the Company's healthcare facilities could harm its reputation.

There is also the possibility that any of the aforementioned factors could lead to restrictions being imposed on the Company's healthcare facilities, including: (i) quarantine measures; (ii) temporary closures of certain hospital wings, (iii) the implementation of other regulatory limitations; or (iv) licenses, permits, and approvals revocation for the relevant healthcare facilities. Any of these factors could result in reduced utilization of the Company's healthcare facilities, thereby having a significant adverse impact on its business, financial position, results of operations, and future prospects.

### 2.1.25 Risks related to force majeure

The Company or one of its hospital facilities may face unforeseen events or incidents that are beyond its control and have the potential to disrupt its operations. These incidents can include fire hazards, and natural disasters, both of which could have adverse effects on the Company or any affected facility. Should such incidents occur, work in the affected facilities would be temporarily suspended, resulting in a loss of income for the Company during the suspension period. Additionally, the Company would be required to bear unexpected capital expenses to remedy the situation such as repair costs, reconstruction efforts, and the rehabilitation of damaged hospital facilities to restore them to their original state. The financial impact of these capital expenses will have an adverse material impact on the Company's business, financial position, results operations, and future prospects.

### 2.1.26 Risks related to reliance on key customers and insurance companies

The Company has executed agreements with cooperative health insurance companies to offer medical and therapeutic services to their customers. These agreements play a significant role in the Company's revenues, with 71.4%, 64.6%, 70.5% and 72.3% of their overall revenues for 2020G, 2021G, 2022G and the nine-month period ended 30 September 2023G respectively generated from these agreements.

The table below details the revenues of insurance companies during the Financial Years ended on 31 December 2020G, 2021G, and 2022G, as well as the nine-month period ended 30 September 2022G and 2023G:

**Table (8): Insurance Companies' Revenues**

SAR '000	FY2020G (Management)	FY2021G (Management)	FY2022G (Management)	Nine-month period ended 30 September 2022G (Management)	Nine-month period ended 30 September 2023G (Management)
Insurance Company 1	534,734	590,054	684,756	499,819	617,503
As a percentage of total revenues	27.2%	26.2%	30.3%	30.2%	33.1%
Insurance Company 2	525,805	592,651	610,909	425,315	479,949
As a percentage of total revenues	26.7%	26.3%	27.0%	25.7%	25.7%
Insurance Company 3	64,744	82,153	88,593	65,388	52,235
As a percentage of total revenues	3.3%	3.7%	3.9%	3.9%	2.8%
Other	279,862	188,083	209,397	148,904	199,692
As a percentage of total revenues	14.2%	8.4%	9.3%	9.0%	10.7%
<b>Total</b>	<b>1,405,146</b>	<b>1,452,942</b>	<b>1,593,655</b>	<b>1,140,427</b>	<b>1,349,379</b>
As a percentage of total revenues	71.4%	64.6%	70.5%	68.9%	72.3%

Source: The Company



The Company's total accounts receivable amounted to SAR 521.0 million, SAR 531.0 million, SAR 484.9 million, and SAR 493.9 million for the years ended 30 December 2020G, 2021G, 2022G, and the nine-month period ended 30 September 2023G, respectively. Commercial receivables related to health insurance companies constituted SAR 295.4 million, SAR 304.6 million, SAR 237.2 million, and SAR 224.0 million for the Financial Years ended 31 December 2020G, 2021G, 2022G, and the nine-month period ended 30 September 2023G, respectively, which represents 56.7%, 57.4%, 48.9%, and 45.4% of the Company's total commercial receivables as at 31 December 2020G, 2021G, 2022G, and the nine-month period ended 30 September 2023G, respectively. The financial provision related to this balance amounted to SAR 905,000 as at 30 September 2023G, representing 0.4% of the total commercial receivables related to health insurance companies in the same period. (For further information please refer to Section 6 "**Management Discussion and Analysis of Financial Position and Results of Operations**" of this Prospectus).

Competition from other hospital groups and other healthcare facilities in the Kingdom could impact the Company's relationships with insurance companies or its ability to negotiate and increase fees for healthcare services provided to customers. Such circumstances would have a negative effect on the Company's business, financial position, results of operations, and future prospects.

Furthermore, there is a risk that the insurance companies may reject, delay or fail to pay or deduct the claimed amounts under invoices submitted by the Company for the medical services provided to their customers. These risks could arise from human or computer errors, as well as financial difficulties faced by insurance companies, such as liquidity restrictions and financial solvency requirements imposed by applicable laws which would adversely impact the Company's business, financial position, results of operations, and future prospects.

### 2.1.27 Risks related to rejected claims and deductibles

The Company offers services to customers of health insurance companies with whom the Company has executed agreements. Under these arrangements, the Company provides services to patients and subsequently issues invoices. These invoices are then reviewed and negotiated by the insurance companies. Payment for these invoices is typically made within a period of 45 days. Insurance coverage under these agreements varies depending on the insured categories. However, there is a risk that the insurance companies may reject the Company's invoices for various administrative and technical reasons, including the following:

- 1- The Company's failure to provide all the necessary documentation to the insurance company.
- 2- A rejection by the insurance company based on their assessment of the nature of services provided.
- 3- The Company's delay in invoicing the insurance company.
- 4- The Company's inadequate follow-up with the insurance company regarding delayed or rejected invoices.

Insurance companies may request discounts on the invoices submitted thereto. It is important to note that the rejected claims and volume of discounts from all of the Group's healthcare facilities varies across the years and clients. In 2020G, discounted and rejected claims from healthcare services amounted to 14.1% of the Company's revenues for that year. In 2021G, the percentage of discounted and rejected claims from healthcare services amounted to 14.4% of total revenues for that year. In 2022G, discounted and rejected claims from healthcare services represented 11.6% of total revenues for that year. The decrease in percentage is mainly attributed to the change in the methodology of applying VAT on rejected cases in 2022G, which was partially compensated by an increase in discounts due to higher revenues from insured patients. In the nine-month period ended 30 September 2023G, discounted and rejected claims from healthcare services amounted to 12.8% of total revenues for that period primarily driven by the increase in revenues, especially revenues from insurance companies. (For further information about the Company's relationship with its key customers and the percentages and amounts of rejected claims, please refer to Section 6 "**Management Discussion and Analysis of Financial Position and Results of Operations**" of this Prospectus).

Full or partial rejection of claims from the insurance companies will adversely impact the Company's business, operating results, and financial performance. Additionally, its ability to collect receivables from insurance companies will decrease, negatively affecting the Company's profits, revenues, and cash flows due to an increase in discount percentages provided to insurance companies, which the Company may offer to increase the number of its insured patients or to encourage insurance companies to settle the amounts due to the Company on existing claims.



### 2.1.28 Risks related to inadequacy of insurance coverage

The Company may be involved in various legal proceedings and face claims that could result in significant financial obligations and high legal expenses. Some of these claims may exceed the insurance coverage maintained by the Company, and certain claims and proceedings may not be covered by insurance at all or may be rejected by the Company's insurance provider. The Company cannot guarantee that its current insurance coverage will be sufficient to cover all future claims under the applicable insurance policies as there may be incidents that are not insurable or not adequately covered by the existing insurance. Additionally, the Company may fail to support its claim against the insurance company before the appropriate judicial authority. Such situations would have an adverse impact on the Company's business, financial position, operating results, and future prospects.

Moreover, the Company may face challenges in obtaining adequate insurance coverage for certain cases due to increased insurance premiums or unavailability of coverage, whether due to the nature of the risk or the Company's insurance history of being exposed to constant risks. The Company cannot guarantee that its current insurance coverage will be fully or partially sufficient to address all the risks mentioned above. Events or risks that are not covered by the existing insurance may occur, resulting in the Company's inability to claim damages under its policy. Consequently, this would adversely affect the Company's business, operations, and financial performance. (For further information on the Company's current insurance coverage, please refer to Section 12.9 "Insurance" of this Prospectus).

### 2.1.29 Risks related to malpractice and medical errors

The Company is not immune to the occurrence of medical errors by its medical professionals, and there is no guarantee that such errors will not happen in the future. According to Article (41) of the Medical Professions Practice Law, all doctors and dentists practicing in public and private medical entities are required to participate in cooperative medical malpractice insurance. In cases where the compensation awarded to an injured patient exceeds the coverage provided by insurance, the healthcare entity becomes legally responsible for paying the remaining damages on behalf of the patient. As such, pursuant to Article (41), the Company must cover the monetary compensation owed to patients who suffer damages due to medical errors.

However, there are circumstances whereby the Company may not be able to recover the compensation from the insurance company for various legal or technical reasons, such as expired contracts or the expiration of the claim period. It is also possible that the amount recoverable by the Company from the insurance company is lower than the total compensation required to be paid to the affected patients. Additionally, there may be cases or incidents where the Company's insurance coverage does not include specific medical errors. Furthermore, the Company may fail to prove its claim against the insurance company before the relevant judicial authority. These factors would have a significant adverse impact on the Company's business, financial position, operating results, and future prospects.

Moreover, if the Company fails to provide proper and adequate training to its healthcare professionals and if such professionals fail to adhere to its instructions and policies, there is a high likelihood of future instances of medical malpractice occurring.

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

### 2.1.30 Risks related to violation of internal policies and procedures and code of professional conduct

Healthcare professionals are required to adhere to the code of professional conduct as outlined in the laws and regulations governing the practice of health professions. These regulations include the Health Profession Practice Law issued by Royal Decree No. M/59 dated 04/11/1426H, along with its implementing regulations stated in Ministerial Resolution No. 4080489 dated 02/01/1439H. Additionally, the Saudi Commission for Health Specialties has issued ethical guidelines that health practitioners must follow. However, the Company cannot guarantee that its health practitioners will consistently comply with these codes of professional conduct and internal regulations.

Furthermore, the Company cannot guarantee the adequacy of its internal rules and procedures regarding the implementation of professional conduct codes. Non-compliance by the Company or its health practitioners with the provisions and requirements of these laws and regulations may lead to financial or disciplinary penalties, which could have an adverse effect on the Company's reputation. The occurrence of any of these risks would significantly and unfavorably affect the Company's business, financial position, operating results, and future prospects.

### 2.1.31 Risks related to revenues, late payment and collection of receivables

The Company provides its services through various channels, and its revenues can be classified as follows: (1) Revenues from insurance companies in exchange for the Company providing services to customers insured by those companies. Said revenues constitute 71.4%, 64.6%, 70.5%, and 72.3 % of the Company's total revenues for the Financial Years ended 31 December 2020G, 2021G, 2022G, and the nine-month period ended 30 September 2023G, respectively, (2) other revenues that include operations and maintenance revenues and revenues from agencies, institutions, embassies, and other private entities that refer their patients for treatment in affiliated health facilities. Said revenues constituted 15.2%, 19.8%, 14.3%, and 12.9% of the Company's total revenues for the Financial Years ended 31 December 2020G, 2021G, 2022G, and the nine-month period ended 30 September 2023G, respectively, (3) revenues from government agencies in exchange for the Company providing services to patients referred for treatment. Said revenues constitute 4.3%, 2.2%, 2.5%, and 1.9% of the Company's total revenues for the Financial Years ended 31 December 2020G, 2021G, 2022G, and the nine-month period ended 30 September 2023G, respectively, and (4) other revenues, which include cash revenues and student registration fees. Said revenues constitute 9.1%, 13.5%, 12.7%, and 13.0% of the Company's total revenues for the Financial Years ended 31 December 2020G, 2021G, 2022G, and the nine-month period ended 30 September 2023G, respectively.

Total receivables amounted to SAR 667.8 million, SAR 703.0 million, SAR 880.3 million, and SAR 928.8 million for the Financial Years ended 31 December 2020G, 2021G, 2022G, and the nine-month period ended 30 September 2023G, respectively. As of 30 September 2023G, accounts receivable consisted of: (1) 54.0% of total receivables related to insurance companies, (2) 23.3% of accounts receivable related to private entities, (3) a percentage of 12.8% of accounts receivable relate to government agencies, and (4) 10.0% of accounts receivable relate to other receivables, including cash patients. The average net receivables period was 126 days, 109 days, 121 days, and 127 days for the Financial Years ended 31 December 2020G, 2021G, 2022G, and the nine-month period ended 30 September 2023G, respectively. (Refer to Section 6 "**Management Discussion and Analysis of Financial Position and Results of Operations**" and Table 80 "**Analysis of aging of receivables and other receivables**" (Aging of Receivables and Others as of 31 December 2020G, 2021G, and 2022G" and Table 127 "**Analysis of aging of receivables and other receivables (Aging of Receivables and Others) as of 31 December 2020G, 2021G, and 2022G**" of this Prospectus.

It should be noted that the total outstanding commercial receivables overdue for more than 360 days amounted to SAR 84.7 million as of 30 September 2023G, of which SAR 62.7 million (74% of the total overdue balance for more than 360 days) relates to the government sector.

The Company has initiated several lawsuits that are still pending against delinquent patients who failed to pay the amounts due therefrom in previous years, totaling SAR 76.0 million. The outstanding receivables related to cash-paying patients amounted to SAR 92.6 million as of 30 September 2023G, with provisions related to this balance amounting to SAR 61.4 million (for further information, please refer to section 12.14 "Litigations, Disputes and Regulatory Compliance " of this Prospectus).

The Company's reliance on revenues from various channels exposes it to the risk of insurance companies, government entities, private entities and cash patients rejecting or delaying payment for provided healthcare services. Delayed collection of financial claims from these entities or their failure to fully or partially pay the claims can limit the Company's cash flow and make it challenging to finance working capital or future projects resulting in the Company's struggle to meet its financial obligations to third parties, including employees, suppliers, contractors, banks, and other financiers. Additionally, this may hinder the Company's ability to execute expansion plans inside or outside the Kingdom or distribute dividends to shareholders. The occurrence of any of these risks would have a significant adverse effect on the Company's business, financial position, operating results, and future prospects.

### 2.1.32 Risks related to emulating developments in the medical field and medical technology

The Company must consistently upgrade its equipment and devices to maintain competitiveness in the market and adapt to technological progress. However, it is essential for the Company to avoid excessive investment in equipment that will not be regularly utilized. At the same time, the Company should not completely refrain from investing in new equipment and medical technology, or fail to upgrade its existing equipment and technology, for extended periods to avoid missing out on opportunities to acquire new and advanced healthcare technologies which would prevent the Company from offering up-to-date services aligned with the latest medical advancements. If the Company is unable to invest in modern technologies by way of acquiring new medical equipment and technologies or upgrading its existing medical equipment and technology, the Company's existing medical equipment and technology may become obsolete. Similarly, if the Company invests in equipment exceeding its needs, it will incur additional costs associated with asset depreciation and operation. The occurrence of any of these risks would have a significant adverse impact on the Company's business, financial position, operating results, and future prospects.

### 2.1.33 Risks related to the implementation of future projects

#### a- Risks related to costs of new facilities and construction time

The Company relies on external independent developers and contractors for certain construction tasks related to the establishment of new healthcare facilities. These facilities are crucial for the Company's growth and expansion strategy. The construction works encompass various aspects such as foundations, structure, electromechanical systems, electrical equipment, procurement of technical and medical devices, and provision of furniture (for further information on the Company's current and future projects, please refer to Section 4.10 "Current and Future Projects" of this Prospectus).

There are inherent risks associated with designing and constructing new healthcare facilities as well as significant time and resources that are used to launch them. Various factors can contribute to delays or cost overruns in completing these new facilities such as resource and equipment shortages, difficulties in obtaining non-Saudi labor, unfavorable weather conditions, natural disasters, disputes with developers and contractors, changes in government regulations, or challenges in securing favorable contracts with reliable developers and contractors for project completion. Any delay or inability to construct new health facilities, as well as the occurrence of any of the aforementioned risks, will significantly impede the Company's growth strategy and adversely affect its business, financial position, operating results, and future prospects, and have a material adverse effect on investor expectations and prospects regarding the future value of the Company and its ability to achieve the Group's growth strategy, thereby affecting the Company's share price.

#### b- Risks related to the Company's ability to have distinctive sites

The Company may encounter challenges in identifying appropriate locations for constructing new health facilities as healthcare providers and companies from other industries compete for the same desirable sites, which reduces the availability of suitable options for the Company. As a result, property owners hold a stronger position during negotiations for the sale or lease of these properties, leading to less favorable terms for the Company. This situation adversely impacts the Company's growth strategy, business results of operations, and future prospects.

#### c- Risks related to the inability to recruit healthcare practitioners and other qualified employees

If the Company encounters difficulties in the recruitment and hiring of skilled doctors, nursing professionals, and administrative staff to effectively operate the hospitals, this would have a material adverse on the Company's business, results of operations and future prospects.

#### d- Risks related to the integration of future operations into the Company's existing operations

The Company aims to expand its operations in the coming years inside and outside the Kingdom by capitalizing on suitable opportunities aligned with its strategy. This expansion involves designing, managing the development, establishment, and operation of new health facilities, whether fully or partially owned, within the Kingdom and the GCC. However, it is important to note that the Company's past success in integrating previous projects with existing ones does not guarantee the same level of competitive advantage in its current operational, financial, and supervisory processes and there is no assurance that future integration efforts will yield the expected competitive advantages. Moreover, the costs associated with achieving these competitive advantages may exceed the Company's initial estimates. Should any of these factors occur, they would adversely impact the Company's business, financial performance, operating results, and future prospects.

#### e- Risks related to contracting with government entities

The contracting process concerning governmental contracts is a primary concern due to potential delays in obtaining internal approvals from the relevant entities. Additionally, political and economic factors can have an impact on the number, value, and terms of contracts offered or awarded by these entities. It is important to note that government contracts often entail stricter terms compared to other commercial contracts and modifying these terms can be challenging due to regulatory restrictions imposed on government entities.

The Company may face delays in receiving payment from government entities, or it may encounter difficulties in securing government contracts on favorable terms. Any such delays or unfavorable contract terms will significantly and unfavorably impact the Company's business, financial performance, operating results, and future prospects.

### 2.1.34 Risks related to the completion or termination of specific time-bound or goal-specific projects

Part of the Company's activities is associated with undertaking projects with specific objectives, carried out in coordination with government or official entities. For example, the Company operates Neom Hospital under the framework agreement for the provision of medical services entered with Neom Company on 23/08/1444H (corresponding to 15/03/2023G) (for further information on this agreement, please refer to section 12.6.2 "Medical Services Agreements with Third Parties" of this Prospectus). Previously, the Company managed several projects that ended upon the completion of their term or objectives. The Company managed an external clinic affiliated with King Abdullah University of Science and Technology under a management contract for ten years, which was not renewed upon its expiration in May 2023G. Additionally, the Company participated in the "Elm Project" to manage specialized laboratories for COVID-19 testing and vaccines from 2020G to 2022G. The project was terminated in June 2022G upon completion of its objectives. Additionally, in October 2022G, the Ministry of Health decided not to renew the operational contract granted to the Company for operating an Intensive Care Unit (ICU) with the provision of healthcare practitioners in Makkah for a three-year period. In March 2022G, a contract with the Company for managing COVID-19 testing centers in various hotels and airports for incoming travelers through Saudia expired. The Company's revenues from these projects represented 7.0%, 9.8%, and 7.7% of the Company's total revenues for the Financial Years ended 31 December 2020G, 2021G, and 2022G, respectively, and 9.1% and 6.9% of the Company's total revenues for the nine-month periods ended 30 September 2022G and 2023G, respectively.

Additionally, the company closed an integrated medical center in the Thaghr district of Jeddah due to demolition and reconstruction activities carried out by the relevant authorities in that district. Furthermore, the Company permanently closed the Olympia Health Center in 2022G due to its poor financial performance.

The cancellation or completion of projects undertaken by the Company, for any reason, may have a negative impact on the Company's operations, financial performance, results of operations and future prospects.

### 2.1.35 Risks related to foreign employees and Labor Law requirements

Under the Saudi Labor Law, foreign employees are only permitted to work for the corporate entity which sponsors them in Saudi Arabia. Currently, the Company employs a number of foreign nurses and medical staff who are sponsored by one of the Subsidiaries. Additionally, Saudi Arabian Airlines Public Corporation ("Saudia") and Saudi Airlines Medical Services Company have entered into an employee secondment agreement whereby a considerable number of non-Saudi employees were seconded from Saudia to Saudi Airlines Medical Services Company. The foreign nurses and medical staff who are sponsored by one of the Subsidiaries, and the foreign employees seconded by Saudia to Saudi Airlines Medical Services Company, are not registered on Ajeer.

The penalties for entities seconding foreign employees under their own sponsorship to another entity without an Ajeer certificate include, for a first-time violating entity, a fine of SAR 10,000 for each employee working in violation of the law. The penalties increase in case the Company, or the branch, repeats the violations to include higher fines of up to SAR 20,000 for each employee working in violation of the law. The consequences of a company employing employees who are not under its sponsorship also include a SAR 25,000 fine for the first violation, with a ban on sponsoring any foreign employee for a full year. The value of the fine also increases in the event of a repeat violation, reaching an amount of no less than SAR 50,000 and no more than SAR 100,000, with a ban on sponsoring any foreign employee for a period ranging from two to five years.

As a result, the legal status of certain foreign employees of the Company could result in losses, fines or financial liabilities for the Company, and could adversely and materially affect the Company's business, results of operations, financial condition and prospects. Transferring the sponsorship of employed foreign employees from one company to another or the secondment thereof through the Ajeer program adversely affects the Saudization rate of the company from which employees were transferred or seconded, which would affect its classification in the Nitaqat program (for further information about Saudization and the Nitaqat Program, please refer to Section 5.11 "Saudization").

### 2.1.36 Risks related to identifying and integrating potential investment opportunities

One of the pillars of the Company's strategy is to achieve expansion through identifying attractive healthcare facilities and assets inside and outside the Kingdom, acquiring these healthcare facilities and assets and subsequently integrating them into the Group. The Company may look to own such assets wholly or partially, alone or with other joint venture partners. The Company's previous success in identifying, acquiring and integrating attractive facilities and assets does not necessarily mean that the Company will be able to continue building on that success. If the Company fails to identify attractive healthcare facilities and assets in the future, or otherwise fails to successfully acquire and integrate them into the Group operations, the Company's ability to fulfill its strategy may be affected which may consequently adversely impact the Company's business, financial performance, operating results and future prospects.

### 2.1.37 Risks related to the reliance on external suppliers and sub-contractors

The Company procures a substantial portion of its medical supplies, pharmaceuticals, equipment, and devices from both local and international suppliers and agents, some of which are located outside the Kingdom. The Company may face challenges in terms of the availability of supplied goods due to reliance on these local and external suppliers, subcontractors, and potential issues related to customs clearance procedures, quality control risks, and other obstacles that may hinder suppliers and subcontractors from fulfilling their obligations.

While the Company strives to reduce its dependence on any single source or supplier, this may not always be feasible, especially when dealing with sole suppliers who act as agents or distributors within the Kingdom or the GCC. Moreover, changes in laws and regulations, registration procedures, delays in customs clearance and release, as well as associated charges can negatively impact all of the Company's suppliers simultaneously. Additionally, the Company may face challenges in maintaining its reliance on suppliers and contractors due to strained relationships, increased costs in obtaining products, or the inability of external suppliers or subcontractors to meet the Company's quantity and quality requirements in a timely manner. The occurrence of any of these risks would adversely impact the Company's business, financial position, operating results, and future prospects.

### 2.1.38 Risks related to the Management's experience in managing listed companies in the Saudi Stock Exchange

The Executive Management team has minimal to no prior experience in managing listed joint-stock companies and adhering to the laws and regulations specific to publicly listed joint-stock companies (including ongoing obligations related to disclosure, announcements, financial statement preparation, disclosure for each financial quarter, and integration of companies within the Group), as well as continuous scrutiny by financial analysts and investors, noting that the Company is obligated to comply with the regulations imposed on listed companies. Should the Company fail to meet these regulations or violates any governance and disclosure requirements, it may face fines and sanctions imposed by the competent authorities. The imposition of such penalties would have a negative impact on the Company's business, financial position, operating results, and future prospects.

### 2.1.39 Risks related to the Board committees and governance

The Company's Board established an Audit Committee and a Nomination and Remuneration Committee in 2014G. The scope of responsibilities for these committees were updated pursuant to the resolution of the general assembly meeting on 08/11/2023G, in accordance with the Corporate Governance Regulations set by the CMA (Please refer to Section 5.3 "Board Committees" of this Prospectus for further information).

Any inability of the committee members to fulfill their assigned responsibilities that safeguard the Company's interests and the interests of its shareholders could hinder the effective implementation of the Corporate Governance Manual and the Board's ability to monitor the Company's operations through these committees. As a result, the Company may potentially violate the regulations imposed on listed companies, and it may be exposed to various operational, administrative, and financial risks. Consequently, this would have an adverse impact on the Company's business, results of operations, financial position and future prospects.

#### **2.1.40 Risks Related to the exclusive rights in the pharmaceutical and medical products market**

The Company, like other healthcare institutions, procures its pharmaceuticals, products, and medical devices through authorized agents and distributors in the Kingdom. These distributors and suppliers often have exclusive rights to distribute these medical supplies. In some cases, a manufacturing entity may hold an exclusive license to supply all medications containing a specific active ingredient. Approximately 40% of the Company's total medical product purchases are subject to exclusivity. Having exclusive rights to medical products usually gives the distributor or supplier a favorable negotiating position with local buyers an advantageous negotiating position vis-à-vis local purchasers, including for example the Company. This would result in limiting the ability of purchasers from private health facilities, to negotiate for better prices. If the Company is unable to continue negotiating competitive prices and without alternative options available in the market, may increase the Company's cost of revenue, which could adversely impact the Company's business, financial performance, operating results, and future prospects.

#### **2.1.41 Risks related to reliance on revenue sharing arrangements with physicians**

In addition to full-time employed doctors, the Company relies on contracting with part-time physicians, who are usually specialists with extensive expertise in highly specialized medical fields. The reputation and renown of these doctors in their respective specialties are factors that attract patients seeking highly specialized healthcare services. Similar to most healthcare facilities in the market, these doctors receive their fees as a percentage of the charges imposed by healthcare facilities for the services provided thereby to patients. As of the date of this Prospectus, the percentage of part-time doctors employed by the Company is approximately 26% of the total number of doctors, and the average percentage of fees receive thereby is around 25% of the charges collected by the Company from the relevant patients.

Therefore, the Company's ability to attract patients seeking highly specialized healthcare services relies on the presence of these doctors in the multiple specialized hospitals owned and operated by the Company. The departure or termination of contracts with these doctors could have a material adverse impact on the Company's business, financial performance, operating results, and future prospects.

#### **2.1.42 Risks related to the inability to renew existing lease arrangements**

The Company and its Material Subsidiaries are lessees under (18) lease agreements. These leases relate to various properties used by members of the Group, including parking lots, offices, warehouses, staff accommodation and medical centers (for further information on leasehold interests held by the Group, please refer to Section 12.11 "**Lease Arrangements**" of this Prospectus). The majority of these leases do not contain automatic renewal of term upon expiry. Landlords under these leases may also have termination rights in certain cases, including in the event of breach by the lessee.

Furthermore, several properties leased by the Company are mortgaged to Saudi banks as collateral for credit facilities granted to the lessor (for more details on leased properties, please refer to Section 12.11 "**Lease Agreements**" of this Prospectus). In the event that the lessors fail to fulfill their obligations towards the lending bank and repay the facilities granted thereto, the bank may be compelled to initiate legal proceedings to execute on these properties and sell them at public auction, thereby transferring ownership to a new owner. Despite lease contracts related to these properties not being affected by changes in ownership, the Company may not be able to negotiate with the new owners in order to renew these contracts upon their expiry, which may affect the continuity of business activities conducted in the leased properties. The Company may be forced to accept new unfavorable provisions based on prevailing market conditions, which would have a material adverse impact on the Group's business, financial performance, operating results, and future prospects.

The termination of these leases, or the Company's or the Material Subsidiary's (as the case may be) inability to renew the lease agreements on favorable terms, or at all, may have a material adverse impact on the Group's business, financial performance, operating results, and future prospects.

In addition, the Ministry of Justice issued a ministerial circular dated 04/05/1440H (corresponding to 10/01/2019G) (in accordance with Council of Ministers Resolution No. 292 dated 16/05/438H (corresponding to 13/02/2017G) which considers lease agreements not registered on the Ejar platform as non-enforceable administratively and judicially. As of the date of this Prospectus, the Company has nine (9) lease agreements that are not registered on the Ejar platform. (For further information, please refer to Section 12.11.1 “**Lease Agreements with Third Parties**” of this Prospectus, where registering contracts concluded with municipalities on the Ejar platform is not mandatory. As for the lease contract of Umm Al-Qura for Development and Construction Company, it is still pending registration. Thus, in the event of any dispute between the Company and the relevant lessors in relation to these lease agreements, the Company may encounter difficulties in obtaining its contractual rights. The Company may also face difficulties in issuing and renewing licenses and permits in relation to leased sites through lease agreements that are not registered on the Ejar platform. Consequently, this would have an adverse impact on the Company’s business, results of operations, financial position and future prospects.

Furthermore, the Company has entered into (2) lease agreements with Jeddah Municipality, each of which contains clauses imposing penalties for tenant delays and violations. We also note that the Company’s lease agreements with governmental entities, including Holy Makkah Municipality, Jeddah Municipality and Makkah Municipality, are subject to potential termination based on public interest or other administrative decisions. The Company may incur significant costs or financial losses in the event any of the aforementioned, which will have a material adverse impact on the Company’s business, results of operations, financial position and future prospects.

#### **2.1.43 Risks related to the outbreak of infectious diseases or other serious public health concerns, including the continuing global spread of COVID-19**

Following the outbreak of COVID-19, the Government implemented a range of precautionary measures in response to the outbreak and in an attempt to contain the spread of COVID-19 and its variants, including travel restrictions or mandatory quarantine measures on international travelers and on residents within cities, regions or provinces of certain countries, and measures intended to protect supplies of pharmaceuticals within the country as a national security issue, including restrictions being placed on import and export of medical and pharmaceutical products.

The Company achieved non-recurring revenues through managing a screening center for the Coronavirus (COVID-19) in several hotels and designated areas in Makkah, Medina, Jeddah, and airports for arriving travelers through the Saudi Arabian Airlines Public Corporation, from the sale of personal protection products, and from several projects for examining and vaccinating individuals in the Western Region, which were conducted in coordination with the “Elm Project”. The total value of these revenues amounted to SAR 63.7 million for 2020G, SAR 161.8 million for 2021G, and SAR 62.8 million for 2022G.

In the event that there was a further increase in the spread of COVID-19, it is difficult to estimate the potential impact that this might have on the economy of the Company’s key markets and the business operations of the Company and may expose the Company to risks of business interruption or loss of international customers reach. Furthermore, there can be no assurance that any containment measures (such as those outlined above) would be effective in stopping or curtailing future outbreaks in the Kingdom or the Company’s other key markets. Moreover, it is likely that any containment measures (such as those outlined above) will have an unpredictable material and adverse effect on the economy of the Kingdom and investor and business confidence. This would have a material adverse effect on the Company’s business, results of operations, financial condition and prospects.

#### **2.1.44 Risks related to the non-sustainability of some other revenues**

The Company generated other revenues unrelated to the Group’s core activities, consisting of (1) interest income on the loan granted to Fakeeh Academic Medical Center FZCO (a university hospital owned by the Selling Shareholders and located in the United Arab Emirates), (2) gains/losses resulting from the exclusion of assets, (3) rental income, (4) training fees, and (5) other miscellaneous revenues. Net other revenues amounted to SAR 17.6 million, SAR 23.7 million, SAR 37.4 million, and SAR 47.8 million during the Financial Years ended 2020G, 2021G, 2022G, and the nine-month period ended 30 September 2023G, respectively.



To clarify further, regarding the interest income set forth in the previous paragraph, it represents the interest due to the Company on the long-term loan provided thereby to Fakeeh Academic Medical Center FZCO (a Related Party) for financing the construction of the hospital and funding its working capital. Fakeeh Academic Medical Center FZCO settled the entire loan amount in September 2023G. It should be noted that the interest on the mentioned loan is based on market interest rates. Interest income constituted 48.3%, 26.0%, 66.6%, and 89.4% of total net other revenues during the Financial Years ended 2020G, 2021G, 2022G, and the nine-month period ended 30 September 2023G, respectively. Some other revenues, such as interest income, being non-core to the Company's operations, are considered non-sustainable revenues, and the Company cannot guarantee these revenues in the future. Therefore, any decrease in these revenues could negatively impact the company's profitability.

#### **2.1.45 Risks related to cyber-attacks and other risks related to information technology systems**

The Company's computing and electronic systems, whether owned by the Company or by others and used by the Company in its operations, are subject to cyber threats, including electronic attacks through viruses, denial of service attacks, physical or electronic breaches, and other damages. These systems are regularly targeted by attacks aimed at causing disruption and delays in the Group's services and operations, as well as the loss, misuse, or theft of Company information, employee and third-party data, and other sensitive or proprietary information, including intellectual property rights. Additionally, external attempts may be made to persuade employees or suppliers to disclose sensitive or confidential information to gain access to data. If an external attempt to obtain the Group's data (including Shareholder and Company information) or intellectual property-related information (including digital content assets) is successful, or if it disrupts the Group's service or gains access to its systems or the systems of others used by the Group, this could damage the Group's operations, harm the Company's reputation, and may also result in the Company incurring high costs to address electronic breaches. It should be noted that the Company faced a cyber-threat in 2020G, which temporarily disrupted some of the Company's systems. The Company filed and collected an insurance claim amounting to SAR 12.7 million related to this threat (for further information on the Company's insurance policies, please refer to Table 159 of this Prospectus). Therefore, the breach of the Group's electronic systems, or that of others, or any unauthorized access or misuse of confidential information, will have a material negative impact on the Company's operations, financial performance, and future prospects

#### **2.1.46 Risks related with implementing financial reporting standards, preparation of consolidated financial statements and implementation of internal controls**

In compliance with the Saudi Organization for Certified Public Accountants (SOCPA) instructions, the Group has prepared its financial statements in accordance with the International Financial Reporting Standards (IFRS) adopted in the Kingdom of Saudi Arabia and other standards and circulars approved by SOCPA (for further information, please refer to Section 6 "Management Discussion and Financial Position and Results of Operations Analysis" of this Prospectus).

The Group relies on a set of software programs and applications to manage its operations. Therefore, if the Group fails to maintain and develop these programs and applications, or if they experience technical malfunctions, then the Group's business operations, financial results, and future prospects will be materially and adversely affected. The Group utilizes these software programs and applications (including, but not limited to, Oracle E-Business Suite, YASASII, and Microsoft Excel) in preparing the consolidated financial statements. Since these programs are not inherently comprehensive systems, their use may lead to human errors that could delay the issuance of the Group's financial statements.

Furthermore, since each Group subsidiary possesses its own distinct business activities, the classification of certain accounts related to the subsidiaries involves the Group management team's estimation for each case individually, which may result in variations in classifications among the Group's companies, and such reclassification between periods may impact the classification and presentation of the Group's financial results. Changes in the scope of subsidiary businesses and exposure of Group software and applications to technical malfunctions and accounting reclassification could affect the presentation of the Group's consolidated financial data and release schedules. Any delay in issuing the Group's financial statements according to the required timetable could subject the Company to fines or administrative actions imposed by the relevant authorities.

The Group's Audit Committee and Internal Audit Department periodically review its internal policies, procedures, controls, and systems used in preparing financial reports and related matters, and carry out necessary updates and modifications in accordance with applicable financial reporting standards and best practices associated with financial reporting preparation. However, the controls and procedures implemented by the Audit Committee and Internal Audit Department may not always be sufficient or effective in all circumstances. In the event of deficiencies in these procedures and controls, the operations, financial results, and future prospects of the Group could be materially and adversely affected.



## 2.2 Risks related to the Market, Industry and Regulatory Environment

### 2.2.1 Risks related to changes in the regulatory environment

The healthcare and pharmaceutical sectors are subject to laws and regulations in all regions where the Company conducts its business, including potential future expansions outside the Kingdom. These regulations encompass various aspects directly relevant to the Company's operations. They address issues such as professional ethics, facility and service licensing, license renewals, fee adjustments for non-Saudi staff, fixed pricing or pricing classification, healthcare service adequacy and quality, medical equipment and device standards, physician and administrative staff qualifications, confidentiality and security concerns, medical and patient records, emergency patient care protocols, health facility accreditation standards, medical insurance coverage limits, regulatory compliance, and changes in medicine pricing and dispensation mechanisms.

The Company is unable to predict changes in the regulatory environment within the countries it operates. The regulatory landscape may undergo multiple alterations, including changes in tax laws, more stringent antitrust regulations, modifications to fixed pricing, and corporate governance reforms. Non-compliance with applicable laws and regulations could result in penalties or fines imposed on the Company, which would significantly impact its business operations, financial performance, financial position, and future prospects.

Furthermore, the Company cannot anticipate the future decisions made by government authorities in the countries where it operates. Such decisions may have an impact on the Company's business, for example, the complete or partial closure of roads or streets leading to the Company's health facilities, negatively affecting customer visits. Several other events have the potential to decrease the profit margins of the Company's services and products including the imposition of mandatory pricing criteria for certain healthcare services provided by private health facilities, price changes mandated by regulatory and supervisory bodies for healthcare services, or reductions in medicine prices or profit margins. The occurrence of any of these risks would have a significant adverse impact on the Company's revenues, financial position, financial performance, and future prospects.

### 2.2.2 Risks related to competition

The Company operates in a highly competitive market and faces strong competition in all sectors in which the Group operates, including the healthcare sector in general, higher medical education, rehabilitation services, home and ambulatory care, medical support, and supporting commercial activities such as Fakeeh Optical (for further information, please refer to Section 3 "Market and Industry Information" of this Prospectus). Over the years, competition has intensified in all sectors, leading to a rise in the number of providers of such services, particularly healthcare providers in the Kingdom and outside and the Company cannot guarantee its ability to effectively compete in these sectors. In order to retain customers, the Company may resort to measures such as reducing prices for its services, which could negatively impact profitability. This would have a significant adverse effect on the Company's business, financial performance, and future prospects.

Furthermore, the Company may face increased competition from global healthcare companies that possess advanced capabilities and expertise, as they enter or plan to enter the Kingdom's healthcare sector. The Kingdom's Private Health Institutions Law allows foreign companies to take 100% ownership in the healthcare sector, opening the door for international competition. Additionally, healthcare facilities in Europe and America offering high-value, Complex services may attract citizens from the Kingdom and GCC states for medical tourism, posing further competition challenges.

Potential mergers among private healthcare facilities, as well as strategic alliances formed by competitors to gain a larger market share, could weaken the Company's position in the market. Moreover, if more government agencies establish their own healthcare facilities or transfer management to private sector hospitals, or if these facilities undergo privatization or restructuring in alignment with the Vision 2030, it could significantly reduce the private sector's share in the healthcare market. Such developments would have a material adverse effect on the Company's business, financial position, operational results, and future prospects.

### 2.2.3 Risks related to non-compliance with the Saudization requirements

All companies operating in the Kingdom must comply with Saudization requirements by employing a certain percentage of Saudi citizens which varies in accordance with their activities. As of 30 September 2023G, the Company had a total of 2,672 employees, with 68.71% of them being Saudi citizens. According to the Human Resources and Social Development Ministry certificate number 36874726-176293 dated 19/03/2023G, the Company had achieved the required Saudization levels. Additionally, according to the Nitaqat system, the Company falls within the Platinum category.

But, the Company may encounter penalties imposed by government authorities, such as visa application suspensions, sponsorship transfers to non-Saudi employees, and disqualification from government tenders and loans, due to Saudization requirements. Maintaining the mandated Saudization rate can prove challenging for the Company. Furthermore, the Company may face difficulties in hiring the required Saudi manpower or recruiting non-Saudi employees, physicians, and administrative staff for its existing and future health facilities, either on favorable terms. Recruiting a larger number of Saudi employees could result in a significant increase in salary costs. The occurrence of any of these situations will have an impact on the Company's business, financial position, results of operations, and future prospects.

For further information about the Company's and each of its core subsidiaries' Saudization rates and "Nitaqat" categories, please refer to Section 5.9 "Employees" of this Prospectus.

### 2.2.4 Risks related to the Kingdom and global economy

The performance of the Company is closely tied to the economic conditions of the Kingdom. Although efforts have been made to diversify income sources, the oil sector still remains a significant contributor to the Kingdom's GDP. Fluctuations in oil prices, particularly sharp declines, can have a direct impact on economic activity in the Kingdom, including the healthcare sector in which the Company operates. This can result in cost reductions by the Government, including healthcare service provisions, potentially leading to the cancellation or postponement of current and future contracts. Any changes in the economy, market, or political landscape in the future can have a negative effect on the overall economy of the Kingdom and, subsequently, on the Company's business, financial position, results of operations, and future prospects.

Furthermore, changes in factors or macroeconomic indicators within the Kingdom, such as economic growth, currency exchange rates, interest rates, inflation, wage levels, foreign investment volume, and global trade, can significantly impact the Company's business, financial position, results of operations, and future prospects.

### 2.2.5 Risks related to foreign exchange rates

Certain transactions of the Company are conducted in currencies other than the Saudi Riyal, primarily the US Dollar. Currently, the Saudi Riyal is pegged to the US Dollar at an exchange rate of SAR 3.75/USD 1, in line with the Kingdom's policy. However, there is no guarantee that the stability of the Saudi Riyal against the US Dollar will persist and any fluctuations or alterations in the value of the Saudi Riyal relative to foreign currencies, including the US Dollar, could result in increased costs. This, in turn, would have a significant adverse impact on the Company's business, financial performance, results of operations, and future prospects.

### 2.2.6 Risks related to adverse changes in interest rates

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

Additionally, the Company incurs higher interest rates, whether fixed or variable (known as SAIBOR in the Kingdom), paid to banks and other financiers. For further information about the financing costs incurred by the Company, please refer to Risk Factor 2.1.22 "Risks related to securing and maintaining required financing" and Section 6 "Management Discussion and Analysis of Financial Position and Operating Results" of this Prospectus.

These increased financing costs required by the Company to support its expansions will have a material adverse effect on its business, financial position, results of operations, and future prospects.

## 2.2.7 Risks related to adoption of VAT and its impact on the Company

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

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

## 2.2.8 Risks related to changes in the legal landscape applicable to the Company

The Group generally operates in regulated healthcare and pharmaceutical sectors which are subject to stringent laws and regulations in all regions where the Group conducts its business and in the other regions where the Group intends to expand its activities in the future. The laws and regulations affect several matters that are relevant to the Group's operations, including: (1) professional ethics and conduct; (2) licensing of facilities and services; (3) renewal of licenses; (4) changes in fees for non-Saudi staff; (5) fixed pricing for services or classification of service pricing according to specific bands; (6) adequacy and quality of healthcare services provided; (7) quality of medical equipment, devices and services; (8) qualifications of physicians and administrative staff; (9) issues related to confidentiality, maintenance and security; (10) issues related to medical and patient records; (11) examination of patients suffering from emergency conditions, to ensure their condition is stable and that such patients are shifted to intensive care and recovery units if necessary; (12) standards for the accreditation of health facilities; (13) the limits of medical insurance coverage; (14) regulatory compliance standards; and (15) changes to the pricing and dispensation mechanisms for medicines.

The Company is not in a position to anticipate changes in the regulatory environment in the Kingdom. Its regulatory environment may be subject to numerous changes, including, amongst other measures: changes in tax laws, the adoption of more stringent antitrust regulations, changes in fixed pricing, and corporate governance. If the Company fails to comply with some or all of the requirements incumbent on it pursuant to applicable laws and regulations, penalties or fines will be imposed on the Company, which will have a material adverse effect on the Company's business, results of operations, financial position and future prospects.

In addition, the Group is unable to predict the future decisions of government authorities, which may affect the Group's business, including, by way of example, government decisions to completely or partially close roads or streets on which the Group's health facilities are located, which will negatively affect customers' visits. Consequently, this will have a material adverse effect on the Group's business, results of operations, financial position and future prospects.

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

The occurrence of any of the above risks could have a material adverse effect on the Group's revenues, financial position, results of operations and future prospects.

### **2.2.9 Risks related to natural disasters**

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

### **2.2.10 Risks related to political, social and security instability in the Middle East region and their impact on the Company's operations**

Prospective investors should carefully evaluate the geopolitical risks prevalent in the Middle East, as they could significantly impact the Kingdom's economy, the Company, its clients, and operations. These risks have may potentially influence the willingness of foreign physicians and workers to seek employment in the region, consequently affecting the Company's business, financial position, results of operations, and future prospects.

### **2.2.11 Risks related to reliance on the insurance market**

The Company relies heavily on customers insured with private insurance companies operating in the Kingdom. Any risks or changes in the health insurance market could significantly impact the Company's business, financial position, and results. Economic conditions, both locally and internationally, can affect the financial performance of insurance companies operating in the Kingdom, which, in turn, may lead to negotiations for greater discounts or increased rejection of medical claims, whether justified or unjustified. Additionally, the Company's operations are also influenced by the CCHI's initiatives such as the introduction of the diagnosis-related group system and the primary health care initiative, which require increasing clinical efficiency and improving health care procedures and results. These factors collectively pose risks to the Company's business, financial position, results of operations, and future prospects.

### **2.2.12 Risks related to the increase in Government fees applicable to non-Saudi employees**

The Saudi government has implemented resolutions to reform the labor market, including imposing additional charges on non-Saudi employees and increasing fees for residence permits and renewals. These increased fees will impact the Company's expenses for non-Saudi employees and may result in higher prices for services provided to customers which could lead to difficulty in retaining non-Saudi employees. The Company will also incur additional financial liabilities due to government fees for residence permits. These factors pose risks to the Company's business, financial position, results of operations, and future prospects.

### **2.2.13 Risks related to change in the calculation mechanism of Zakat and tax**

The Zakat, Tax and Customs Authority (ZATCA) requires Saudi companies listed in Tadawul to calculate income and Zakat based on the nationality of shareholders and their actual ownership, replacing the previous practice where companies paid Zakat or tax based on their founders' ownership. The Company, being a closed joint-stock company owned by Saudi nationals, has not assessed the financial impact or taken necessary compliance steps. The Company's business, results, financial position, and future prospects may be adversely affected if there is a significant financial impact or additional costs to ensure compliance with the circular.

## 2.3 Risks related to the Offer Shares

### 2.3.1 Risks related to the effective control by the Selling Shareholders

Upon the completion of the Offering, the Selling Shareholders will possess 178,560,000 shares, representing 76.97% of the Company's total issued share capital. As a result, they will have significant influence over the Company's decision-making processes, including matters that require Shareholders' approval such as mergers and acquisitions, asset sales, the election of Board members, capital adjustments, the issuance or non-issuance of additional shares, dividend distributions, and any alterations to the Company's structure. In the event that conflicts of interest arise between the Selling Shareholders and other Shareholders, it could significantly and detrimentally affect the interests of the latter group, as well as their intended investment strategies within the Company. The Selling Shareholders may exert their control over the Company in a manner that could adversely affect the Company's business operations, financial standing, financial performance, and future prospects.

### 2.3.2 Risks related to the liquidity and the absence of a prior market for Shares

It is possible that there may not be an active and sustainable market for the Company's shares subsequent to the Offering. If a vibrant, continuous, and liquid stock market is not available, it could have an adverse impact on the trading price of the shares.

The Offer Price has been determined by considering various factors, including the Company's financial position, future prospects, market competition, and the evaluation of the Company's operational and financial performance. However, the trading liquidity and price of the Company's shares in the market can be significantly affected by factors beyond the Company's control among which: (i) fluctuations in financial results; (ii) general circumstances; (iii) overall economic conditions; (iv) the regulatory environment in which the Company operates; and (v) other external factors. As a result, the trading liquidity and price of the Company's shares may experience significant volatility due to these factors, which are beyond the Company's influence.

### 2.3.3 Risks related to fluctuations in the market price of the Shares

The Offer Price provided during the Offering may not accurately reflect the trading price of the Shares on Tadawul after the completion of the Offering. Subscribers may encounter difficulties reselling the Offer Shares at or above the Offer Price, or they may face challenges selling them altogether. The price of shares on Tadawul following the Offering can be influenced by various factors, including but not limited to:

- 1- Negative fluctuations in the Company's operational performance and improved performance by its competitors;
- 2- Actual or anticipated fluctuations in quarterly or annual operating results;
- 3- Research reports published by securities analysts regarding the Company, its competitors, or the health service sector;
- 4- Public reactions to press statements and other announcements made by the Company;
- 5- Unexpected actions taken by the Company or its competitors, contrary to analysts' expectations;
- 6- Resignation of key employees;
- 7- Important strategic decisions made by the Company or its competitors, as well as changes in business strategy;
- 8- Changes in the regulatory environment affecting the Company or the healthcare services sector.
- 9- Changes in accounting regulations and adopted policies;
- 10- Outbreaks of terrorist acts, wars, civil unrest, natural disasters, and other similar events; and
- 11- Shifts in general market conditions and overall economic conditions.

The occurrence of any of these risks or other factors can lead to a significant decrease in the share price on Tadawul. Like any market, the Saudi capital market is subject to price and supply volume fluctuations which may result in considerable volatility in share prices, diminishing the value of the shares and causing higher price volatility due to reduced share trading. Consequently, this can negatively impact the investments made by Subscribers in the Company's shares.

### 2.3.4 Risks related to research published about the Group

The Group is subject to risks related to the publications of research concerning its operations and activities which could impact its reputation, financial standing, and overall business. If, for example, securities or industry analysts do not publish research or publish inaccurate or unfavorable research about the Group and its business, the market price for the Shares may decline. The trading price and volume of the Shares will depend in part on the research that securities or industry analysts publish about the Group and its business. If research analysts do not establish and maintain adequate research coverage or if one or more of the analysts who covers the Group downgrades their recommendations on the Shares or publishes inaccurate or unfavorable research about the Group's business, the market price for the Shares could decline. In addition, if one or more research analysts cease coverage of the Group or fail to publish reports on it regularly, it could lose visibility in the financial markets, which, in turn, could cause the market price for the Shares to decline significantly.

### 2.3.5 Risks related to the Company's ability to distribute dividends

The Company declared dividends of SAR 22.6 million, SAR 35.0 million, and SAR 50.0 million for the Financial Years ended 31 December 2020G, 2021G, and 2022G, respectively. During the nine-month period ended 30 September 2023G, the Company distributed dividends of SAR 1.1 billion. As of 31 December 2022G, the Company provided a loan of SAR 1.3 billion to Fakeeh Academic Medical Center FZCO, which was fully repaid during the nine-month period ended 30 September 2023G. Consequently, special dividends of SAR 1.1 billion were issued to current Shareholders upon receipt of the due amount. These dividends are non-recurring in nature and are associated with the repayment received from Fakeeh Academic Medical Center FZCO.

The future distribution of dividends by the Company will be influenced by various factors, including but not limited to, forthcoming profits, financial position, cash flows, working capital requirements, capital expenditures, and available reserves. For further information on the Company's dividend policy, please refer to Section 7 "Dividend Distribution Policy" of this Prospectus. In certain instances, the Board of Directors may not recommend dividend distributions, and Shareholders may not approve them, or future financing agreements may impose restrictions on the distribution of dividends by the Company. If the Company decides not to distribute dividends to Shareholders, they will only realize a return on their investment in the shares by selling them at a price higher than the purchase price.

The Company cannot guarantee its ability to distribute dividends to Shareholders, nor can it ensure that dividend distributions will be recommended or approved by the Board of Directors or Shareholders. These circumstances could have a significant adverse impact on the anticipated revenues of Subscribers.

### 2.3.6 Risks related to Issuance of new Shares in the market after the Offering

In the event that the Company issues new shares to raise additional capital, it could potentially impact the share price on the Tadawul and lead to a decrease in the ownership percentage of existing Shareholders if they do not participate in the subscription of the newly issued shares. This would have a significant adverse effect on the anticipated revenues of those who subscribe to the shares.

Furthermore, if the Company opts to increase its capital through the issuance of new shares exclusively allocated to employees of the Company and its Subsidiaries, it could affect the share price on the Tadawul and result in a reduction of the ownership percentage for Selling Shareholders. This, in turn, would have a notable adverse impact on the expected revenues of the subscribing individuals.

## 3. MARKET AND INDUSTRY INFORMATION

### 3.1 Macro drivers impacting healthcare market growth

#### 3.1.1 Macro drivers impacting healthcare market growth

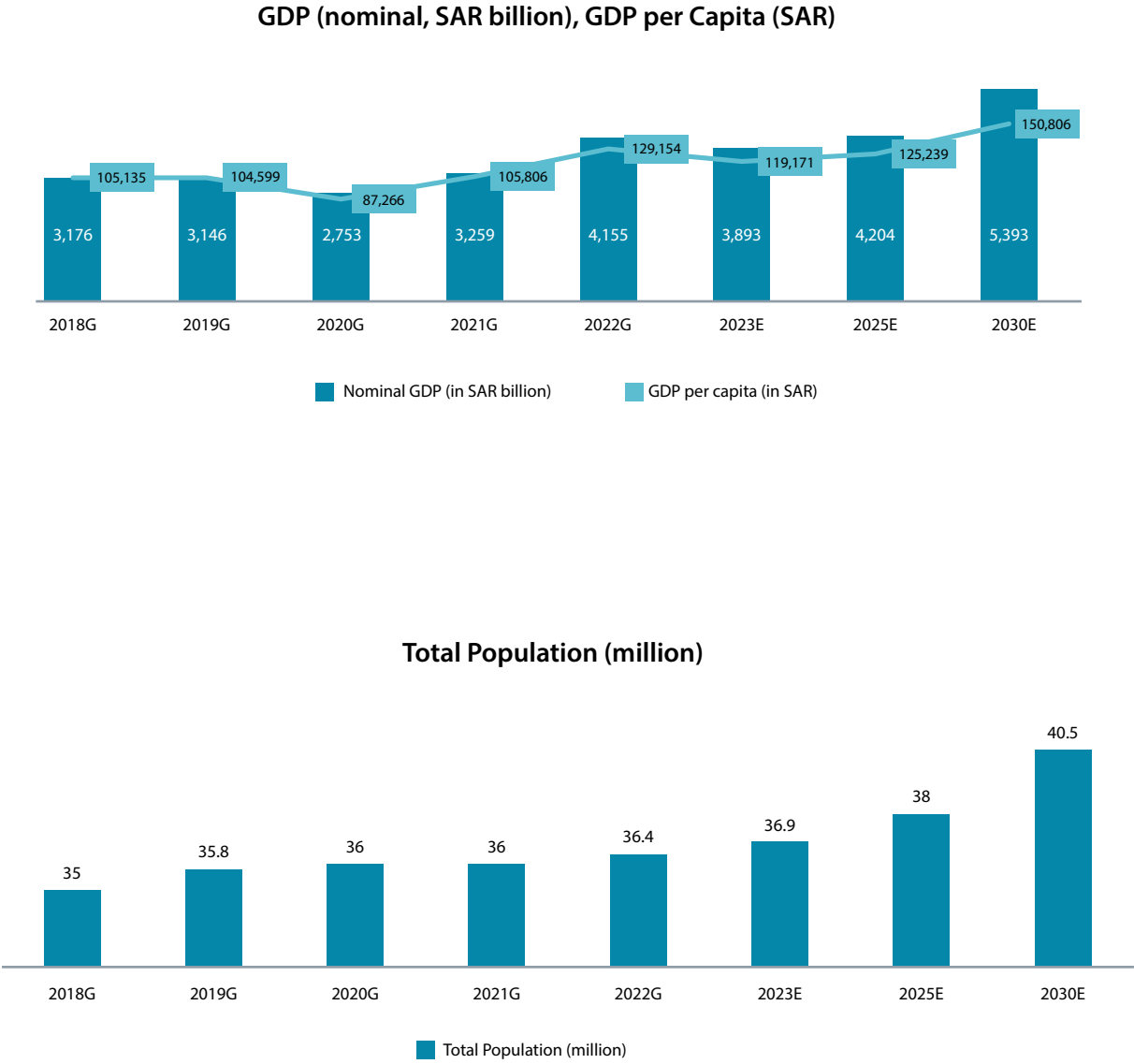
KSA, with its vast land area and substantial population, holds a distinctive advantage over other GCC countries. With a population reaching approx. 37 million people as of 2023G, making KSA one of the most prominent economies globally. The KSA's nominal GDP of SAR4.16 trillion was the highest among the GCC nations in 2022G. The nominal GDP of KSA has also recorded a noteworthy CAGR of 9.2% between 2017G and 2022G. The GDP per capita has increased from about SAR86,555 in 2017G to SAR129,154 in 2022G, at a significant CAGR of 8.3%, and is estimated to reach SAR150,806 by 2030G. This exceptional growth is a testament to the visionary leadership and strategic initiatives implemented by the government to diversify its economy to include other sectors in addition to the petrochemicals sector. Going forward it is predicted that KSA's GDP growth will stabilise at a CAGR of 4%-5% between 2023G and 2030G on account of the government's commitment to sustainable economic development and long-term prosperity.

Saudi Vision 2030 is currently being implemented as a strategy to reduce the dependence of the economy on petrochemicals. It has already paid dividends, with non-oil sectors having contributed to approx. 59% of GDP in 2022G.

In addition, the private sector has been playing a large part in the execution of pro-growth policies of the government, including privatisation through asset sales and implementation of other key policies favouring investments, such as the facilitation of foreign investments in securities by the Capital Market Authority (CMA). Moreover, several other initiatives are expected to increase the number of white-collar jobs in the country, such as increased focus on local manufacturing and more regional headquarters being set up in the country due to a new policy of not signing contracts with foreign companies which do not have a regional headquarters in the Kingdom as of 1 January 2024G.

The robust growth trajectory of KSA has attracted significant interest from investors, businesses and professionals seeking new opportunities in this dynamic market. The country's strategic location, ambitious Vision 2030 plans and efforts to enhance business-friendly policies have created an environment ripe for innovation and investment. Further, this strong economic growth is expected to result in a population spurt in the country.

**Figure (2): GDP (nominal, SAR billion), GDP per capita (SAR); and total population (million), split by age groups (2018G-2030G)**



Sources: Oxford Economics, JLL Healthcare Analysis  
 Sources: General Authority of Statistics, Oxford Economics, JLL Healthcare Analysis

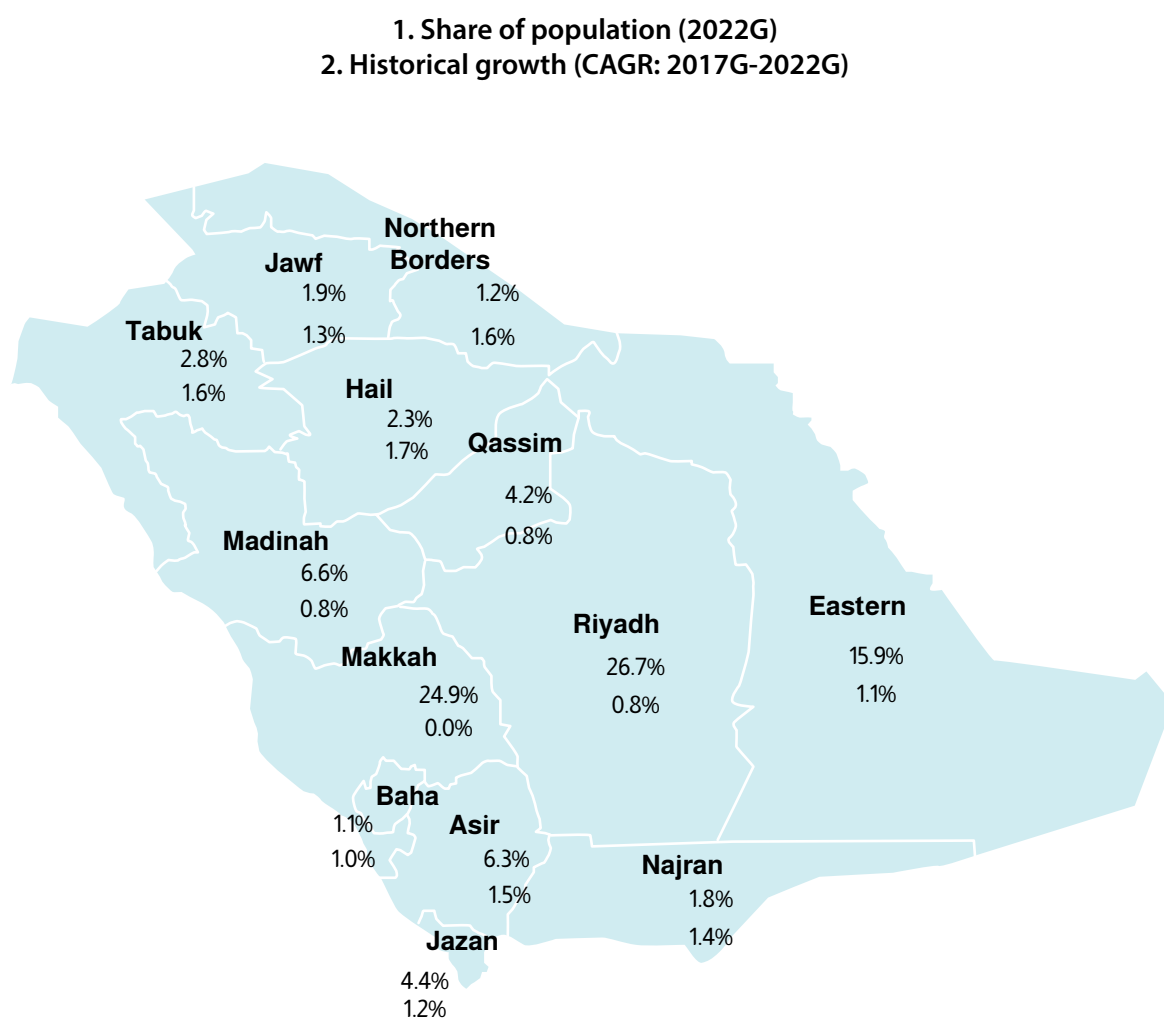


### 3.1.2 Demographic drivers impacting healthcare market growth

The population of the KSA is expected to grow at a CAGR of 1.3% from 2022G to 2030G and reach approx. 40 million due to the ongoing initiatives of the government. As of 2022G, expatriates accounted for 42% of the total population of the Kingdom. The high birth rate supported by overall economic growth is contributing to the increased population base of the country. As of 2021G, the crude birth rate (CBR) in the KSA was 17.5 per 1,000 population, compared to other developed economies such as the U.S. and the U.K., where it was 11 and 10.1 per 1,000 population, respectively.

The population is unequally distributed geographically, with 74% of the Kingdom’s population being located in four provinces, namely Riyadh, Makkah (including Jeddah), Madinah and the Eastern Region. These regions are expected to witness higher demand for healthcare services. Although provinces such as Hail, Tabuk and the Northern Borders have shown a higher growth rate in population, these regions contribute comparatively less to the country’s total population.

**Figure (3): Share of population by provinces (2022G) and historical growth rate (2017G-2022G)**



Sources: Saudi Census, General Authority of Statistics, JLL Healthcare Analysis

Note 1: In 1992, the “Regions System” (Provinces) was issued with the aim of improving administrative and developmental standards in the provinces through local authorities. The system divides the Kingdom into 13 administrative regions. As for the provision of healthcare services, the Kingdom is geographically divided into 20 health clusters. A health cluster is an integrated and interconnected network of healthcare service providers operating under a single administrative structure aimed at facilitating beneficiaries’ access to healthcare services and referring them to appropriate healthcare services based on their health condition.

Note 2: The markets where Fakeeh Care Group (GCG) operates account for approx. 58% of overall KSA population (Riyadh, Makkah, Madinah, Jeddah).

With the introduction of several mega-infrastructure and development projects, such as NEOM, MiSK City, ROSHN, etc., the country is poised to experience substantial population growth. The International Monetary Fund (IMF) forecasts that investments, mainly from the implementation of gigaprojects, will continue to support strong non-oil GDP growth in the country. The development of large-scale projects will also bring economic prosperity to the nation. As businesses flourish and employment opportunities multiply, there will be a surge in disposable income among individuals residing in these areas. Consequently, this increased affluence will drive up demand for enhanced social services, including healthcare. While the government's initiatives to bring the healthcare infrastructure at par with developed countries and make it more specialised and personalised care will boost inbound medical tourism, a robust project pipeline focused on establishing new townships, sports and entertainment will attract white-collar expats into the country.

Given the country's heavy reliance on an expat workforce, as of now, the country's population is heavily skewed towards young segment (aged 15-44 years). However, in the upcoming years, a rise in the ageing population has been estimated (the population aged 45 years and above is estimated to increase from 25% in 2022G to 35% in 2030G). With a growing and ageing population, the disease burden of the country is also likely to increase.

### 3.1.3 Disease drivers further aiding in the healthcare market growth in the KSA

Key risk factors of disease burden include sedentary lifestyles with unhealthy eating habits, resulting in a high prevalence of obesity in both males and females. This, in turn, results in a high incidence of NCDs, which is evident in the leading causes of death and high incidence of diabetes. The prevalence of diabetes (17.7% as of 2021G) has shown a drastic increase in recent years, turning into a potential epidemic in the KSA. As of 2021G, the KSA has the second-highest prevalence of diabetes and obesity after Kuwait and the third-highest prevalence of NCDs after Bahrain and Oman among GCC countries.

**Table (9): Selected healthcare indicators**

Country	Diabetes National Prevalence (20-79 years), 2021G	Prevalence of Obesity in Adults, 2023G
KSA	17.7%	35.4%
UAE	12.3%	31.7%
Bahrain	9.0%	29.8%
Kuwait	25.5%	37.9%
Qatar	16.4%	35.1%
Oman	11.8%	27.0%
U.S.	13.6%	36.2%
U.K.	8.2%	27.8%

Sources: International Diabetes Federation (IDF) Diabetes Atlas, World Population Review

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

Obesity prevalence: Body mass index  $\geq 30\text{kg/m}^2$ .

**Table (10): General healthcare indicators (2019G)**

Leading Causes of Death by Category (% of Total Deaths, All Ages and Both Sexes, 2019G)			
Country	Communicable, maternal, perinatal and nutritional conditions	Noncommunicable diseases	Injuries
KSA	7.1%	73.4%	19.5%
UAE	7.0%	71.6%	21.3%
Bahrain	5.6%	84.4%	10.0%
Kuwait	8.6%	73.0%	18.4%
Qatar	5.7%	72.0%	22.3%
Oman	9.8%	78.5%	11.7%
U.S.	5.7%	88.0%	6.3%
U.K.	8.1%	88.5%	3.4%

Source: World Health Organization Global Health Estimates: Leading Causes of Death

Cardiovascular diseases (CVDs), such as ischemic heart disease (IHD) and strokes, are the leading causes of NCD-related deaths, which accounted for 47% of the total deaths as of 2022G. The increase in the geriatric population (i.e., the population above 65 years, which is expected to rise from 3% in 2022G to 6% in 2030G) is leading to a high prevalence of oncology cases, with the incidence of new cancer cases being 884 per 1 million population as of 2020G.

Due to the high rates of consanguineous marriage, genetic diseases and lack of maternal folic acid supplementation, congenital birth defects are also common among children in the country, with most common birth defects being cardiac, genitourinary, craniofacial and nervous system defects. Additionally, high injury rates due to road traffic accidents are another key demand driver for the KSA's healthcare sector, leading to considerable demand for tertiary care services, including trauma facilities and emergency care in the country.

Mental health diseases are also adding to the disease burden, with about 14,239 prevalent cases per 100,000 population as of 2019G. Saudi National Mental Health Survey (SNMHS), conducted in 2020G, found that only 5% of mental health patients have visited a psychiatrist or psychologist. This study also confirms that the number of young depressive patients approaching the primary health care centers in the KSA for supportive care and treatment has enormously increased; still, mental health spending is low, and research activities are limited. This is leading to a high unmet need for outpatient- and inpatient-based services for mental health.

The country has seen significant improvements across various healthcare indicators; however, some key indicators, such as infant mortality rates (IMR) and life expectancy at birth, remain better in other developed countries.

**Table (11): General health indicators (2021G)**

Parameter	KSA	UAE	Bahrain	Kuwait	Qatar	Oman	U.S.	U.K.
Infant mortality rate per 1,000 live births	6.0	5.4	5.9	7.5	4.5	8.7	5.4	3.7
Crude death rate per 1,000 of population	2.9	1.9	2.5	2.9	1.3	3.8	10.4	9.7
Life expectancy at birth (in years)	76.9	78.7	78.8	78.7	79.2	72.5	76.3	80.7

Source: World Bank

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

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

Overall, the rise in the ageing population, improved life expectancy, high prevalence of NCDs and other factors have led to an increase in the disease burden, further driving the requirement for infrastructure and healthcare facilities focused on preventive as well as therapeutic healthcare services in the Kingdom. Moreover, in order to accommodate the increasing demand for specialised primary healthcare services such as cardiology, neurology, orthopaedic surgery, oncology and gastrointestinal diseases, the establishment of centers of excellence (COEs) is necessary. The government is working on addressing the increasing disease burden in the Kingdom through several transformation initiatives.

### 3.1.4 Government transformation initiatives

The Saudi Vision 2030 includes the Health Sector Transformation Program, which in turn includes designing a detailed national strategy for the healthcare sector aimed at achieving a number of objectives of the National Transformation Program (NTP) and implementing sustainable reforms to enhance spending efficiency.

The programme's efforts to transform the health sector are built on four strategic cornerstones with several key focus areas.

**Figure (4): Strategic objectives of the Health Sector Transformation Program, KSA**



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

Some of the key objectives of this programme are:

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

**Table (12): Key areas of Health Sector Transformation Program, KSA**

Key Focus Areas
• Preparedness to respond to health risks by strengthening health security
• Quality of care through effective strategy and governance
• Healthcare financing and resource allocation to ensure optimal value
• Health benefits based on real beneficiary needs
• Executive system for the provision of integrated healthcare services
• Competent, distinguished and adequate health workforce
• Healthcare innovation
• Healthcare system built on value
• Health inclusion across all policies
• Reducing deaths and injuries caused by traffic accidents

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

The implementation is being done through the following strategic reform initiatives designed to achieve the target conditions:

- 1- Health sector governance initiative
- 2- Modern care model initiative (cluster strategy)
- 3- Institutional transformation of healthcare facilities initiative
- 4- National health insurance and new financing models initiative
- 5- E-health initiative
- 6- Workforce initiative
- 7- Private sector participation initiative

In line with the government's vision to revamp the healthcare sector, a strategic framework has been laid down by the MOH to encourage private sector investment in the Saudi healthcare system. To facilitate the process, the Private Sector Participation (PSP) Law was approved by the government in March 2021G. The Saudi healthcare system is expected to benefit hugely from this collaboration, as private companies often bring better technologies, structured healthcare delivery systems and innovative digital solutions to the market.

As part of this initiative, nine key areas for private sector engagement in delivering health services in the Kingdom have been identified.

**Table (13): Key focus areas of private sector participation initiative**

Key Focus Areas				
1- Rehabilitation	2- Long-term care	3- Home care	4- Pharmacy	5- Extended care
6- Primary healthcare	7- Radiology	8- Laboratory services	9- Service launches for hospital and medical cities	

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

Currently, three PPP projects are in the tender stage in the second health cluster of Riyadh and the first health cluster in the Eastern Region for extended care, medical rehabilitation and home care services for both regions. The projects are as follows:

- 1- Long-term care (LTC) and skilled nursing home (SNH) project: The project includes designing, building, financing, operating (clinical and nonclinical) and maintaining (DBFOM) 200 beds for the LTC facility and 100 beds for SNH (for each health region).
- 2- Medical rehabilitation hospital: The project includes designing, building, financing, operating (clinical and nonclinical) and maintaining (DBFOM) 150 beds and 120,000 outpatient rehabilitation sessions annually (for each health region).
- 3- Home healthcare (HHC): Clinical operation and maintenance of 5,000 active patients (for each health region).

Furthermore, around 14 projects are in the pipeline, as mentioned below:

#### Under the supervision of Ministry of Health (MOH):

- Al Yamama Women and Children Hospital
- Al Masadiyah Women and Children Hospital
- Al Ahsa Women and Children Hospital
- Al Iman Hospital staff accommodation
- Rehabilitation hospitals
- Long-term care and skilled nursing homes
- Primary health centers: Building, refurbishing, operating (nonclinical) and maintaining 150 primary healthcare centers across multiple health clusters in Qassim, Hail, Madinah regions
- Primary health centers: Building, refurbishing, operating (nonclinical) and maintaining 74 primary healthcare centers across multiple health clusters in Riyadh and the Eastern and Western regions
- Medical laboratories
- Home healthcare
- Virtual care
- Dialysis services
- Telemedicine network
- Digital blueprint

**Under the supervision of the Ministry of Education (MOE):**

- Imam Abdulrahman Bin Faisal University Hospital
- Jazan University Hospital
- Umm Alqura University Hospital
- Tabuk University Hospital
- King Khalid University Hospital in Abha

**The Ministry of Defence:**

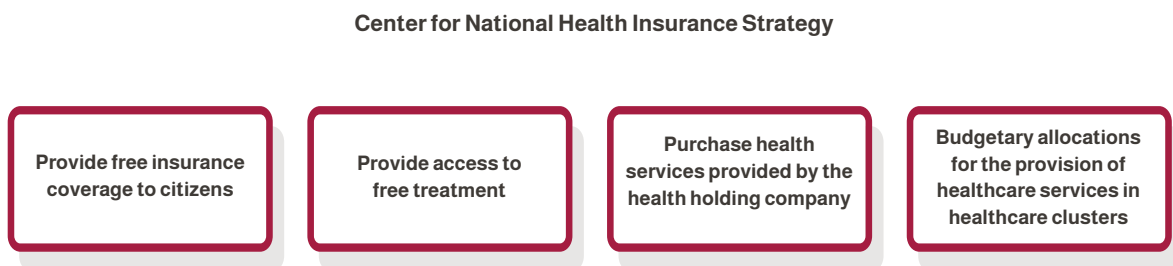
- Long-term care center in Riyadh: Equipping, operating, maintaining and providing medical and nonmedical services for a long-term care center in King Abdullah district
- Overall, the government’s intense focus on developing and restructuring the healthcare sector has opened many avenues for multiple investment opportunities from the private sector.

**3.1.5 Insurance penetration**

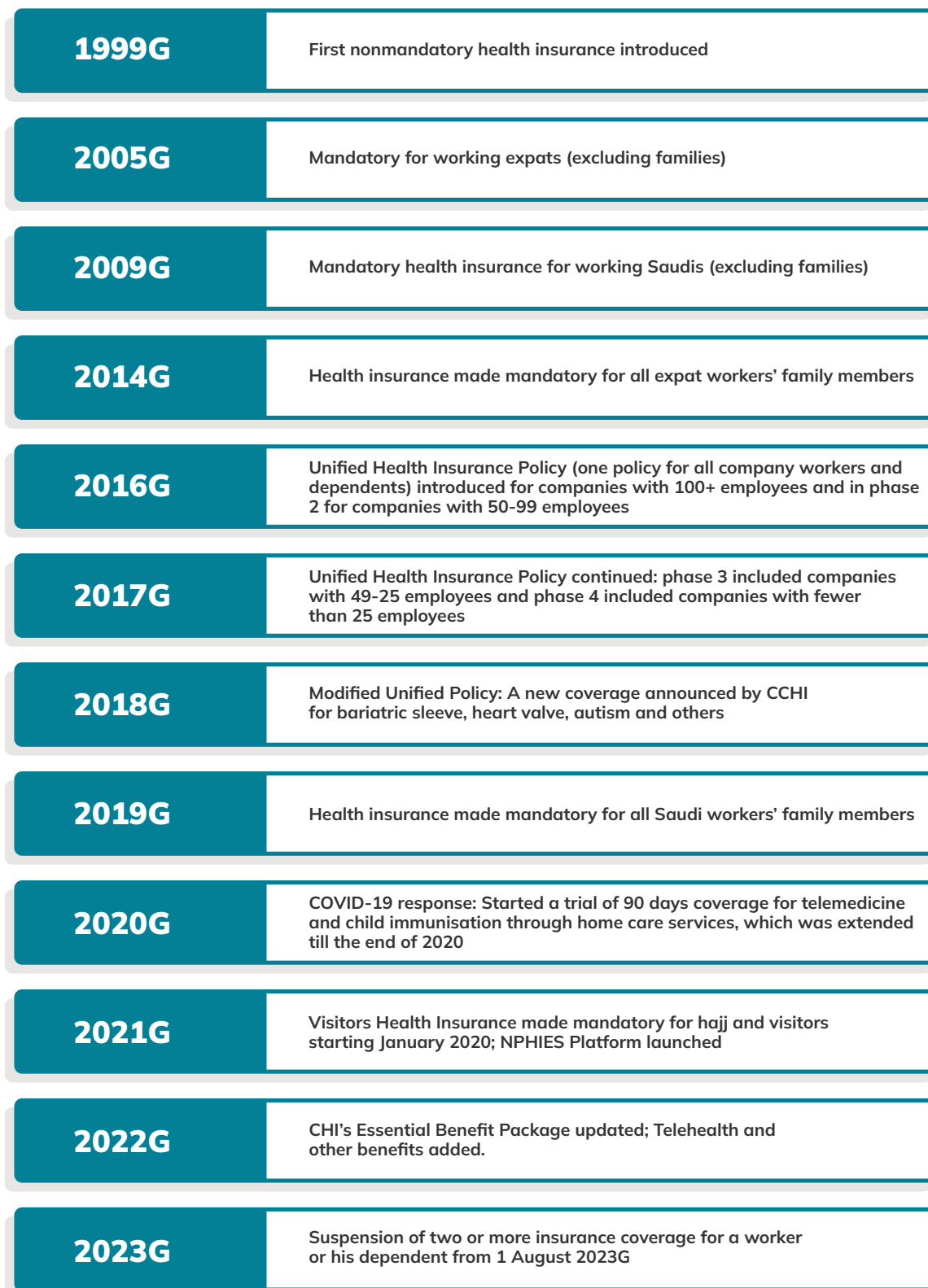
As part of Vision 2030 and the NTP, the KSA government is committed to making a significant transformation in the reimbursement system for better utilisation of health services. It has set up the Program for Health Assurance and Purchasing (PHAP) for the convenience of public health providers. In 2021G, the National Platform for Health and Insurance Exchange Services (NPHIES) was launched to connect all stakeholders in the sector, and in 2022G, the MOH mandated the inclusion of primary healthcare, telemedicine and other modifications in the healthcare insurance coverage by both private and government organisations.

Recently, all healthcare services were moved into the National Health Holding Company and the National Center for Health Insurance was launched. The decision was made to improve the overall performance of the Saudi healthcare system, in which the MOH will focus on regulating and supervising all public and private health institutions. While the Health Holding Company will provide integrated healthcare services to beneficiaries all around the KSA via its local health cluster subsidiaries, the PHAP will become the new payer for healthcare services in the MOH, and the program will, in turn, play a role similar to that of the National Health Insurance Center.

**Figure (5): Key objectives of the National Health Insurance Strategy**



Sources: CHI, MOH, JLL Healthcare Analysis

**Figure (6): Timeline of mandatory health insurance**

Source: JLL Healthcare Research

Private health insurance, since its first introduction in 1999G, has undergone many revisions. Today, it provides coverage for all expat and national workers and their dependents in the Kingdom. Without adequate insurance coverage, residency is not being renewed for expats. The expansion of mandatory insurance coverage will reduce out-of-pocket expenditure and enhance the utilisation of healthcare services. Additionally, the government has firmed up regulations for private insurers through the Council of Health Insurance (CHI). The health insurance market is consolidated, with Bupa and Tawuniya having the largest share (42% as of 2020G) of the total subscribers to private insurance. Due to the concentrated market, it is crucial for providers to have a strong relationship with the key insurance companies.

The insurance sector witnessed an overall growth of 7.9% between 2017G and 2022G, with total gross written premiums (GWP) reaching SAR53.4 billion in 2022G, indicating significant development in the sector. Health insurance remained one of the largest segments, with its contribution to the total GWP in 2022G reaching approx. 60%. The underwritten premium grew at a CAGR of 10.8% from 2017G to SAR31.8 million in 2022G. In the last three years, the number of insured people has grown at a CAGR of 6.4%. As of 2023G, approx. 32% of the total population is covered under health insurance. Most of the public sector undertakings (PSUs), like Aramco and the National Guard, are also part of insurance programmes that cover both employees and their dependents. The CHI targets to cover 21.7 million people by 2030G (approx. 54% of the population).

The parts of the country extensively covered by private health insurance are Riyadh, Makkah (including Jeddah), and the Eastern Region. The high concentration of private companies and expats in these regions is responsible for driving the growth of the insurance sector there.

### 3.1.6 Availability of doctors and nurses

The KSA has seen steady growth in the health workforce. However, the density of nurses is lower than that in developed economies, such as the U.S. and the U.K.

**Table (14): Healthcare manpower density per 1,000 population (2021G)**

Parameter	KSA	U.S.	U.K.
Physicians	3.40	2.67	3.18
Nurses	5.60	11.98	8.68

Sources: OECD, KSA, MOH Statistical Yearbook

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

**Table (15): Availability of physicians in key tertiary care specialities per 1,000 population (2021G)**

Speciality	KSA	U.S.
Cardiac Sciences	0.05	0.91
Orthopaedics	0.07	0.60
Neurology	0.03	0.67
Oncology	0.01	0.70

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

Note: The comparative data for the U.K. is not available.

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



Medical education institutes have been growing in the KSA and thus catering for the increasing demand for physicians, nurses and allied healthcare professionals. Currently, the KSA has around 30 medical colleges. Key healthcare groups like Fakeeh Care Group and Ibn Sina Group expanded their service portfolio into medical education to ensure an adequate supply of healthcare manpower. The healthcare system, both public and private, needs to invest more in manpower to mitigate the shortage of skilled healthcare professionals.

## 3.2 KSA Healthcare Market Size

### 3.2.1 Healthcare market size and growth

The KSA health expenditure as a percentage of GDP has increased from 4.5% in 2013G to 5.5% in 2018G. For the fiscal year 2023G, the KSA government announced the allocation of SAR189 billion for the health and social development sector. The allocated share for health and social development has thus increased from 13% of total government expenditure in 2017G to 17% in 2023G. However, compared to developed countries, there is still a gap; the U.S. spent about 18.8% of GDP on healthcare in 2020G, and the U.K. spent about 11.9% of GDP on healthcare in 2021G.

Domestic general government health expenditure amounted to approx. 70% of the total in KSA in 2019G, indicating a significant role of government spending in the domestic healthcare of the country. As per the transformation vision, the government is working on various initiatives to reduce public sector expenditure and is moving towards increasing private sector participation. Efforts of the KSA government and private sector growth are expected to continue and to drive the growth of the healthcare market going forward. The public sector expenditure is expected to increase from SAR151 billion in 2022G to SAR210 billion by 2030. Similarly, the private sector expenditure is expected to increase from SAR68 billion in 2022G to an estimated SAR113 billion by 2030G. Overall, it is estimated that both the public and private sector markets will grow to reach a total market size of SAR324 billion by 2030G.

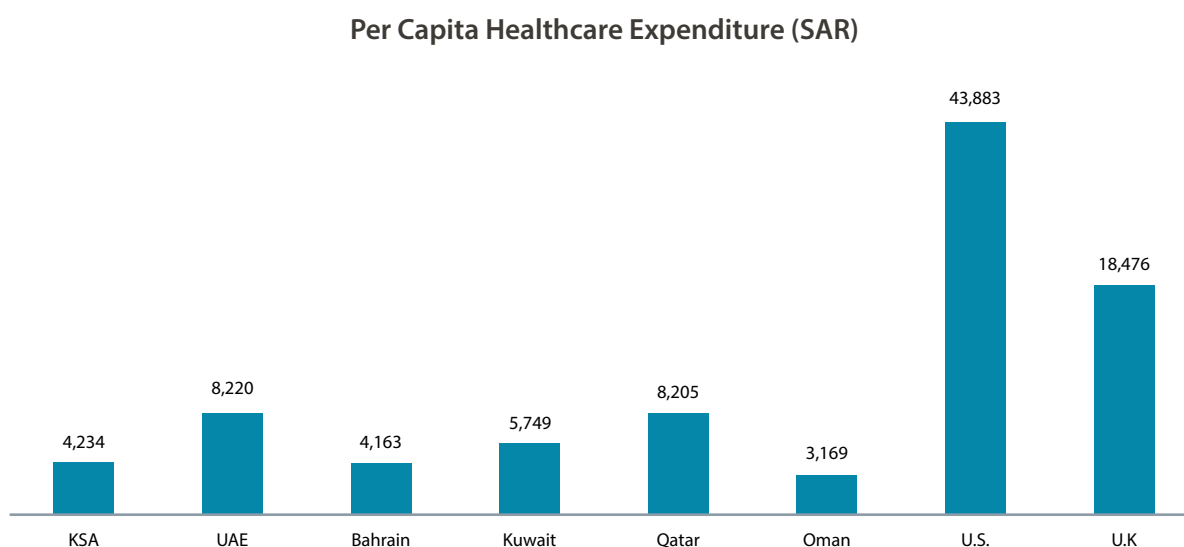
**Table (16): Total healthcare expenditure in the KSA (SAR in billions) as a percentage of GDP and per capita (2016G-2030E)**

Parameter	2016G	2018G	2020G	2021G	2022G	2023E	2025E	2030E
Total current expenditure on healthcare (SAR in billions)	160.5	175.8	152.5	180.3	218.9	208.3	232.6	323.5
Healthcare expenditure as % of GDP (nominal)	6.4%	5.5%	5.5%	5.5%	5.3%	5.4%	5.5%	6.0%
Per capita healthcare expenditure (SAR)	4,808	5,022	4,233	5,858	6,803	6,380	6,927	9,048

Sources: World Bank, JLL Healthcare Analysis

Note: The decrease in healthcare expenditure during 2020G was due to a lesser number of regular patient visits and admissions during the COVID-19 pandemic.

Although the KSA's per capita spending on healthcare had increased from SAR4,808 in 2016G to SAR6,803 in 2022G, it is significantly lower than that of the U.S. and the U.K. This indicates high growth opportunities in the healthcare sector of the Kingdom.

**Figure (7): Current healthcare expenditure per capita in SAR (2020G)**

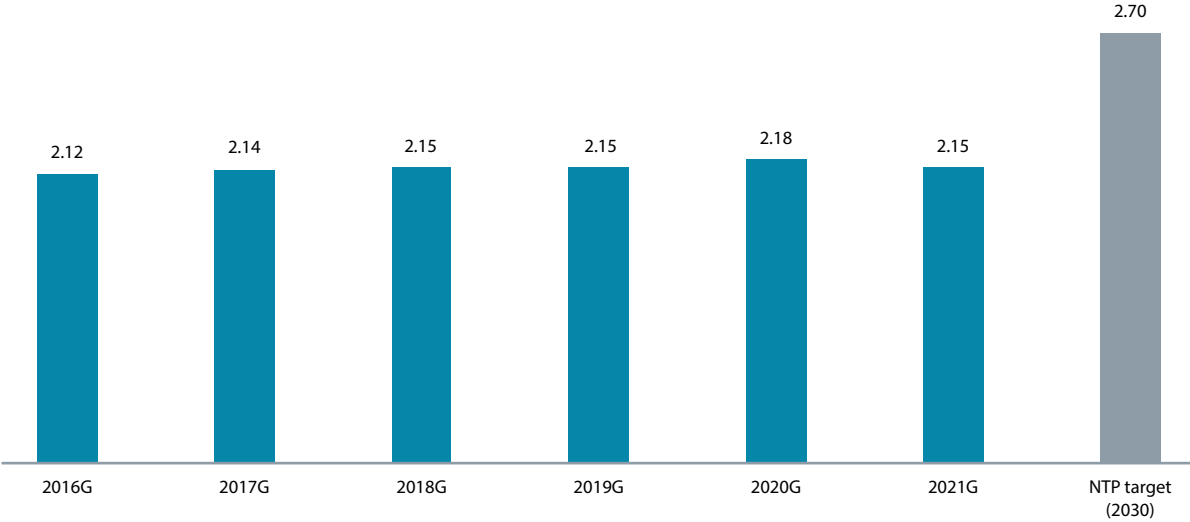
Sources: World Bank, JLL Healthcare Analysis

Note: The data provided is as per the latest available statistics for comparable countries, i.e., for 2020G. Although JLL has estimated per capita healthcare expenditure for KSA till 2030G, 2020G data has been provided here for comparison.

### 3.2.2 Availability of primary care centers and hospital beds

In 2021G, the KSA had approx. 3,800 primary care clinics (medical Complexes and single-doctor private clinics) in the private sector. The clinics have grown at a CAGR of 8.3% since 2018G, indicating an increasing role of primary care infrastructure in healthcare delivery services. Additionally, according to 2021G statistics, 497 hospitals are operational in both the public and private sectors, of which the public sector owns 68%. The public and private hospitals accounted for 77,224 hospital beds, i.e., 2.15 beds per 1,000 population. Compared to previous years, a slight downward trend was noted in hospital bed density per 1,000 population. Moreover, the number stood lower than that of some of the GCC countries and that of developed nations such as the U.S. and the U.K., implying that the hospital infrastructure addition was not at par with the increasing healthcare needs of the population.

**Figure (8): Hospital bed density in the KSA per 1,000 population (2016G-2021G) and NTP target (2030G)**



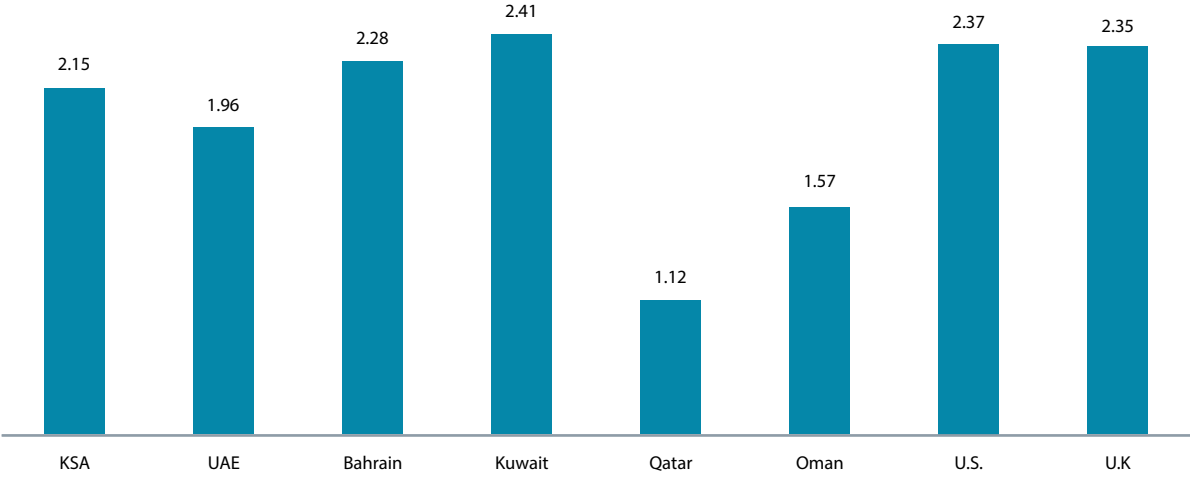
Sources: Ministry of Health, Oxford Economics, JLL Healthcare Analysis

Note 1: The hospital beds per 1,000 population as per MOH report is 2.26 as of 2021G. This variation in bed density provided by JLL is due to the use of population statistics from Oxford Economics.

Note 2: This report refers to both the MOH and other governmental sectors as the public sector.

**Figure (9): Comparison of hospital bed density per 1,000 population (latest available)**

**Per Capita Healthcare Expenditure (SAR)**



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

Key regions like Riyadh and Jeddah are healthcare hubs and cater for a wider segment of patients coming in from other parts of the KSA as well as the rest of the GCC. Therefore, the NTP has set a target of 2.70 beds per 1,000 population by 2030G to meet the increasing healthcare demands in the future; this would require 32,000+ additional beds in the Kingdom.

Although the KSA's bed density is higher than that of comparable countries, the country lacks adequate specialised and dedicated beds for tertiary care specialities such as cardiac sciences, neurosciences, oncology, long-term care, and rehabilitation. In 2021G, the percentage of beds allocated to intensive care in the private sector did not exceed 18% of the total intensive care beds in the Kingdom, which in turn constituted about 14% of the total hospital beds in the Kingdom. This implies that the private sector's participation needs to be increased in order to upgrade the existing infrastructure to specialised care, along with the establishment of various COEs.

To augment services and raise standards of care, the KSA government has been encouraging regional and internationally renowned healthcare institutions to set up newer formats of healthcare delivery, such as one-day surgery centers, short-stay facilities, trauma care, LTC and rehabilitation facilities, and home care. Key healthcare groups in the Kingdom have also expanded into new verticals to increase healthcare service delivery across various stages of patient care. For instance, Fakeeh Care Group has established several healthcare facilities, in addition to offering integrated healthcare services such as home healthcare, emergency medical services, medical supplies, and pharmaceuticals (through Dr. Mazen Fakeeh Complementary Healthcare Company, FCHCO); optical services (through Fakeeh Vision); and healthcare technology (through Fakeeh Tech).

### 3.2.3 Current healthcare service provision

The Central and Western regions have comprised the majority share (approx. 68%) of the country's total private hospital beds as of 2021G; this share has increased from approx. 63% in 2018G.

Private sector participation and privatisation efforts are ongoing and have shown a higher growth when compared to the public sector, with many pilot projects in Riyadh in the Central Region. In the Western Region, few private hospitals were closed in key regions such as Jeddah due to the demolition in some areas. This has resulted in negative growth in the private sector, but with rapid redevelopment efforts, the growth outlook is positive, and the Western Region is expected to be on a growth trajectory in future.

**Table (17): Availability of hospital beds in the KSA by key regions (2021G), share out of total (2021G) and historical growth rate (2018G-2021G)**

Parameter	Central Region	Western Region	Other, KSA
<b>Public sector hospital beds (2021G)</b>	<b>17,537</b>	<b>15,803</b>	<b>25,995</b>
Share out of total public sector hospital beds (2021G)	29.6%	26.6%	43.8%
Historical growth rate (2018G-2021G)	2.0%	1.6%	1.7%
<b>Private sector hospital beds (2021G)</b>	<b>6,682</b>	<b>5,464</b>	<b>5,743</b>
Share out of total private sector hospital beds (2021G)	37.4%	30.5%	32.1%
Historical growth rate (2018G-2021G)	3.1%	(2.0%)	(6.3%*)

Sources: Ministry of Health, JLL Healthcare Analysis

Note: The public sector includes MOH and other governmental sectors.

\*The decline in "other" KSA private sector growth is mainly due to the decline of beds in the Eastern Region.

For the sake of this report, the Central Region has been defined to include Riyadh, and the Western Region to include Jeddah, Makkah and Madinah.

Key cities of Riyadh and Jeddah, in the Central and Western regions, respectively, are the healthcare hubs of the country. A large number of public sector hospitals are present in these regions. Furthermore, key private hospitals such as Dr. Soliman Fakeeh Hospital, Dr. Sulaiman Al-Habib Hospital, Al Hammadi Hospital, National Medical Care Hospital in Riyadh, International Medical Center, and Jeddah National Hospital are driving the growth of the private healthcare market. The KSA's healthcare market is increasingly being dominated by large healthcare groups which are present across various formats; the large hospital groups own 6,100+ beds, which is approx. 41% of the share of the 2023G estimated beds in the Western and Central regions. This indicates that the fragmentation in the market is gradually reducing.

Fakeeh Care Group is well positioned across existing as well as emerging catchments. The group has existing multispeciality hospitals in key healthcare hubs of the KSA (400-bed hospital in Jeddah and 185-bed hospital in Riyadh). For example, the group has many upcoming projects, such as a 150-bed and another 200-bed multispeciality hospital, which are expected to be operational in 2027G and 2028G, respectively. Additionally, the group is planning to establish two 200-bed hospitals in the cities of Makkah and Madinah; the Madinah hospital is expected to be operational in 2024G, whereas the other hospital is expected to be operational in 2027G. Moreover, the group is planning to establish medical centers in Jeddah and Makkah and add 10 accredited programmes to the Fakeeh College of Medical Sciences in Jeddah. This upcoming addition will help Fakeeh Care Group become the largest healthcare provider in the Western Region, with more than 1,400 beds, and an approx. 16% share of private sector beds.

The existing location of Dr. Soliman Fakeeh Hospital is located in central Jeddah, and it is well connected to the rest of the densely populated areas of the city, with an upcoming surgical tower and extended care facilities being planned to be adjacent to the existing hospital on the same street. Obhur Hospital is in north Jeddah and is strategically located in the catchment area of the upcoming mega projects such as ROSHN MARAFY development and Al Arous community. The population in this area is expected to grow significantly once these developments are complete.

The upcoming hospital of The Group in Makkah is next to the densely populated Al Nozha and Al Zahra neighbourhoods. Similarly, the upcoming supply of Fakeeh Care Group is in one of the densely populated areas of Madinah city and is well connected to the other densely populated areas, as well as to the major upcoming megaprojects like Rua Al Madinah development, which is in the heart of the city.

The location of Dr. Soliman Fakeeh Hospital in Riyadh is in close proximity to the upcoming mega-scale projects such as The New Murabba, Avenue Mall, Al Widyah, etc. The population in north and northeast Riyadh is expected to rise once these projects are implemented.

Moreover, other key groups are on a growth trajectory. For instance, Dr. Sulaiman Al-Habib has seven upcoming hospitals in these regions, with 1,600+ upcoming beds, along with three medical centers in Riyadh. As for the Middle East Healthcare Company (MEAHCO), it has four upcoming hospitals with approx. 475 beds. This trend is expected to positively impact the healthcare market of the Central and Western regions.

Key players have adopted multidimensional growth strategies, including unique multibrand profiles as well as multisegment presence to have the widest coverage. Moreover, the players are realigning healthcare delivery towards newer formats to augment services and raise standards of care across various stages of patient care. Due to lower capital requirements and quick return on investment, same-day surgery and short-stay centers are witnessing growth in the region. In general, large hospitals cater for a wider range of specialities and are developing key specialities such as "super specialities" or "centers of excellence" to differentiate offerings from general hospitals. Such hospitals with a speciality focus are witnessing growth in the market. In the Western Region, Fakeeh Care Group emerges as a key provider of tertiary care services, with approx. 25% of the total beds being dedicated to critical care. Another example is the Mouwasat Medical Services Company, which has 25% of its total beds dedicated to critical care with a presence mainly in the Central and Eastern regions.

Rather than remaining healthcare groups only, the established and successful groups are becoming healthcare systems. For instance, Fakeeh Care Group has a well-developed network of medical centers acting as spokes to the hub hospital in Jeddah. Moreover, NEOM has recently entrusted Fakeeh Care Group with the health of its community. Additionally, an increasingly ageing population and an increased prevalence of chronic diseases have led to growing demand for long-term care and home care facilities in the region. These services are also being offered within speciality hospitals as well as in long-term care and rehabilitation hospitals.

The integrated approach has been becoming increasingly critical to ensure comprehensive patient pathways and the quality of care provided to patients in various verticals, such as pharmacy, distribution and digital health. Fakeeh Care Group has extensively diversified into various segments like specialised LTC and rehabilitation-focused hospitals, home care services, and medical education; Fakeeh Complementary Healthcare Company (FCHCO), which includes Fakeeh Vision; Body Central Pharmacy and Fakeeh Pharmacy; and Fakeeh Tech, which includes Advanced Horizontal Contracting, etc. The group is thus gradually moving towards becoming an integrated healthcare system rather than a healthcare group.

The KSA has witnessed a huge increase in the number of Joint Commission International (JCI) facilities, from 42 in 2013G to 110 as of 2023G. Key healthcare groups in the KSA are also focusing on acquiring accreditations, as shown below:

- Fakeeh Care Group: JCI, CBAHI, ISO, CAP, American Heart Association, Baby Friendly Hospital Initiative (BFHI), HIMSS 6 and HIMSS 7, AABB, Certification for Excellence in Patient-Centered Care by Planetree International
- Dr. Sulaiman Al-Habib Medical Services Group Company: JCI, CAP, CBAHI, ISO
- Dallah Healthcare Company: JCI, CBAHI, ISO
- Al Hammadi: JCI, CBAHI, ISO
- Mouwasat Medical Services Company: JCI, CARF, ACC, CBAHI, CAP, American College of Radiology

The key players are trying to provide cutting-edge technology to differentiate their offerings and offer comprehensive services. Fakeeh Care Group has a 3T MRI, PET-CT scanner (64 slice), dual-source CT scanner (128 slice), and SPECT gamma camera. Moreover, the group has established the Institute of Robotic Surgery at its Jeddah facility, where the da Vinci Xi robot has been used for a wide range of surgical procedures like cardiac surgeries, urological surgeries and gynaecological surgeries. Dr. Sulaiman Al-Habib also has a PET-CT scanner, while Mouwasat Medical Services Company has a smart robotic outpatient pharmacy.

Furthermore, key groups have been making strategic partnerships to extend the service offerings and quality of care provided to patients. For example, Medical Fakeeh is the first healthcare PPP project in the KSA. MEAHCO has a 53.9% strategic stake in Hail National Healthcare Company. Dallah Healthcare has invested in the Kingdom Hospital, Makkah Medical Center, Dr. Mohammed Al Fakeeh Hospital, International Medical Center and Mozdanh Clinic.

The growth strategies employed by these large healthcare groups are also evident in their financial performance. A comparison of key metrics of the listed players shows that key listed healthcare groups have demonstrated a favourable profitability profile. Companies like Sulaiman Al Habib and Dallah are capitalising on their capacity expansions, enabling them to strengthen their profitability and returns profile further. The top line for key players has remained on a strong growth path as capacity is slated to expand for most of them.

In group revenue terms, Fakeeh Care Group has registered a revenue growth of 8.3% between 2020G and 2022G. With the company's medical and technical expertise, vertically integrated model, and planned expansion, the company is expected to witness long-term and sustainable financial growth.

**Table (18): Financial performance of key hospital groups in the KSA**

Group Name	Revenue in SAR Billions (2022G)	Revenue Growth (2020G-2022G)	Gross Profit in SAR Billions (2022G)	Operating Profit in SAR Billions (2022G)	Operating Profit, % of Revenue (2022G)
Dr. Sulaiman Al-Habib Medical Services Group Company	8.3	19.1%	2.7	1.7	20.5%
Dallah Healthcare Company	2.5	37.4%	0.9	0.4	17.0%
Mouwasat Medical Services Company	2.3	6.8%	1.1	0.7	28.4%
Middle East Healthcare Company (Saudi German Health)	2.2	10.9%	0.7	0.1	6.5%
Fakeeh Care Group	2.0	8.3%	0.6	0.4	18.4%
Al Hammadi Holding	1.1	21.2%	0.4	0.3	26.0%

Sources: Company Annual Reports, JLL Healthcare Analysis

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

### 3.3 Regional Analysis (With a Focus on Jeddah, Makkah, Madinah and Riyadh)

#### 3.3.1 Snapshot of the current healthcare market and outlook for Jeddah

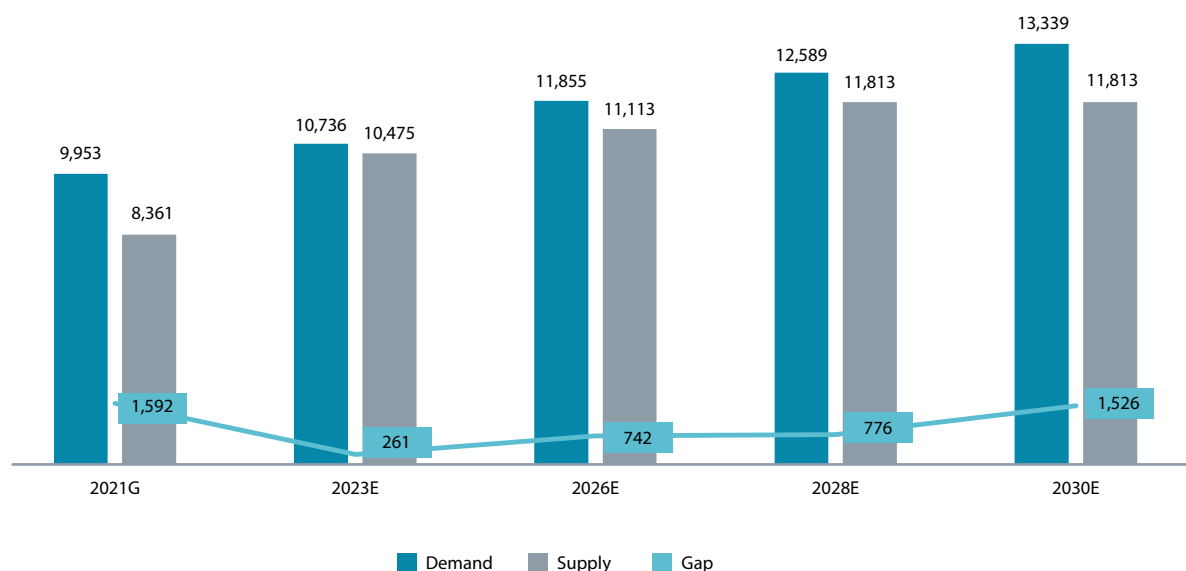
Jeddah is being revitalised to improve the standard of living for residents and to grow into a global tourist destination owing to its history and strategic location along the coast of the Red Sea. The city is expected to undergo a major face-lift with SAR338 billion of real estate and infrastructure projects to be developed by 2030G, with key projects including the redevelopment project by the Jeddah Central and the Jeddah Historical Rejuvenation project by the Ministry of Culture. Coupled with government initiatives to develop healthcare facilities designed to the highest international standards, the megaprojects in the region will drive the quality and efficiency of health services being delivered.

Jeddah's proximity to megaprojects within the west coast of the Kingdom (KAEC and the Red Sea) and being one of the landing points for religious tourism sites (Hajj and Umrah) have a strategic significance for multiple areas, including healthcare.

There are approx. 10,475 public and private hospital beds available in Jeddah as per 2023G estimates. Around 3,400 beds are expected to be added to Jeddah's hospital bed supply between 2023G and 2028G, with approx. 75%-80% of beds being planned in the private sector.

Based on the NTP target of 2.70 hospital beds per 1,000 population by 2030G, Jeddah will require more than 13,000 hospital beds and is projected to have an estimated gap of around 1,500 beds by 2030G. It is worth mentioning that Jeddah also includes hospitals that cater for the needs of some residents of Makkah and Madinah, which is why some of the gaps observed in Makkah and Madinah regions are catered for in Jeddah. Moreover, Jeddah is considered a healthcare hub in the Western Region; while Makkah and Madinah markets are gradually growing, Jeddah will continue to cater for demand from the entire Western Region. The overall vision for Jeddah to develop the city, along with Riyadh and the government's focus towards growth through public-private partnerships, is expected to create ample demand for healthcare services.

**Figure (10): Estimated demand for hospital beds in Jeddah (2021G-2030E)**



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

Note: The planned expansions of Fakeeh Care Group are not included in this demand-supply gap calculation.

Private hospitals and beds formed approx. 66% and 40%, respectively, of the total healthcare infrastructure in Jeddah in 2021G. The number of private hospitals went down from 40 hospitals in 2019G to 33 hospitals in 2021G, which is explained by the government's redevelopment initiatives in the city. Currently, the healthcare market in Jeddah is quite consolidated, with key private medical groups like Dr. Soliman Fakeeh Hospital, International Medical Center, Jeddah National Hospital, National Care Hospital, and Saudi German Hospital comprising around 1,500-1600 hospital beds. Moreover, between 2021G and 2023G, around 2,200 hospital beds have already been added or are expected to be added and to be operational in the private sector supply to cater for the burgeoning demand. Key healthcare groups are on a growth trajectory in Jeddah, with many under-construction and announced projects. The Fakeeh Care Group has many upcoming projects, such as a 150-bed and another 200-bed multispeciality hospital in Jeddah (expected to be operational in 2027G and 2028G, respectively). Dr. Sulaiman Al-Habib Group is entering the Jeddah market by opening two new healthcare facilities in the region, in the southwest and north Jeddah with 330 and 350 beds, respectively; MEAHCO is also planning to expand the existing Saudi German Hospital by adding 194 beds, and Al Murjan Group is entering the market with Mediclinic Al Murjan Hospital with 200 beds. The internationally acclaimed medical provider King's College Hospital London is also entering the healthcare market of Jeddah with a 150-bed hospital.

The total number of outpatient clinics in the private sector in Jeddah reached 658 in 2021G, an addition of approx. 230 clinics over 2020G numbers. The private outpatient market is estimated to have grown by 7%-8% in Jeddah between 2021G and 2023G to reach approx. 8.2 million in 2023G. However, it is to be noted that the historical outpatient volumes published for Jeddah are erratic, with a sudden spike in 2021G. JLL Healthcare's estimates are therefore based on the overall market trends observed between 2015G and 2019G, as well as other market insights.

Similar to the published private outpatient volumes in Jeddah, the inpatient volumes for 2021G also saw a spike. JLL Healthcare's analysis is thus primarily based on the observed historical trends and market insights. The overall inpatient market is estimated to have seen a dip in 2021G due to the demolition of hospitals. However, it is estimated to cater for approx. 0.37 million patients by the end of 2023G owing to the addition of private hospital beds in the market in 2022G and 2023G.

Instead of being concentrated in a few generic departments, beds in the private sector in Jeddah are distributed across various specialities, such as general and internal medicine, surgery, intensive care units, paediatrics, and obstetrics and gynaecology. Between 2018G and 2021G, the share of general beds out of the total has decreased significantly, and various focus specialities have witnessed growth. This is due to hospitals gradually moving towards specialised infrastructure and offering dedicated services to patients. For instance, intensive care beds increased from 12% in 2018G to 14% in 2021, and the share of beds for mother and childcare specialities, such as OB-GYN and paediatrics, increased from 20% in 2018G to 22% in 2021G. Tertiary specialities (like surgery, orthopaedics, neurology and urology) have also remained stable at around 21% share, indicating an increased demand for specialised services.

In addition to the multispeciality offerings, players are focusing on expanding the service portfolio by opening specialised centers. For instance, Al Murjan Group is introducing an LTC center with 168 beds, and Bunyan United is introducing a women's hospital that is set to open between 2025G and 2027G. This is expected to drive the future healthcare landscape of the Jeddah market.

New developments in central Jeddah are expected to drive an increase in higher income and nonlocal population segments, presenting an opportunity for multiple forms of private healthcare, including high-end positioned general hospitals, hospitals with a specialisation focus, and cosmetic and nonurgent care.

The target segment (high-tier members of private insurance as well as the high-income cash payors) is estimated to grow at a CAGR of 7.5% between 2023G and 2030G. Growth is expected to be driven by higher penetration of private health insurance and growth in the economy of the city, with various megaprojects planned and focused on by the government and government-owned mega-enterprises. The addressable segment is estimated to constitute approx. 23% of Jeddah's population in 2023G and is projected to reach approx. 35% by 2030G.



In line with the growth in the target segment population, the demand for quality tertiary care service offerings is expected to increase. There would be a requirement of approx. 4,700 quality beds by 2030G. Key specialities like cardiac sciences, neurosciences, oncology, orthopaedics, OB-GYN, and mental health are underserved, and the gap is significant. There are many announced mid-to-high-sized projects in Jeddah, but very few groups are targeting high-end network patients. Key examples include the Fakeeh Care Group, which is well known for the quality offering in these segments and whose speciality offerings include focusing on high-risk, Complex surgeries and intensive care coupled with end-to-end paediatrics and haematology departments, among other specialities. The group has two upcoming hospitals focusing on tertiary care, which are expected to address the gaps in speciality care for the high-end target patient segments. Other key players targeting this segment have recently entered the market; these include Dr. Sulaiman Al Habib Medical Group and King's College Hospital.

**Table (19): Estimated demand for key specialities in the addressable segment of Jeddah (2030E)**

Specialty	Bed Demand	Key Unmet Needs
Cardiac Sciences	721	Cardiac care CoE with provision of comprehensive diagnostic and therapeutic services like electrophysiology and ablation services and other high-end capabilities like transplants, sports cardiology, etc.
Neurosciences	212	Neurology care CoE with comprehensive infrastructure under one roof like stroke unit, neuro-ICU, neuro-navigation unit, etc., and high-end subspeciality services like autoimmune neurology, neuro-oncology, etc.
Oncology	417	Comprehensive patient pathway with strong diagnostics and integrated therapeutic services like medical care, surgery and radiology, including nuclear medicine, bone marrow transplant and stem cell programs, etc.
Orthopaedics	322	Comprehensive services like sports medicine and orthopaedic rehab centers and provision of Complex orthopaedic procedures, prosthetics, regeneration facilities, etc. Orthopedic Oncology and Transplant capabilities
Gastroenterology	289	Specialised and high-end services like bariatric surgery, GI oncology surgeries, and other subspecialities.
Respiratory	361	Comprehensive services like advanced diagnostics, therapeutic care, and availability of subspecialities.
Mental Health	878	Comprehensive care including advanced treatment modalities, psychological care, substance abuse management, etc.
OB-GYN	446	Boutique birthing and advanced gynaecology center with value-added services.

Sources: OECD (2019G), Primary and Secondary Research, JLL Healthcare Analysis

Note: The above demand estimation also includes long-term care and post-acute rehabilitation beds included within various specialities.

Based on the burgeoning demand due to various demand drivers, the need for extended care beds has been estimated to be approx. 30%-35% of the total bed demand estimated for the target segment of patients. Key healthcare groups like Fakeeh Care Group, Al Murjan, Sukoon, and Cambridge Medical & Rehabilitation Center (CMRC) are coming up with extended care facilities in Jeddah to meet the growing demand. The extended care segment in Jeddah is expected to attract further investment from potential investors.

### 3.3.2 Snapshot of the current healthcare market and outlook for Makkah

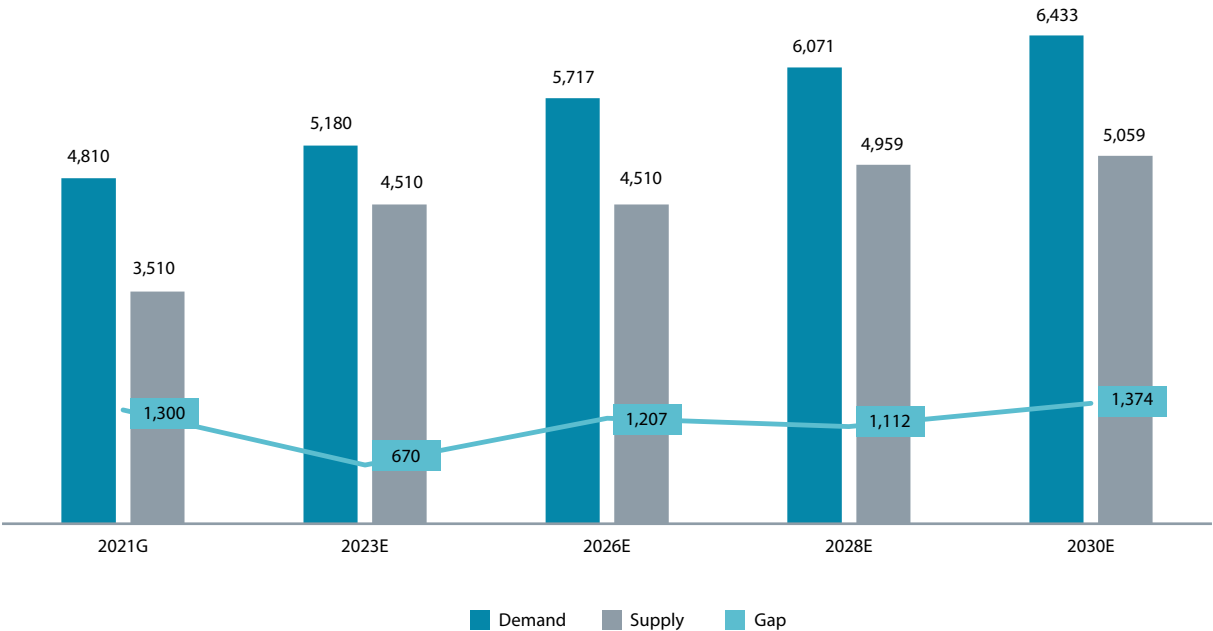
The Holy City of Makkah receives a lot of Hajj and Umrah pilgrims every year. KSA reopened completely for foreign Hajj pilgrims after the COVID-19 pandemic in 2022G, and the total number of pilgrims reached 926,062 in 2022G, out of which approx. 84% were external pilgrims. Before the pandemic, Hajj pilgrims came from about 180 countries, with dense gatherings of people (6-8 persons per square metre). In line with Vision 2030, the government's ambitious target is to increase the capacity for Hajj pilgrims and Umrah visitors to 6.7 million and 30 million, respectively, by 2030G.

The Minister of Hajj and Umrah, Tawfiq Al-Rabiah, has recently announced that the KSA will not be imposing any restrictions, including age limits, on Hajj or Umrah pilgrims starting from 2023G. Typically, middle-aged and elderly pilgrims comprise a major share of the total. Additionally, the average number of days external pilgrims spent in the KSA in 2022G was 30 days, during which they moved between Makkah and Madinah in the Hajj season. In 2022G, 18,000+ emergency cases were handled and 2,460 hospitalisations were required for pilgrims. Cardiac catheterisation, dialysis and other surgical operations were also provided to more than 1,900 pilgrims. The healthcare sector in this region is thus unique, as apart from catering for residents, it caters for the needs of millions of visitors as well.

The KSA provides free and integrated health services to pilgrims during Hajj and other seasons of worship through a network of public hospitals and health centers that have been established for this purpose. The need for medical and technical staff for these centers is addressed by the Hajj Visiting Manpower Participation Service. However, owing to the current mandatory health insurance scheme launched for Hajj and Umrah visitors that covers potential medical expenses in case of illness or injury, healthcare services are being provided through the private sector as well. Recently, the Ministry of Hajj and Umrah announced that pilgrims and visitors will be able to benefit from more than 2,764 public and private facilities in various cities and regions of the Kingdom. These trends indicate a strong demand for private healthcare providers in the Makkah region.

Currently, Makkah's healthcare supply is dominated by the public sector, with a 5% share of the total public hospital beds in the country. There is a limited supply of private hospitals in Makkah, with the main hospitals present being the Saudi German Hospital, Saudi National Hospital (Abeer Group), Al Shifa Hospital and Alawi Tunisian Hospital. Based on the NTP target of 2.70 hospital beds per 1,000 population by 2030G, Makkah will require more than 6,400 hospital beds and is projected to have an estimated gap of more than 1,300 beds by 2030G.

**Figure (11): Estimated demand for hospital beds in Makkah (2021G-2030E)**



Sources: Ministry of Health, MEED, Company Annual Reports, Secondary Research, JLL Healthcare Analysis  
 Note: An organic growth in the number of new (additional) hospital beds is expected after it was announced in the healthcare field. Moreover, the expansion projects planned in the Fakeeh Care Group are not included in this demand-supply gap outlined here.

The private healthcare market in Makkah, being earlier dominated by MEAHCO and other small independent private healthcare facilities, is expected to see a major change with the entry of other key healthcare groups. The Fakeeh Care Group is opening a 200-bed hospital in the region. International Medical Center Hospital (IMC) is set to open a same-day surgery center (part of Alrajhi Investment integrated urban project) in the region.

After a dip in patient volumes in 2020G and 2021G due to restrictions related to COVID-19, the overall private outpatient market recovered in 2022G and 2023G. The market is estimated to reach 2019G levels again, at pprox.. 3.4 million OP visits by the end of 2023G, a CAGR of pprox.. 1% over 2019G volumes. On the other hand, the overall inpatient volumes are estimated to have remained stable at pprox.. 0.08 million in 2023G.

Currently, the private healthcare market in Makkah consists of general hospitals, where one facility provides a broad range of medical services, catering for various medical specialities and patient needs. The city witnesses continuously high utilisation and occupancy rates throughout the year; this is exacerbated during the Hajj season, with conditions such as sunstrokes and heat exhaustion requiring urgent care. Other conditions also require dedicated beds for ambulatory and tertiary care services to manage chronic patients.

Approximately 20% of the pilgrims with underlying illnesses who visit Makkah are diabetic, and complications such as diabetic ketoacidosis, nonketotic hyperosmolar state, and fatigue/unconsciousness due to hypoglycaemia have been observed among these patients. Diabetic patients are also at a high risk for foot complications and infections due to dense gatherings. Additionally, the dense human gathering at Hajj. Moreover, the exhausting nature of the pilgrimage rituals and the extreme desert temperature create a unique environment for infectious disease transmission. There are many reported cases of sunstroke and heat exhaustion. Key ambulatory and tertiary healthcare services provided during Hajj include renal dialysis, endoscopy, cardiac catheterisation and even open heart surgeries. This is expected to attract potential private healthcare players to invest in the growing market of Makkah.

**3.3.3 Snapshot of the current healthcare market and outlook for Madinah**

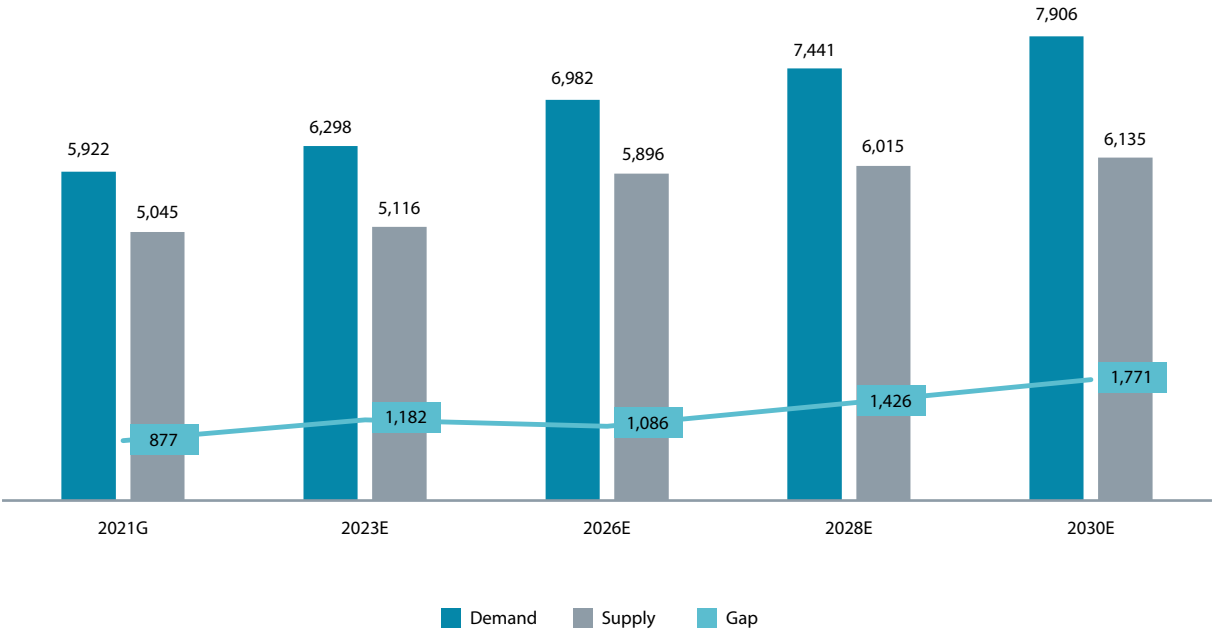
The WHO recognised the holy city of Madinah as a “**healthy city**” after it met all the global standards required by the organisation in 2021G. It was the first large city with a population exceeding 2 million people to be recognised as such by the WHO. A recognised healthy city has a long-term strategy to continually develop a holistic health environment. Achieving this goal will require a multifaceted approach that includes community participation and collaboration among multiple stakeholders.

Madinah, for religious reasons, has a similar healthcare landscape to that of Makkah; the city also receives many Umrah pilgrims every year. The government envisions increasing the number of religious pilgrims and leveraging the number of visitors to boost broader tourism activity, which the healthcare market in Madinah is expected to benefit from in the future.

King Faisal Specialist Hospital & Research Center is the key public hospital in Madinah, with a capacity of 300 beds. The private healthcare market in Madinah has recently started expanding and is consolidated amongst three key players, i.e., Al Mouwasat, MEAHCO and Al Dar Hospital, which account for pprox.. 71% of the total private sector hospital beds; another key hospital is Al Zahra Hospital.

Based on the NTP target of 2.70 hospital beds per 1,000 population by 2030G, Madinah will require more than 7,900 hospital beds and is projected to have an estimated gap of more than 1,700 beds by 2030G.

**Figure (12): Estimated demand for hospital beds in Madinah (2021G-2030G)**



Sources: Ministry of Health, MEED, Company Annual Reports, Secondary Research, JLL Healthcare Analysis  
 Note: An organic growth in the number of new (additional) hospital beds is expected after it was announced in the healthcare field. Moreover, the expansion projects planned in the Fakeeh Care Group are not included in this demand-supply gap outlined here.

Apart from the expansions planned in the public sector (i.e., Taiba University Hospital, Ohud Hospital, Al Ansar General Hospital), Fakeeh Care Group has planned a 200-bed medical facility in the region, which will provide a major impetus to the private healthcare landscape of the region.

Owing to the restrictions imposed during the COVID-19 pandemic and the extended impact in 2021G, the overall private OP volumes in Madinah declined during these years. However, similar to post-COVID-19 pandemic growth trends observed across the country, the market is estimated to have exceeded 2019G levels, with approx. 1.3 million visits in 2023G and a growth of 4%-5% between 2021G and 2023G. The inpatient volume is expected to reach 2019G levels at approx. 0.05 million by the end of 2023G, with a CAGR of 0.5%-1% between 2019G and 2023G.

In Madinah, the beds in the private sector are distributed across specialisations such as general and internal medicine, intensive care, surgery, paediatrics, and obstetrics and gynaecology. However, between 2018G and 2021G, beds in certain specialities such as intensive care, surgery and internal medicine have grown at a higher rate than the other specialities, which could be to meet the increased demand. Between 2018G and 2021G, the share of various focus specialities out of the total has witnessed growth. For instance, the share of intensive care beds rose from 11% in 2018G to 17% in 2021G and the share of tertiary specialities, such as surgery, orthopaedics, neurology, and urology, rose from 13% in 2018G to 17% in 2021G, indicating an increased demand for specialised services.

Owing to religious tourism and the high demand-supply gap, Madinah is expected to attract more private investment in the future.

### 3.3.4 Snapshot of the current healthcare market and outlook for Riyadh

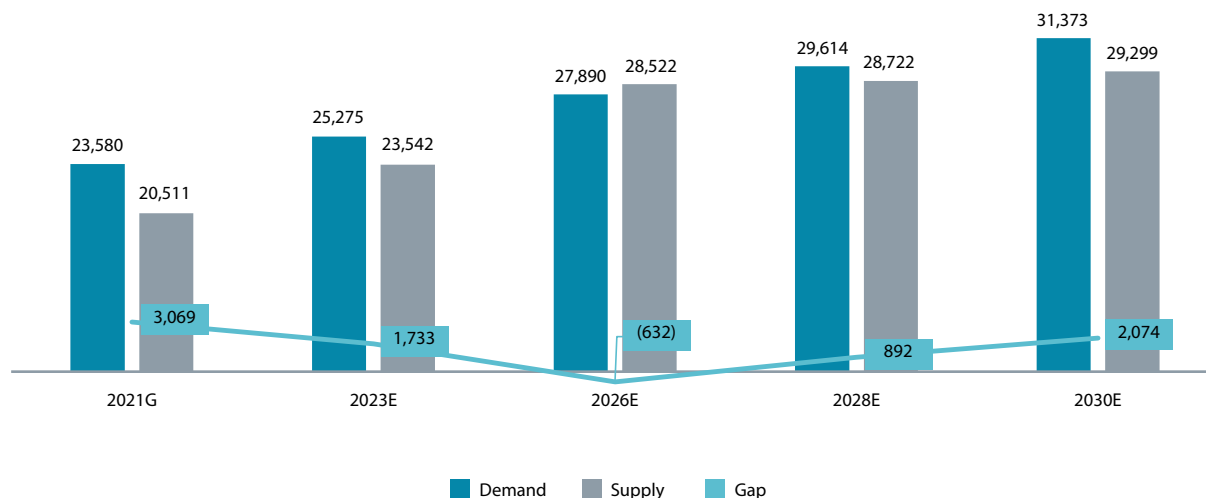
Being a major contributor to the non-oil economy, Riyadh is expected to play a pivotal role in diversifying the KSA's economy, which is integral to the success of Vision 2030.

The key priorities in the region are population growth and economic development, for which the Ministry of Investment of Saudi Arabia (MISA) and Royal Commission for Riyadh City (RCRC) have laid down a strategy to bring the regional headquarters of various multinational companies to Riyadh to boost the local economy and create more job opportunities; this will facilitate the inflow of expatriates. Numerous major infrastructure projects (including King Salman Park, Riyadh Green, Riyadh Sports Boulevard, Riyadh Metro and ROSHN), some of which are already under development, have also been planned in and around the city for enhanced living for residents. With the expected expansion in population envisioned by the government (expected to reach approx. 11.6 million) and ongoing developments, organic growth is expected in the healthcare sector as well.

Currently, Riyadh has the highest concentration of hospitals (a total of 104 hospitals) in the KSA, of which approx. 44% are private. The private beds in the region account for approx. 35% of the total beds as of 2021G.

There are many large public sector hospitals, such as King Faisal Specialist Hospital & Research Center, Prince Sultan Military Medical City, and King Fahad Medical City. The private healthcare market is consolidated with key groups like Fakeeh Care Group, Dr. Sulaiman Al-Habib Group, Al Hammadi Hospital, National Medical Care, and Dallah, comprising approx. 52% of the total private sector hospital beds. The presence of large healthcare groups in the region is expected to reinforce Riyadh's positioning as one of the healthcare hubs of the KSA.

Based on the NTP target of 2.70 hospital beds per 1,000 population by 2030G, Riyadh will require more than 31,000 hospital beds and is projected to have an estimated gap of more than 2,000 beds by 2030G.

**Figure (13): Estimated demand for hospital beds in Riyadh (2021G-2030E)**

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

Note: An organic growth in the number of new (additional) hospital beds is expected after it was announced in the healthcare field.

The private sector is expected to play a major role in Riyadh's healthcare market growth, with planned expansions and PPP initiatives. Fakeeh Care Group has recently established its 200-bed hospital in Riyadh. As for upcoming supply, Dr. Sulaiman Al-Habib Group has planned major expansions in the region in the coming years. It is set to upgrade one facility, Al Hamra Hospital, and open four new healthcare facilities across Riyadh, with Shamal Al Riyadh being its largest project (500-bed capacity). Besides, Dallah Health has planned to launch a new facility (250 beds) and expand its earlier Namar and Al Nakheel branches. Al Hammadi Group is also introducing two hospitals in the region (Al Narjis with 200 beds and Al Olaya with 200 beds).

In addition, some new specialised hospital formats, such as maternity and paediatric hospital by Dr. Sulaiman Al-Habib Group in Gharb Al-Takhassusi (145 beds), long-term acute care and rehabilitation hospital by Olayan (150 beds), and SABIC-Riyadh Behavioral Care Hospital (120 beds), are also planned in the region. These expansions are expected to further strengthen Riyadh as the key healthcare region in the KSA, with comprehensive and specialised services across various specialities. Moreover, there are many PPP initiatives in Riyadh, with the recently announced Al-Yamamah Maternity and Children Hospital.

Riyadh has the highest number of private clinics, with 1,230 clinics in 2021G. The outpatient market in Riyadh reached approx. 17 million visits in 2021G, partly attributed to the easing of COVID-19 restrictions and the addition of more than 200 private clinics between 2020G and 2021G. The overall outpatient market in Riyadh is estimated to have grown by a CAGR of 6%-7% between 2021G and 2023G, attributed to the market rebounding after the COVID-19 impact. On the other hand, the private sector inpatient market is expected to grow at a CAGR of 4%-5% between 2021G and 2023G, aided by the addition of several private hospitals.

In Riyadh, the beds in the private sector are concentrated within a few specialisations, such as general and internal medicine (consisting of approx. 41% share of the private beds). Other key specialisations with dedicated beds are surgery, paediatrics, and obstetrics and gynaecology. Between 2018G and 2021G, the share of beds out of the total available beds in key segments such as intensive care beds and tertiary specialities (like surgery, orthopaedics, neurology and urology) has remained stable, indicating demand for specialised services.

The government's efforts towards creating health clusters across the KSA, as well as the establishment of a health holding company and activating its role to include Riyadh, will lead to more PPP opportunities for the private sector to take an active role in service provision in healthcare.

Over the past year, some progress has been made in terms of introducing new supply. However, the market has still not attained maturity in terms of supply alignment with international standards and the transformation objectives in many areas; this presents a market gap and opportunity over the medium to long term. Potential opportunities still exist in multiple segments of healthcare, such as medical cities, tertiary care facilities, diagnostic radiology and laboratory services, extended care, and single-speciality centers.

### 3.4 Higher Education Market Overview of the KSA

The higher education sector in the KSA holds the distinction of being the largest single education market in the Gulf Cooperation Council region, similar to the K-12 (kindergarten to Grade 12) segment. As of 2022G, approximately 1.97 million students have enrolled in both public universities and private institutions across the Kingdom. This impressive figure reflects the government's commitment to providing accessible and high-quality education to its citizens. The Kingdom's emphasis on higher education is driven by its vision to cultivate a knowledge-based economy and prepare future generations for leadership roles in various industries. To achieve this goal, significant efforts have been made to enhance academic programmes, promote research and innovation, and foster partnerships with renowned international institutions.

The diverse range of disciplines offered by universities in the KSA caters for various fields such as engineering, business administration, medicine, computer science, and humanities, among others. This ensures that students have ample opportunities to pursue their passions while acquiring the knowledge and skills necessary for career success. There are approx. 67 institutes comprising 29 public universities, 14 private universities, and 24 private colleges across the Kingdom. Most students (approximately 95%) are enrolled in public and semi-public institutions. This highlights the heavy reliance on the public sector for higher education services, showcasing its commitment to providing accessible education opportunities for all. While private sector institutions make up only a small percentage of the total student enrolment (approximately 5%), these institutions do offer unique programmes and specialised courses that cater for specific academic interests and career paths. Hence, a collaborative effort between the public and private sectors will foster a vibrant learning environment where students can benefit from a diverse range of educational approaches and perspectives.

Female enrolments account for nearly half (approximately 49.4%) of the total enrolments. This proportion of female enrolment has been increasing at a higher rate (a CAGR of 2.4% as opposed to a CAGR of 1.6%) than male enrolment, which is also triggered by the increasing female participation in the labour force.

Over 65% of student enrolment is concentrated across three provinces, namely Riyadh, Makkah and the Eastern Province. As regional cities develop, demand is expected to strengthen in the north, northwest and south of the Kingdom.

Driven by a sizable target population, the increasing focus on the private sector and a positive government outlook, the higher education market in KSA is poised for growth.

Similar to other GCC countries, the KSA boasts a youthful population profile that fuels sustainable demand for higher education in the long term. The target population, specifically the age group between 18 and 24 years, is projected to grow more than the renowned global education hubs such as the U.K. (0.5%) and the U.S. (0.6%), making KSA a true contender on the global educational stage.

Although the heavy reliance on the public sector highlights the government's current role as the primary provider of higher education, there is an expectation that this trend will gradually change as the government aims to transition from being the primary service provider to becoming more of a regulator and facilitator in the higher education landscape. This shift paves the way for new opportunities for private sector involvement in higher education. With this change, a dynamic transformation where private institutions can contribute their expertise and innovative approaches to enriching educational offerings is anticipated.

One of the key focus areas in Vision 2030 is the transformation of the education sector. Through comprehensive reforms and innovative strategies, Saudi Arabia aims to revolutionise its educational landscape, ensuring that its citizens receive a world-class education that meets international standards. Vision 2030 recognises the value of private sector participation in driving educational excellence. By encouraging private investment and fostering partnerships between public and private entities, the Kingdom has created a conducive environment for private education institutions to flourish.

Launched in 2021G, the Human Capability Development Program (HCDP) is one of the Vision 2030 Realization Programs (VRP), which aims to position KSA as a global leader. HCDP is aimed at preparing citizens with the required skills, values, knowledge and the ability to compete globally. The programme consists of three core pillars: first, developing a resilient and strong educational base for everyone; second, preparing for the future labour market locally and globally; and third, providing lifelong learning opportunities.

Higher education, although associated with all three pillars, is a key component of the second pillar. This pillar lays emphasis on aligning higher education and technical and vocational training with labour market needs, working with the private sector to ensure maximum alignment. Key indicators associated with higher education are mentioned below:

**Table (20): HCDP metrics associated with higher education**

Metric	Baseline	2025 Commitment
Number of Saudi students enrolled in top 200 institutes in the world	4,069 (2019G)	10,000
Ranking of KSA on World Bank Human Capital Index	Index ranking: 84 out of 157	Index ranking: 45 out of 157
Number of KSA universities within global top 200 universities rankings	3 (2019G)	6
Number of KSA universities within global top 100 universities rankings	0 (2019G)	1
Percentage of higher education institutions accredited by Education and Training Evaluation Commission (ETEC)	23.4% (2019G)	65%
Percentage of private sector participation in spending on education	1.1% (2019G)	1.2%
Percentage of higher education students enrolled in STEM education compared to other subjects	22% (2019G)	26%
Percentage of higher education students enrolled in arts compared to other subjects	1.17% (2019G)	2%
Percentage of higher education graduates in employment within 6 months of graduation	4.5% (2019G)	20%
Percentage of Saudisation in high-skilled jobs	32% (2020G)	40%

Source: Human Capability Development Program, 2021G-2025G

Education represents one of the 10 target sectors of the NCP. The aim of privatisation in education is twofold: first, reducing fiscal and operational dependence on the public sector; and second, enhancing learning outcomes. So far, the NCP has announced initiatives primarily in the K-12 segment, but tenders to the private sector are expected in other segments, including early childhood education as well as higher and technical and vocational education. With a vision to drive privatisation across various sectors, including education, the NCP aims to promote fiscal independence and boost learning outcomes for students.

**Table (21): Over the past decade, the KSA has experienced a remarkable surge in demand for higher education, and this can be witnessed across multiple key indicators.**

1- Enrolments	<ul style="list-style-type: none"> <li>Currently pegged at approx. 1.97 million; higher education enrolment is growing at a CAGR of 5%.</li> <li>The KSA has witnessed a substantial improvement in the gross enrolment ratio (GER) by approx. 25% over just a decade.</li> <li>The current GER of tertiary education is higher than that of developed countries like the U.K. (69.5% in 2020G) and other countries in the region such as the UAE (54% in 2020G).</li> <li>The slight dip in enrolment rate in 2020G can be attributed to COVID-19, and the increase is expected to continue after the pandemic. Going forward, the upward trend is expected to continue.</li> </ul>
2- More female pursuing higher education in the KSA	<ul style="list-style-type: none"> <li>The female enrolment has grown rapidly with the GER growing by 29% over a period of 10 years (2011G to 2021G), which is higher than the male GER growth.</li> <li>This growth can be attributed to considerable efforts from the government to increase access to education for women, including incentives in the form of allowances through the course of study and the growing availability of e-learning services which allow for women with family obligations and limitations to gain employable skills.</li> <li>Additionally, female labour force participation has changed significantly in recent years, growing to 36% (more than double over a period of five years, from 2017G to 2022G).</li> </ul>
3- Strong policy focus on private education	<ul style="list-style-type: none"> <li>The KSA currently allocates the highest percentage of its budget to education, as compared to any of the GCC countries. The education spending (% of GDP) was 18.79% in 2021G, which is lower than that of 2017G (22.26%); this reduction is in line with the Kingdom's long-term goal to reduce the overall fiscal burden.</li> <li>In the past, public education has been dominant in Saudi Arabia. However, changes in consumer preference and the opening of the education sector to 100% foreign investment have helped private education gain traction.</li> <li>Private providers have the chance to capitalise on current and upcoming government initiatives that focus on establishing appropriate incentives for private sector involvement in the higher education market.</li> </ul>

<p>4- <b>Increasing preference and popularity of private education</b></p>	<ul style="list-style-type: none"> <li>Historically, the private higher education sector in the Kingdom has faced challenges with limited adoption due to high costs and low capacity.</li> <li>However, there is now an anticipated growth in enrolment for private higher education institutions to meet the rising demand for education in the country.</li> <li>Private providers have the chance to capitalise on current and upcoming government initiatives that focus on establishing appropriate incentives for private sector involvement in the higher education market.</li> <li>The percentage of Saudi students attending private higher education institutions also witnessed a 5 percentage point increase, from 75% in 2016G to 80% currently, indicating a growing local preference for private education.</li> <li>There is an opportunity to cater for the changing market demand for international faculty, a diverse student body, and multidisciplinary programs, which have traditionally been associated with private institutions.</li> </ul>												
<p>5- <b>Focus on technical and vocational skills</b></p>	<ul style="list-style-type: none"> <li>The government is committed to expanding the technical and vocational sector to meet the evolving needs of the market. As part of this effort, the government plans to implement a 60% cap on the enrolment of high school graduates in universities, with the remaining 40% being redirected towards technical and vocational education.</li> <li>This strategic approach aims to align education with the demands of the job market and provide students with relevant skills and opportunities for successful careers across target industries.</li> </ul>												
<p>6- <b>Key areas of skill shortages to be addressed by higher education institutions</b></p>	<ul style="list-style-type: none"> <li>Even though enrolments continue to rise, skill shortages persist. The labour market in 2022G faced talent shortages, with 45% of employers reporting a shortage of skilled professionals.</li> <li>IT, leadership and management, and operations were amongst the key skill gaps identified by Saudi employers.</li> <li>Key skill shortages expected by Saudi employers in the near future across areas such as IT, leadership and management, core operations, marketing, and finance.</li> </ul>												
<p>7- <b>Increasing inflow of inbound foreign students from the region</b></p>	<ul style="list-style-type: none"> <li>The KSA has seen a decline in the outbound mobility ratio (from 5.01% in 2017G to 3.17% in 2021G) and an increasing trend in the net inflow of internationally mobile students.</li> <li>With the Kingdom being an emerging education hub for the GCC region, the top 5 countries accounting for the student inflow into the KSA include Yemen, the Syrian Arabian Republic, Palestine, Egypt and Jordan.</li> <li>Growing demand from inbound students can be capitalised on through the provision of high-quality and specialised programs.</li> </ul> <p><b>Net Inflow of internationally mobile students</b></p> <table border="1"> <thead> <tr> <th>Year</th> <th>Net Inflow</th> </tr> </thead> <tbody> <tr> <td>2017G</td> <td>(5,900)</td> </tr> <tr> <td>2018G</td> <td>(3,433)</td> </tr> <tr> <td>2019G</td> <td>6,132</td> </tr> <tr> <td>2020G</td> <td>10,125</td> </tr> <tr> <td>2021G</td> <td>13,560</td> </tr> </tbody> </table> <p>Source: UNESCO</p>	Year	Net Inflow	2017G	(5,900)	2018G	(3,433)	2019G	6,132	2020G	10,125	2021G	13,560
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**Demand and opportunity for institutions providing quality education:** The country’s 2030 Vision seeks to have at least five Saudi universities listed among the world’s top 100 universities by 2030G. In the 2023G QS World University Rankings, two Saudi universities, King Abdulaziz University (KAU) and King Fahd University of Petroleum and Minerals, ranked 106th and 160th, respectively, up from 109th and 163rd in 2022G. The rise in rankings suggests that Saudi universities are growing in both quantity and quality, as anticipated by the government.



**Table (22): KSA universities featured amongst the top 300 global universities**

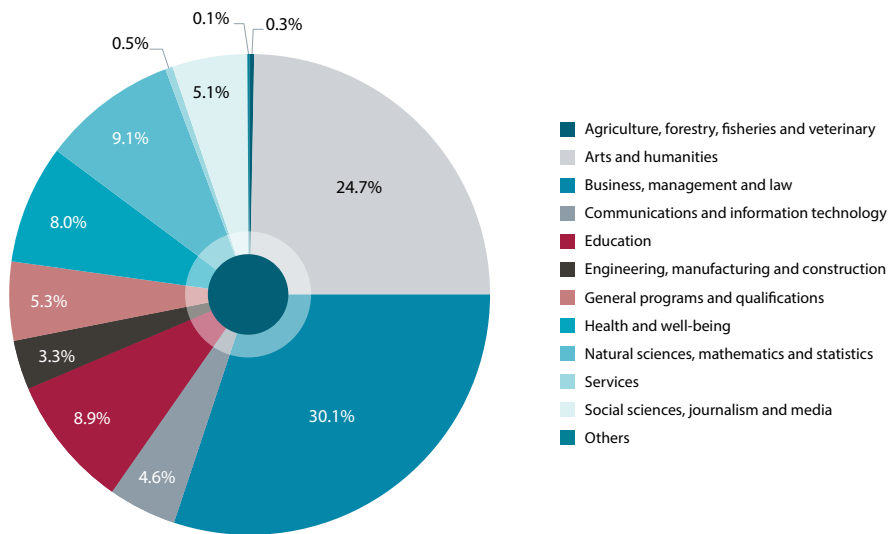
University	Type	QS Ranking	THE Ranking
King Abdulaziz University	Public	106	101
King Fahd University of Petroleum and Minerals	Public	160	201-250
King Saud University	Public	237	251-300

Upward movement of existing universities in ranking and continued effort from the government to achieve the Vision 2030 targets showcases a definite opportunity for private providers to aim for a spot amongst top institutions.

In public institutions, business, management and law are among the main majors in which student enrolments account for 30.1%. Arts and humanities ranked as the second most subscribed to majors, with 24.7% of all students enrolled in them, followed by natural science and mathematics, which account for 9.1% of the enrolments. Meanwhile, in private institutions, health and well-being majors accounted for the largest portion of enrolled students, with 35.4% of students choosing these majors. This was closely followed by business, management, law, engineering, and manufacturing and construction majors.

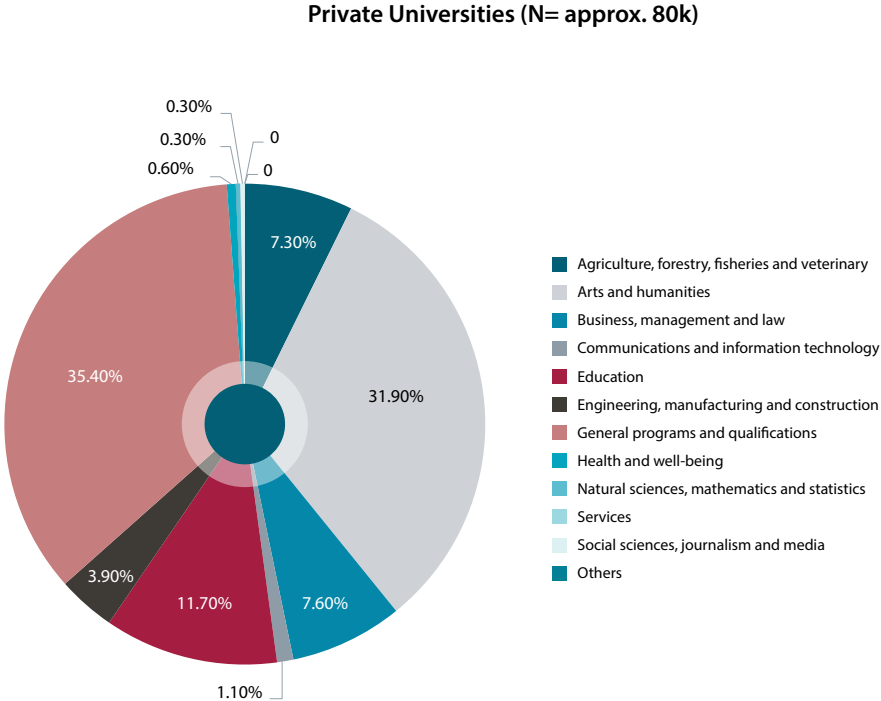
**Figure (14): Percentage of student enrolments in public universities programmes**

Public Universities (N= approx. 1.4 million)



Sources: Ministry of Education, JLL Analysis

**Figure (15): Percentage of student enrolments in private universities programmes**



Sources: Ministry of Education, JLL Analysis

As the KSA embarks on its ambitious economic transformation journey under Vision 2030, the demand for higher education is set to soar. However, the current enrolment distribution in public universities lacks alignment with the requirements of the employment market, with significant enrolment in humanities, Islamic studies, and behavioural sciences. The majority of Saudi students (60%) are enrolling in degree programmes that do not adequately match the skill sets demanded by employers. This disconnect between education and job market needs will lead to an emerging problem of unemployability, which surpasses the issue of unemployment itself. To bridge this skills gap, it is imperative to focus on three major categories of high-demand skills: business skills, digital skills and soft skills. Educational institutions should collaborate closely with relevant industries to understand their evolving needs better. By incorporating industry input into curriculum development and offering specialised training programmes, universities can ensure that graduates possess the skills required to excel in their chosen fields.

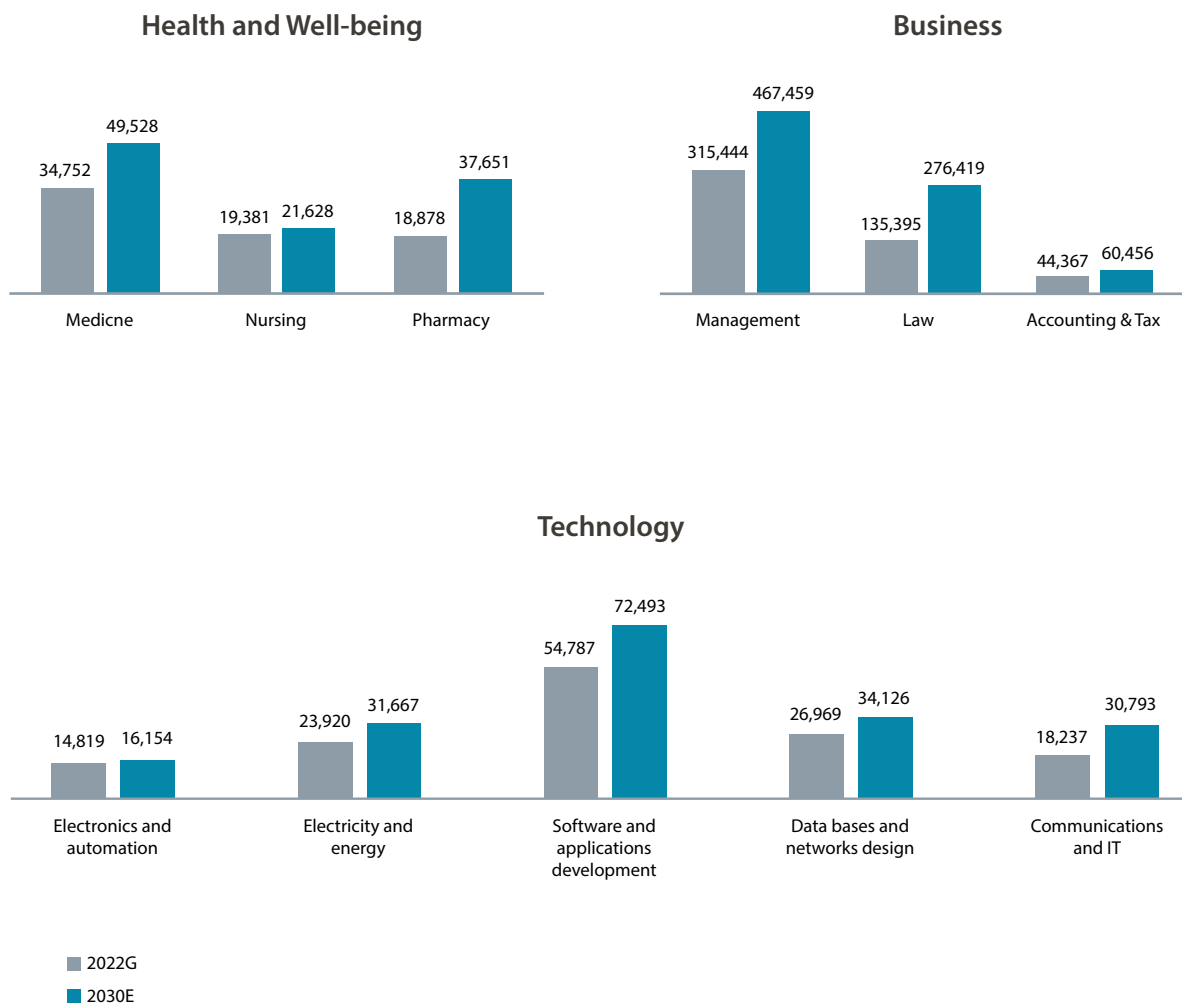
Technological advancements and automation are reshaping industries across the globe, and the KSA is no exception. The rise of artificial intelligence, robotics and data analytics is revolutionising traditional job roles while creating new opportunities that require advanced skill sets. In response to these challenges, educational institutions in the KSA are embracing innovative approaches to learning. They are integrating technology into classrooms and offering programmes which foster critical thinking, creativity, problem-solving, entrepreneurship and digital literacy skills. Moreover, collaborations between academia and industry are gaining traction as organisations recognise the importance of bridging the gap between education and real-world job requirements.

**Table (23): Growth drivers for medical, technical and business education in the KSA**

Ares	Majors in Demand	Growth Drivers
<b>Medical</b>	Health and well-being (CAGR 2014G-2018G = 5.2%)	<ul style="list-style-type: none"> <li>• <b>Privatisation of the healthcare sector:</b> The Privatization Program aims to enhance the private sector's capabilities through facilitating access to government assets and improving service delivery. This initiative fosters superior service quality, cost-efficiency, enhanced economic diversity, and growth, resulting in heightened competitiveness for the Kingdom.</li> <li>• <b>Shortage of medical professionals:</b> The KSA is currently facing a deficit in its healthcare workforce, with a projected demand for approximately 69,000 doctors by 2030G to mitigate the manpower shortage, according to recent reports. In response, the Kingdom has undertaken proactive measures to expand its medical education programmes, aiming to address this challenge strategically.</li> <li>• <b>Less reliance on expat workforce:</b> In line with the objectives of Vision 2030, the government has implemented scholarship and training initiatives to promote Saudisation in the healthcare sector. These programmes aim to cultivate a skilled domestic workforce by providing educational opportunities and professional development to Saudi students pursuing medical and healthcare-related disciplines.</li> </ul>
<b>Technology</b>	Communication and IT Engineering, manufacturing and construction (CAGR 2014G-2018G = 3.3%)	<ul style="list-style-type: none"> <li>• <b>Economic diversification:</b> To reduce its reliance on oil revenue, the government is actively promoting economic diversification in sectors like manufacturing, tourism and technology. This shift requires a workforce equipped with skills across business and technology fields.</li> <li>• <b>Technological advancements:</b> With the rise of technology and digitalisation, there is a growing need for professionals with technical skills in fields like data analytics, cybersecurity, artificial intelligence and robotics.</li> </ul>
<b>Business</b>	Business, management and law (CAGR 2014G-2018G = 5.2%)	<ul style="list-style-type: none"> <li>• <b>Entrepreneurship and innovation:</b> Vision 2030 aims to foster a culture of entrepreneurship and innovation; business education plays a vital role in instilling entrepreneurial skills.</li> <li>• <b>Shift to knowledge-based economy:</b> The Kingdom is shifting towards a knowledge-based economy, which relies on intellectual capital and expertise. This transition necessitates a highly skilled workforce capable of conducting research, developing new products/services and fostering innovation.</li> <li>• <b>Localization of jobs:</b> High emphasis on the localisation of jobs, whereby companies are encouraged to hire and train local talent. This initiative places a higher emphasis on the development of skills within the Kingdom, creating a demand for high-quality education programmes in technology and business to meet the local talent needs.</li> </ul>

The projected growth for popular subject areas (based on number of enrolments) shows a promising market opportunity for Fakeeh Care Group to leverage as they are already addressing current demand for courses such as medicine, nursing and pharmacy. The enrolments for key courses currently offered by Fakeeh Care Group have historically showcased a positive CAGR, with medicine programmes being at 4.5%, nursing and midwifery at 1.4% and pharmacy showcasing the highest growth at 9%; these programmes are expected to continue witnessing an increasing demand.

**Figure (16): Enrolments across popular subject areas, estimated for 2022G and 2030E**



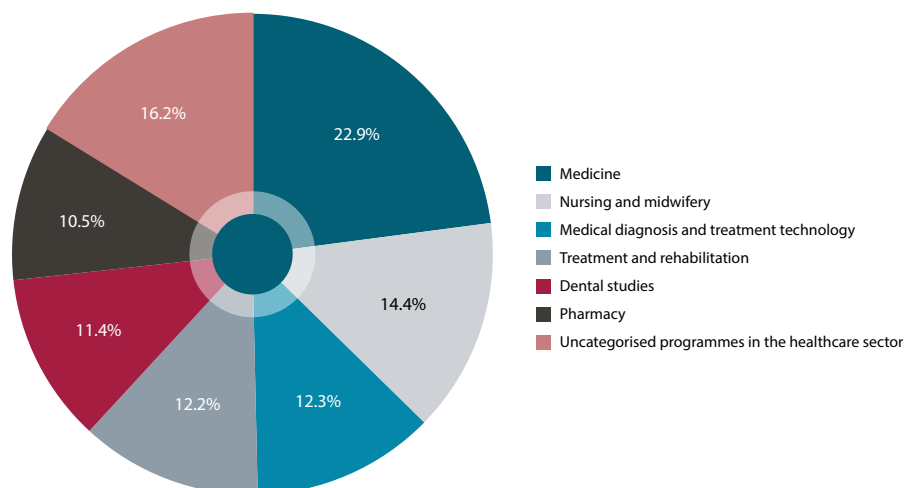
Sources: MOE Data, JLL Healthcare Analysis

The Saudi Commission for Health Specialties (SCFHS) is the main body that oversees medical education, training and practice in Saudi Arabia. Universities offering medical programmes should be accredited by the Ministry of Education and, in many cases, by international bodies like the World Federation for Medical Education. Historically, there has been a trend among most Saudi medical graduates to pursue postgraduate training or specialisation abroad. However, over the years, the KSA has been making significant investments in its healthcare infrastructure and medical education. With the establishment and growth of new medical schools, training hospitals and research facilities, the country offers increasing opportunities for medical graduates to pursue their postgraduate training locally. As an integral part of Vision 2030, there is a push to enhance the healthcare sector, improve medical education and provide more opportunities for Saudi professionals, which might also convince more students to stay.

The number of enrolments in health courses has witnessed a strong growth rate, with medicine courses showing the largest share of enrolment.

**Figure (17): Share of enrolments in health courses, 2018G**

N= approx. 127k



Sources: MOE Data, JLL Healthcare Analysis

The existing medical colleges in Jeddah and Riyadh have limited programme offerings, with many colleges offering only nursing and applied medical sciences courses. Fakeeh College of Medical Sciences in Jeddah has been offering programmes in all disciplines. There is a significant opportunity for private education providers to enhance the academic offerings, attracting both local and international students and garnering a spot among the top-ranked universities in the KSA.

**Table (24): Overview of medical colleges in Riyadh and Jeddah**

University	Year Founded	Public/Private	Annual Fee (Medicine)	Annual Fee (Nursing)	Annual Fee (Pharmacy)	No. of Colleges	Country Ranking	International Affiliations	Total Students	Student-Teacher Ratio
Batterjee Medical College, Jeddah	2005G	Private	90k	55k	70k	1	47	✗	1,946	12:1
Ibn Sina National College for Medical Studies, Jeddah	2003G	Private	70k	50k	60k	1	45	✗	2,844	12:1
Al Riyadh College for Health Science, Jeddah	2006G	Private	NA	NA	NA	1	-	✗	675	32:1
King Saud bin Abdul Aziz University of Health Sciences, Jeddah	2005G	Public	NA	NA	NA	14	22	✓	13,575	9:1
Al Ghad International Colleges, multiple locations	2009G	Private	NA	NA	NA	8	-	✗	6,160	-
King Abdul Aziz University, Jeddah	1967G	Public	NA	NA	NA	17	1	✓	45,000	9:1
University of Jeddah, Jeddah	2013G	Public	NA	NA	NA	16	16	✗	26,236	14:1

University	Year Founded	Public/Private	Annual Fee (Medicine)	Annual Fee (Nursing)	Annual Fee (Pharma)	No. of Colleges	Country Ranking	International Affiliations	Total Students	Student-to-Teacher Ratio
Dar Al Hekma University, Jeddah	1999G	Private	NA	NA	NA	3	29	✓	2,231	-
Alfaisal University, Riyadh	2002G	Private	94k	94K	94k	6	25	✓	2,851	18:1
Fakeeh College of Medical Sciences, Jeddah	2011G	Private	80k	60k	60k	-	52	✓	1,332	10:1
King Saud bin Abdul Aziz University of Health Sciences (Riyadh, Jeddah, Al-Ahsa)	2005G	Public	NA	NA	NA	14	22	✓	13,575	9:1
Al Faisal University, Riyadh	2002G	Private	94k	94k	94k	6	25	✓	3,100	18:1
Princess Nora bint Abdulrahman University, Riyadh	1970G	Public	NA	NA	NA	17	18	✓	27,888	13:1
Al-Imam Muhammad Ibn Saud Islamic University, Riyadh	1974G	Public	NA	NA	NA	13	6	✓	94,496	NA
Riyadh Elm University, Riyadh	2004G	Private	45k (Dentistry)	30k	30k	4	NA	NA	NA	NA
King Saud University, Riyadh	1957G	Public	NA	NA	NA	21	1	✓	50,906	12:1

Sources: University Websites: topuniversities.com, 4icu.org, timeshighereducation.com; JLL Healthcare Analysis

**Table (25): Programs offered in medical colleges in Riyadh and Jeddah**

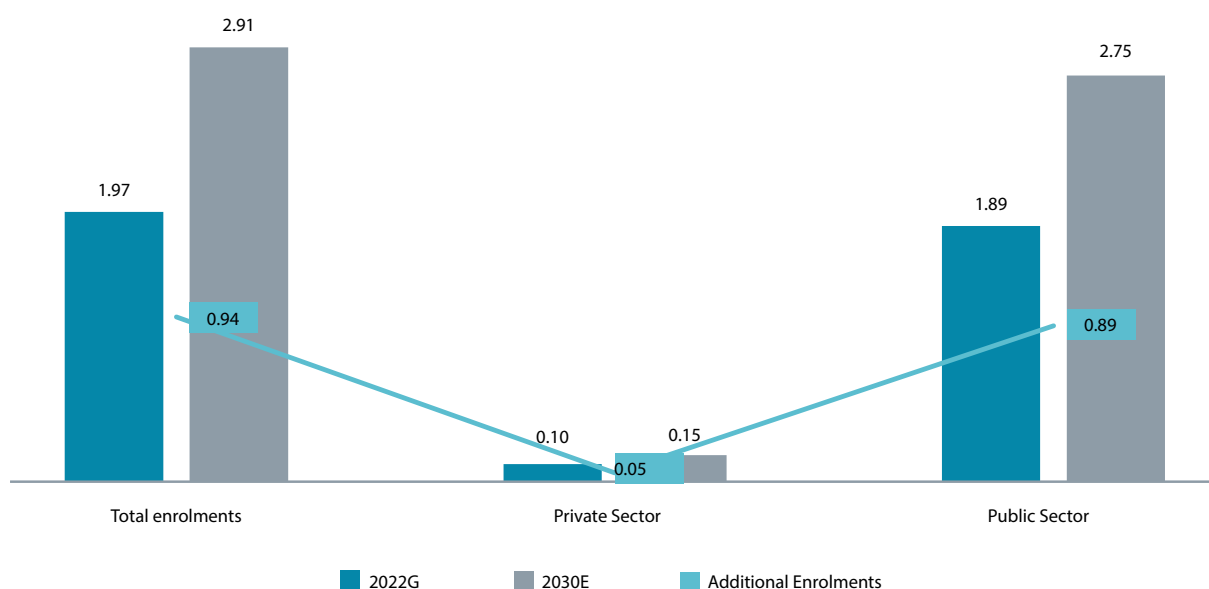
University	Medicine	Nursing	Pharma	Applied Medical Science
Batterjee Medical College, Jeddah	✓	✓	✓	✓
Ibn Sina National College for Medical Studies, Jeddah	✓	✓	✓	-
Al Riyadh College for Health Science, Jeddah	-	✓	-	-
King Saud bin Abdul Aziz University of Health Sciences, Jeddah	✓	✓	✓	✓
Al Ghad International Colleges, multiple locations	-	✓	-	✓
King Abdul Aziz University, Jeddah	✓	✓	✓	✓
University of Jeddah, Jeddah	-	✓	-	✓
Dar Al Hekma University, Jeddah	-	-	-	✓
Alfaisal University, Riyadh	✓	-	✓	✓
Fakeeh College of Medical Sciences, Jeddah	✓	✓	✓	✓
King Saud bin Abdul Aziz University of Health Sciences (Riyadh, Jeddah, Al-Ahsa)	✓	✓	✓	✓
Al Faisal University, Riyadh	✓	-	✓	✓
Princess Nora bint Abdulrahman University, Riyadh	✓	✓	✓	✓

University	Medicine	Nursing	Pharma	Applied Medical Science
Al-Imam Muhammad Ibn Saud Islamic University, Riyadh	✓	-	-	-
Riyadh Elm University, Riyadh	Dentistry	✓	✓	✓
King Saud University, Riyadh	✓	✓	✓	✓

Sources: University Websites: topuniversities.com, 4icu.org, timeshighereducation.com; JLL Healthcare Analysis

Based on the current expected population growth, market trends and government outlook, higher education enrolment is expected to witness an upward movement and is projected to reach approx. 2.91 million by 2030G. This is supposed to provide additional seats for approximately 0.9 million students in educational institutions in both the public and private sectors. The private sector is well positioned to capitalise on the market opportunity, with planned expansions across target majors resulting from the need for additional seats and the ongoing growth trends.

**Figure (18): Higher education enrolment projections (2030E)**



Sources: MOE Data, JLL Healthcare Analysis

The economic transformation agenda in Vision 2030, the evolving higher education system and the growing enrolment and need for additional seats present a unique opportunity for private education providers to leverage and explore. With the changing market demands and the emphasis on aligning educational offerings with the requirements of the employment market, private education providers like Fakeeh Care Group have the chance to fill the gap and meet the growing demand for specialised programmes across medical, business and technology-focused offerings.

### 3.5 Key Growth Opportunities

The expanding economy due to the establishment of new towns and developments, including NEOM and Qiddiya, among others; regulatory focus on increasing health insurance coverage; favourable demographic landscape; efforts for privatisation by the government; and demand for high-quality services are overarching drivers that are supporting the growth of the private healthcare market in the country. More mature models are expected to be formed to guide entrance and investments into the KSA's healthcare market.

Key healthcare providers are expanding their services with some changes in geography, services and targeted patients. This will help the ongoing transformations in the industry, with increased private-sector participation. Ongoing gigaprojects and megaprojects are expected to increase the number of white-collar jobs, and, as a result, the population with higher classes of insurance is expected to increase, with networks 5, 6 and 7 of insurance expected to witness growth. Key growth opportunities in the KSA healthcare market are as follows:

- The healthcare sector in the KSA is expected to grow, particularly specialised healthcare, due to the increasingly ageing population, changing demographics, increasing diseases associated with modern lifestyles and chronic diseases.
- The Health Sector Transformation Program (HSTP) under Vision 2030 will help in increasing access to services, and, as a result, healthcare penetration in tier 2 cities and underpenetrated regions is expected to increase. Many established and new players are exploring these territories to expand their geographical footprint and establish spoke facilities for referrals.
- Primary care, community care and preventive healthcare are gaining more significance. The KSA government has rolled out initiatives (e.g., Quality of Life Program 2020G) which focus on fitness and preventive care. Moreover, the KSA is aiming for a 3% reduction in obesity and a 10% decrease in diabetes prevalence by 2030G. Due to increasing demand, many players are establishing general and specialised medical centers with a better service mix.
- The establishment of COEs by many players has resulted in reinforcing Riyadh and Jeddah as key healthcare hubs of the country. This has helped in attracting more medical tourists as well.
- Emerging formats of healthcare are gaining importance due to players looking to diversify their revenue streams and minimise capital investment. Healthcare is evolving, shifting from three-to-four-day inpatient hospital stays on average to more options in the outpatient care sphere. Examples of this include same-day surgery centers and short-stay centers. Further supporting this paradigm shift is the stance of physicians, who are now advocating the practice of **“fewer nights in hospitals”**.
- Extended care, including LTC, rehabilitation and home care, has been growing in the country, both as part of multispeciality hospital offerings and stand-alone facilities. MOH, via the public-private partnership, is putting huge efforts into increasing the efficiency of home care workers by doubling the number of visits per worker. Also, great focus has been put on rehabilitation to emphasise the major role of physiotherapy and specialised rehabilitation as per Vision 2030. The country’s active participation in major sporting events, such as bidding for the World Cup 2030, hosting the inaugural Saudi Olympic Games in 2022G and signing with major names in the sports industry, is expected to significantly boost the demand for sports, physiotherapy and rehabilitation services. This is expected to continue, with many upcoming facilities in this segment.
- Increasing healthcare consumerism, with the rise in incomes and strong demand from the younger, socially conscious population, has increased focus on wellness specialities such as dentistry, cosmetology and dermatology, among others. Additionally, IVF (in-vitro fertilisation) services are increasing in the KSA, with less reliance on outbound tourism.

There is ample opportunity for organised large healthcare groups in the market to capitalise on the growth opportunities across the value chain in areas such as preventive care, urgent care, ambulatory care, tertiary care and extended care services. Moreover, the integration into support services and medical education is expected to make private healthcare growth more sustainable.





MAIN ENTRANCE المدخل الرئيسي

NEOM HOSPITAL

↑  
Airport  
Parking

## 4. OVERVIEW OF THE COMPANY AND ITS BUSINESS

### 4.1 Overview

Dr. Soliman Abdel Kader Fakeeh Hospital Company (the “**Company**”) is a Saudi closed joint-stock company pursuant to Ministerial resolution number 28/G dated 01/02/1432H (corresponding to 5 January 2011G), registered in Jeddah under commercial registration number 4030014511 dated 11/04/1398H (corresponding to 20/03/1978G). Its registered address is 3590, Palestine Street, Al Hamra, 6228 Jeddah, Kingdom of Saudi Arabia (the “**Kingdom**”).

The Company was initially established on 11/04/1398H (corresponding to 20/03/1978G) as a sole proprietorship owned by Dr. Soliman Abdel Kader Fakeeh, which was registered in Jeddah under the commercial registration number 4030014511 dated 11/04/1398H (corresponding to 20/03/1978G). On 01/06/1432H (corresponding to 04/05/2011G), the Company was converted from a sole proprietorship into a closed joint-stock company under the name “**Dr. Soliman Abdel Kader Fakeeh Hospital Company**” with a paid-up capital of one hundred million Saudi Riyals (SAR 100,000,000) divided into ten million shares (10,000,000) shares of equal nominal value of ten Saudi Riyals (SAR 10) each. On 12/03/1445H (corresponding to 27/09/2023G), the Extraordinary General Assembly of the Company approved to increase the share capital of the Company from one hundred million Saudi Riyals (SAR 100,000,000) to two hundred million Saudi Riyals (SAR 200,000,000) divided into two hundred million ordinary shares (200,000,000) shares of one Saudi Riyal (SAR 1) each, through the capitalization of fifty million Saudi Riyals (SAR 50,000,000) from the Company’s statutory reserve and the capitalization of fifty million Saudi Riyals (SAR 50,000,000) from the Company’s retained earnings, and accordingly total increase would be one hundred million Saudi Riyal (SAR 100,000,000) (for further details regarding the corporate history and evolution of the Company’s ownership structure and share capital, please refer to Section 4.1.2 “**Corporate History and Evolution of the Company’s Ownership Structure**” of this Prospectus).

As of the date of this Prospectus, the Company’s share capital is two hundred million Saudi Riyals (SAR 200,000,000) divided into two hundred million shares (200,000,000) ordinary shares of equal nominal value of one Saudi Riyal (SAR 1) each. On 09/05/1445H (corresponding to 23/11/2023G), the Extraordinary General Assembly of the Company approved the increase of the Company’s share capital from two hundred million Saudi Riyals (SAR 200,000,000) to two hundred and thirty-two million Saudi Riyals (SAR 232,000,000) divided into two hundred and thirty-two million (232,000,000) Ordinary Shares of equal nominal value of one Saudi Riyal (SAR 1) each, and the offering of thirty million (30,000,000) shares of which (representing 12.93% of the Company’s capital after the increase) for public subscription (as shown below), and the allocation of the remaining newly issued shares, being two million (2,000,000) Ordinary Shares (representing 0.86% of the Company’s capital after the increase) through the capitalization of two million Saudi Riyals (SAR 2,000,000) from the retained earnings to be kept as Treasury Shares and allocated towards the Employee Share Program of the Company and its Subsidiaries in accordance with the terms and conditions of said program (for further information, please refer to Section 4.1.2 (“**Corporate History and Evolution of the Company’s Ownership Structure and Share Capital**”) and Section 5.12 (“**Employee Share Program**”) of this Prospectus).

The Company and its Subsidiaries (the “**Group**”) are leading healthcare providers with over four decades of experience in managing and operating healthcare facilities, medical centers, medical education and integrated healthcare services including home healthcare, ambulatory services and medical technology services in the Kingdom. As of the date of this Prospectus, the Company owns (in whole or in part) fourteen (14) Subsidiaries in the KSA, namely (i) Saudi Airlines Medical Services Company; (ii) Al Toor Medical Services Company; (iii) Dr. Soliman Abdel Kader Fakeeh Medical Education Co.; (iv) Dr. Mazen Fakeeh Complementary Healthcare Ltd. Co.; (v) Al Farabi Special Health Care Co.; (vi) Dr. Soliman Abdel Kader Fakeeh Information Technology Co. (“**Fakeeh Tech**”); (vii) Dr. Soliman Abdel Kader Fakeeh Family Medicine Centers; (viii) Al Faraj Pharmaceutical Medical Company; (ix) Advanced Horizon Contracting Company; (x) Golden Union Medical Company (“**MedE**”); (xi) Riyadh Hospital Company; (xii) Dr. Soliman Abdel Kader Fakeeh Home Health Care Co. (“**FHHC**”); (xiii) White Lines Medical Company; and (xiv) Fakeeh Vision Company Limited (for further information, please refer to Section 4.2 “**Group Structure**” of this Prospectus).

The primary business activity of the Company consists of owning, operating, and managing hospitals, clinics, and other healthcare facilities, as well as medical education and training centers (for further information, please refer to section 4.3.6 “**Multi Specialty Hospitals**” of this Prospectus).

As per its Commercial Register, the Company's business activities consist of the following: (1) general construction of non-residential buildings including schools, hospitals, hotels, etc.; (2) cafeterias and buffets; (3) operation of canteens or cafeterias on a concession basis (e.g. for factories, offices, hospitals, schools, etc.); (4) coordination of therapeutic services among patients and hospitals inside and outside the Kingdom; (5) organization and management of exhibitions and conferences; (6) organization and management of crowds; (7) operation of exhibitions and conference centers and facilities; (8) colleges and university institutes; (9) hospitals; (10) extended and recovery medical care hospitals; (11) addiction treatment and rehabilitation hospitals; (12) medical operation of hospitals; (13) specialized medical Complexes; (14) one-day surgery centers; (15) general medical Complexes; (16) medical clinics; (17) critical care centers; (18) shared healthcare workspace centers; (19) fertility, embryo and infertility treatment centers; (20) medical operation of medical Complexes and one-day surgery centers; (21) radiology centers; (22) ambulance transport services centers; (23) medical laboratories; (24) alternative and complementary medicine Complexes; (25) alternative and complementary medicine centers; (26) medical rehabilitation centers (27) speech-language and dysphagia centers; (28) dialysis centers; (29) foot and ankle care centers; (30) prosthetics and orthotics centers; (31) nutrition centers; (32) home services medical centers; (33) mobile medical clinics; (34) occupational therapy centers; (35) physiotherapy centers; (36) urgent medical care centers; (37) pain relief centers; (38) hearing therapy centers; (39) telecare and telemedical centers; (40) teleradiology centers; (41) medical operation of medical laboratories, radiology centers and medical services support; (42) alternative and complementary medicine clinics; (43) sample collection centers; and (44) intravenous fluids centers.

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

#### 4.1.1 The Company's Ownership structure Pre-Offering and Post-Offering

As of the date of this Prospectus, the Company's capital is two hundred million Saudi Riyals (SAR 200,000,000) divided into two hundred million shares (200,000,000) ordinary shares of equal nominal value of SAR 1 per share. After the Offering, the Company's capital will be two hundred and thirty-two million Saudi Riyals (SAR 232,000,000) divided into two hundred and thirty-two million (232,000,000) ordinary shares of equal nominal value of one Saudi Riyal (SAR 1) each, as a result of the increase of the Company's share capital through the offering of thirty million (30,000,000) New Shares (representing 12.93% of the Company's capital after the Offering).

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

**Table (26): The Company's Ownership Structure Pre-Offering and Post-Offering:**

#	Shareholder	Pre-Offering			Post-Offering		
		No. of Shares	Total Par Value (SAR)	Ownership (%)	No. of Shares	Total Par Value (SAR)	Ownership (%)*
1-	Mazen Soliman Abdel Kader Fakeeh	79,984,000	79,984,000	39.992%	71,424,000	71,424,000	30.79%
2-	Ammar Soliman Abdel Kader Fakeeh	79,984,000	79,984,000	39.992%	71,424,000	71,424,000	30.79%
3-	Manal Soliman Abdel Kader Fakeeh	39,992,000	39,992,000	19.996%	35,712,000	35,712,000	15.39%
4-	Soliman Abdel Kader Fakeeh Real Estate Company	20,000	20,000	0.01%	20,000	20,000	0.01%
5-	Al Sulaimania United Company	20,000	20,000	0.01%	20,000	20,000	0.01%
6-	Treasury Shares*	-	-	-	2,000,000	2,000,000	0.86%
7-	Shares Allocated for the Employee Investment Fund	-	-	-	1,600,000	1,600,000	0.69%
8-	Public				49,800,000	49,800,000	21.47%
<b>Total</b>		<b>200,000,000</b>	<b>200,000,000</b>	<b>100%</b>	<b>232,000,000</b>	<b>232,000,000</b>	<b>100%</b>

Source: The Company

\* The Company's Extraordinary General Assembly approved the issuance and retaining of the Treasury Shares, which have been allocated to the Employee Share Program of the Company and its Subsidiaries in accordance with the terms and conditions of the program (for further information, please refer to Section 5.12 ("Employee Share Program") of this Prospectus).

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

### a- Incorporation (1978G)

The Company was initially established in 1978G as a sole proprietorship under the name "Dr. Soliman Abdel Kader Fakeeh Hospital" under commercial registration number 4030014511 dated 11/04/1398H (corresponding to 20/03/1978G).

### b- Conversion to Joint-stock Company (2011G)

Pursuant to the ministerial resolution number 28/G dated 01/02/1432H (corresponding to 5 January 2011G), the Company was converted from a sole proprietorship into a joint-stock company under the name "Dr. Soliman Abdel Kader Fakeeh Hospital Co." with a paid-up share capital of one hundred million Saudi Riyals (SAR 100,000,000) divided into ten million (10,000,000) Shares of equal nominal value of ten Saudi Riyals (SAR 10) each. The Company's ownership structure upon its conversion was as follows, as per the Shareholders' decision approving the conversion dated 01/06/1432H (corresponding to 04/05/2011G):

**Table (27): The Company's Ownership Structure following its conversion into a joint-stock company, as at 01/06/1432H (corresponding to 04/05/2011G)**

#	Shareholder	Number of Shares	Nominal Value per Share (SAR)	Overall Nominal Value (SAR)	Shareholding %
1-	Soliman Abdel Kader Fakeeh	7,000,000	10	70,000,000	70%
2-	Mazen Soliman Abdel Kader Fakeeh	1,000,000	10	10,000,000	10%
3-	Ammar Soliman Abdel Kader Fakeeh	1,000,000	10	10,000,000	10%
4-	Manal Soliman Abdel Kader Fakeeh	500,000	10	5,000,000	5%
5-	Dr. Mazen Fakeeh Comprehensive Medical Company	500,000	10	5,000,000	5%
<b>Total</b>		<b>10,000,000</b>	<b>10</b>	<b>100,000,000</b>	<b>100%</b>

Source: The Company

### c- Changes in the Company's Ownership Structure (2 September 2014G)

On 11/07/1435H (corresponding to 2 September 2014G), Dr. Mazen Fakeeh Comprehensive Medical Company transferred all of its Company Shares comprising 500,000 Shares to Soliman Abdel Kader Fakeeh Real Estate Company. The following table sets out the ownership structure of the Company following the change in its ownership:

#	Shareholder	Number of Shares	Nominal Value per Share (SAR)	Overall Nominal Value (SAR)	Shareholding %
1-	Soliman Abdel Kader Fakeeh	7,000,000	10	70,000,000	70%
2-	Mazen Soliman Abdel Kader Fakeeh	1,000,000	10	10,000,000	10%
3-	Ammar Soliman Abdel Kader Fakeeh	1,000,000	10	10,000,000	10%
4-	Manal Soliman Abdel Kader Fakeeh	500,000	10	5,000,000	5%
5-	Soliman Abdel Kader Fakeeh Real Estate Company	500,000	10	5,000,000	5%
<b>Total</b>		<b>10,000,000</b>	<b>10</b>	<b>100,000,000</b>	<b>100%</b>

Source: The Company

#### d- Changes in the Company's Ownership Structure (18 September 2014G)

On 23/11/1435H (corresponding to 18 September 2014G), the shares owned by Soliman Abdel Kader Fakeeh, being seven million (7,000,000) Shares, were transferred, with two million eight hundred thousand (2,800,000) Shares transferred to Mazen Soliman Abdel Kader Fakeeh (increasing his ownership to three million eight hundred thousand (3,800,000) Shares), two million eight hundred thousand (2,800,000) Shares transferred to Ammar Soliman Abdel Kader Fakeeh (increasing his ownership to three million eight hundred thousand (3,800,000) Shares), and one million four hundred thousand (1,400,000) Shares transferred to Manal Soliman Abdel Kader Fakeeh (increasing her ownership to one million nine hundred thousand (1,900,000) Shares). The following table sets out the ownership structure of the Company following the change in its ownership:

**Table (28): The Company's Ownership Structure as at 23/11/1435H (corresponding to 18 September 2014G)**

#	Shareholder	Number of Shares	Nominal Value per Share (SAR)	Overall Nominal Value (SAR)	Shareholding %
1-	Soliman Abdel Kader Fakeeh Real Estate Company	500,000	10	5,000,000	5%
2-	Mazen Soliman Abdel Kader Fakeeh	3,800,000	10	38,000,000	38%
3-	Ammar Soliman Abdel Kader Fakeeh	3,800,000	10	38,000,000	38%
4-	Manal Soliman Abdel Kader Fakeeh	1,900,000	10	19,000,000	19%
<b>Total</b>		<b>10,000,000</b>	<b>10</b>	<b>100,000,000</b>	<b>100%</b>

#### e- Changes in the Company's Ownership Structure (23 December 2014G)

On 01/03/1436H (corresponding to 23 December 2014G), Soliman Abdel Kader Fakeeh Real Estate Company transferred 199,200 Shares to Dr. Mazen Soliman Abdel Kader Fakeeh, 199,200 Shares to Ammar Soliman Abdel Kader Fakeeh, 99,600 Shares to Dr. Manal Soliman Abdel Kader Fakeeh and 1,000 Shares to Al Sulaimania United Company.

The following table sets out the ownership structure of the Company following the change in ownership:

**Table (29): The Company's Ownership Structure as at 01/03/1436H (corresponding to 23 December 2014G)**

#	Shareholder	Number of Shares	Nominal Value per Share (SAR)	Overall Nominal Value (SAR)	Shareholding %
1-	Mazen Soliman Abdel Kader Fakeeh	3,999,200	10	39,992,000	39.992%
2-	Ammar Soliman Abdel Kader Fakeeh	3,999,200	10	39,992,000	39.992%
3-	Manal Soliman Abdel Kader Fakeeh	1,999,600	10	19,996,000	19.996%
4-	Soliman Abdel Kader Fakeeh Real Estate Company	1,000	10	10,000	0.01%
5-	Al Sulaimania United Company	1,000	10	10,000	0.01%
<b>Total</b>		<b>10,000,000</b>	<b>10</b>	<b>100,000,000</b>	<b>100%</b>

Source: The Company

#### f- Changes in the Company's Ownership Structure (September 2023G)

On 12/03/1445H (corresponding to 27 September 2023G), the share capital of the Company was increased from SAR 100,000,000 to SAR 200,000,000 and the nominal value per Share was reduced from SAR (10) to SAR (1), The ownership percentage of each Shareholder remained unchanged.

The following table sets out the ownership structure of the Company following the change in ownership:

**Table (30): The Company's Ownership Structure as at 12/03/1445H (corresponding to 27 September 2023G)**

#	Shareholder	Number of Shares	Nominal Value per Share (SAR)	Overall Nominal Value (SAR)	Shareholding %
1-	Mazen Soliman Abdel Kader Fakeeh	79,984,000	1	79,984,000	39.992%
2-	Ammar Soliman Abdel Kader Fakeeh	79,984,000	1	79,984,000	39.992%
3-	Manal Soliman Abdel Kader Fakeeh	39,992,000	1	39,992,000	19.996%
4-	Soliman Abdel Kader Fakeeh Real Estate Company	20,000	1	20,000	0.01%
5-	Al Sulaimania United Company	20,000	1	20,000	0.01%
<b>Total</b>		<b>200,000,000</b>	<b>1</b>	<b>200,000,000</b>	<b>100%</b>

Source: The Company

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

As of the date of this Prospectus, the Company has a total of three (3) substantial shareholders directly owning 5% or more of the Company's share capital ("**Substantial Shareholders**"), namely (i) Mazen Soliman Abdel Kader Fakeeh, (ii) Ammar Soliman Abdel Kader Fakeeh, and (iii) Manal Soliman Abdel Kader Fakeeh.

##### Mazen Soliman Abdel Kader Fakeeh

Mazen Soliman Abdel Kader Fakeeh is a consultant in internal medicine and endocrinology and has been the Managing Director of the Company since June 2017G. He also serves as board member on a number of regulatory departments and is recognized as an influential figure in the healthcare sector in the region.

Dr. Mazen Soliman Abdel Kader Fakeeh has a fellowship of the American College of Physicians, (USA) (2010G), fellowship of the Royal College of Physicians (UK) (2001G), membership of the Royal College of Physicians (MRCP, UK) (1991G) and an MD degree from the Faculty of Medicine and Applied Sciences (Magna Cum Laude with Honors) (Jeddah, KSA) (1986G).

Please refer to Section 5.2 of this Prospectus ("**Board Directors and Secretary**") for further details on his experience and former positions.

##### Ammar Soliman Abdel Kader Fakeeh

Mr. Ammar Soliman Abdel Kader Fakeeh joined the Company in 1997G and has since played a key role in developing and implementing the Group's policies and procedures. He held a number of senior executive positions at the Company, including the deputy director general, executive director of administrative affairs and the chief of the executive department.

Mr. Ammar Soliman Abdel Kader Fakeeh has a Master of Studies (MSt) in Global History from the University of Cambridge (Cambridge, United Kingdom) (2020G), Master of Public Health (MPH) in Health Policy from Columbia University's Mailman School of Public Health (New York, USA) (2000G) and a B.A. in Economics from Brown University (Providence, USA) (1997G). Mr. Ammar has been serving as the chairman of the Group since 2017G and also served as member of the board of directors of a number of companies such as Reem Integrated Health & Care Center and Fakeeh College of Medical Sciences.

Please refer to Section 5.2 of this Prospectus ("**Board Directors and Secretary**") for further details on her experience and former positions.

##### Dr. Manal Soliman Abdel Kader Fakeeh

Dr. Manal Soliman Abdel Kader Fakeeh has a Doctorate in Business Administration from Glasgow University, UK (2010G), a Diploma of Interior Design from the Inchbald School of Design, UK (1996G), and B.A. in Sociology from King AbdulAziz University, KSA (transferred from George Washington University, Washington DC, United States of America) (1987G). Dr. Manal has been serving as a member of the Board since 2006G, including as vice-chairman of the Board since February 2020G. Prior to that Dr. Manal served as a board member of the Company from 2006G until 2020G.

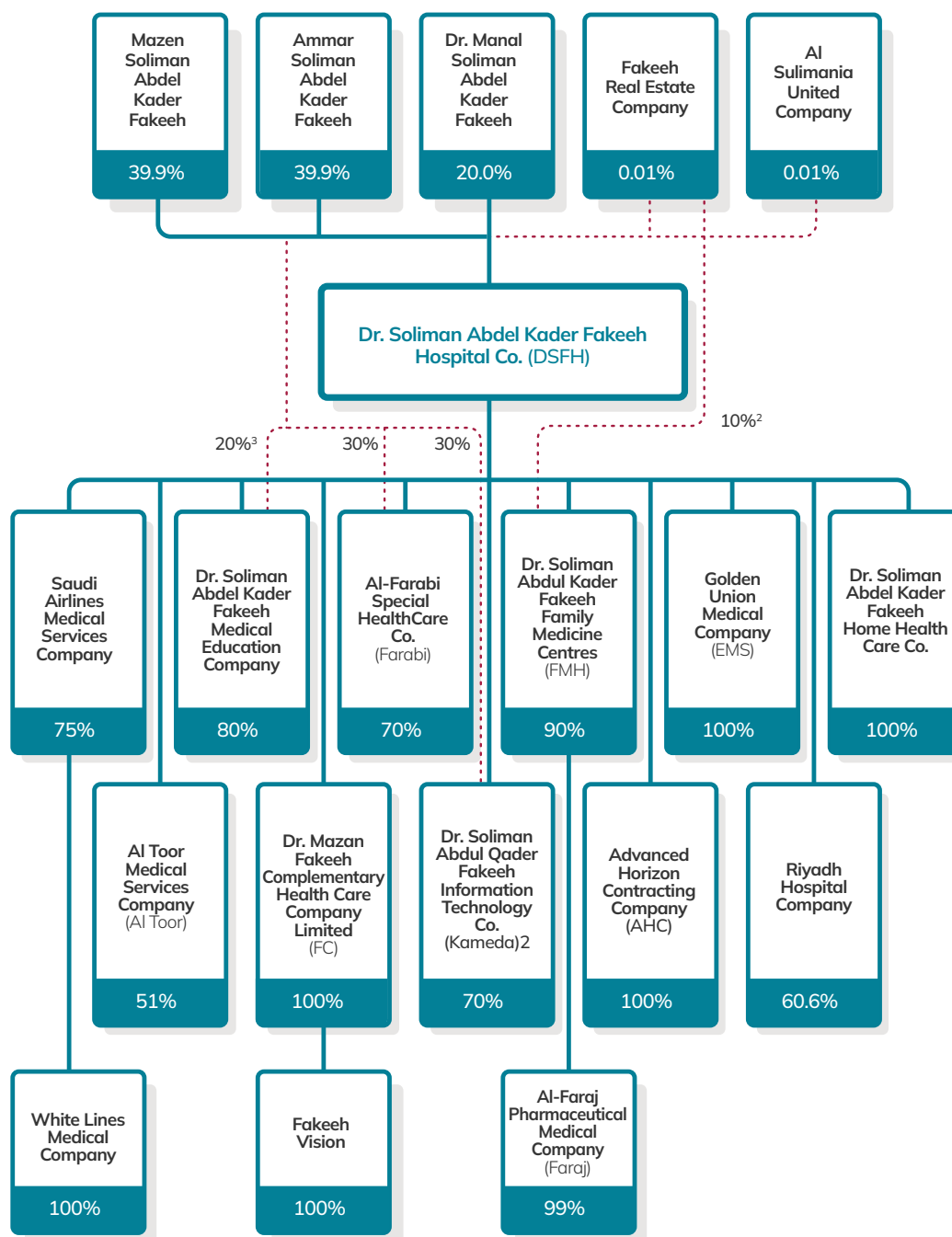
Please refer to Section 5.2 of this Prospectus ("**Board Directors and Secretary**") for further details on her experience and former positions.



## 4.2 Group Structure

The following figure illustrates the Group's structure chart as of the date of this Prospectus:

**Figure (19): The Group's Structure as of the Date of this Prospectus**



Source: The Company

1 Established in 2023G

2 Owned by Fakeeh Real Estate Company which is owned by Dr. Mazen Soliman Abdel Kader Fakeeh, Mr. Ammar Soliman Abdel Kader Fakeeh and Dr. Manal Soliman Abdel Kader Fakeeh

3 Owned by Dr. Mazen Soliman Abdel Kader Fakeeh, Mr. Ammar Soliman Abdel Kader Fakeeh and Dr. Manal Soliman Abdel Kader Fakeeh

#### 4.2.1 Overview of the Company's Subsidiaries

The Company owns (in whole or in part) fourteen (14) Subsidiaries in the KSA, namely (i) Saudi Airlines Medical Services Company; (ii) Al Toor Medical Services Limited Company; (iii) Dr. Soliman Abdel Kader Fakeeh Medical Education Co.; (iv) Dr. Mazen Fakeeh Complementary Healthcare Ltd. Co.; (v) Al Farabi Special Health Care Co.; (vi) Fakeeh Tech; (vii) Dr. Soliman Abdel Kader Fakeeh Family Medicine Centers; (viii) Al Faraj Pharmaceutical Medical Company; (ix) Advanced Horizon Contracting Company; (x) MedE; (xi) Riyadh Hospital Company; (xii) Fakeeh Home Health Care Co.; (xiii) White Lines Medical Company; and (xiv) Fakeeh Vision Company Limited.

The following table sets out the details of the Company's Subsidiaries:

**Table (31): The Subsidiaries as at the Date of this Prospectus**

No.	Company Name	Commercial Registration No.	Commercial Registration Date	Share Capital (SAR)	Activities Overview	Ownership percentage
1-	Saudi Airlines Medical Services Company	4030182072	17 Sha'ban 1429H	500,000	Management, operation and establishment of hospitals and healthcare facilities, providing comprehensive and specialized medical services related to the employees of Saudi Arabian Airline Corporation Group	75%
	<b>Subsidiary of Saudi Airlines Medical Services Company</b>					
2-	White Lines Medical Company	4030447897	24 Jumada I 1443H	100,000	Trading of pharmaceutical, medical, cosmetic and toiletry products	100% held by Saudi Airlines Company for Medical Service
	Al Toor Medical Services Company	4030334928	25 Rajab, 1440H	1,000,000	Managing, operating medical and healthcare services and construction of non-residential buildings, including schools, hospitals, hotels, and others	51%
3-	Dr. Soliman Abdel Kader Fakeeh Medical Education Company Limited	4030144912	5 Shabaan 1424H	1,000,000	Establishment and management of the operations of College of Nursing and Medical Sciences	80%
4-	Dr. Mazen Fakeeh Complementary Healthcare Ltd. Co.	4030173525	23 Jumada Al Thani, 1428H	500,000	The principal activities of the Company is to engage in the wholesale and retail trade in cosmetics and adornments, instruments for radiology and laboratory and glassware for laboratories, medical and surgical instruments and materials and supplies for Hospitals and in wholesale and retail trade of optical instruments and audio devices	100%
	<b>Subsidiary of Dr. Mazen Fakeeh Complementary Healthcare Ltd. Co.</b>					
5-	Fakeeh Vision Company Limited	4030293590	04 Rajab 1440H	500,000	Trading of eye-glasses and cosmetics	100% held by Dr. Mazen Fakeeh Complementary Healthcare Ltd. Co.
	Al-Farabi Special Health Care Company Limited	4030201009	1 Jumada II, 1431H	500,000	The principal activity of the company is managing and operating medical and healthcare services, healthcare centers, educational and training centers, wholesale and retail in medical equipment and tools	70%



No.	Company Name	Commercial Registration No.	Commercial Registration Date	Share Capital (SAR)	Activities Overview	Ownership percentage
6-	Dr. Soliman Abdel Kader Fakeeh Information Technology Co.	4030245588	19 Jumada II, 1434H	1,000,000	The principal activity of the company is to provide services and maintenance of computers, software and applications and electronic works	70%
	Dr. Soliman Abdel Kader Fakeeh Family Medicine Centers	4030286403	26 Safar 1437H 2 Dhul-Qaidah, 1439H	1,000,000	Managing, establishing and operating hospitals, clinics, medical, educational and training centers. In addition to the above, the company is also managing and operating medical services, analysis and radiology laboratory and managing and establishing pharmacies	90%
7-	<b>Subsidiary of Dr. Soliman Abdel Kader Fakeeh Family Medicine Centers</b>					
	Al-Faraj Pharmaceutical Medical Company	4030307845	26 Dhul-Qaidah, 1439H	500,000	Pharmacies operations	89.8% held by Dr. Soliman Abdel Kader Fakeeh Family Medicine Centers
8-	Advanced Horizon Contracting Company	4030408511	9 Rajab 1442H	100,000	General construction of residential and non-residential buildings, including (schools, hospitals, hotels, etc.), restoration of residential and non-residential buildings, electrical wiring, network extensions, installation and maintenance of fire alarm devices and equipment, installation, maintenance and repair of sanitary ware, installation, maintenance and repair of cooling and air conditioning systems	100%
9-	MedE	4030406579	19 Jumada II 1442H	1,500,000	Management and operation of ambulance transport services	100%
10-	Riyadh Hospital Company	1010461123	3 Shabaan 1437H	571,096,520	Management, operation, and maintenance of hospital, including the Riyadh Hospital	60.56%
11-	Fakeeh Home Health Care Co.	4650245818	23 Dhul-Qaidah, 1443H	100,000	Home health care	100%

#### 4.2.2 Overview of the Company's Material Subsidiaries

For the purpose of measuring the materiality of the Subsidiaries, the Company and the Financial Advisor took into account their impact on the decision to invest in the Company's securities and their price, including, but not limited to, whether they constitute 5% or more of the Company's total assets, liabilities, revenues, profits or contingent liabilities based on the consolidated financial statements of the Company as at 31 December 2022G (for further information, please refer to Section 12.4 of this Prospectus "The Company's Branches and Subsidiaries").

Based on the foregoing, the Company has three (3) Subsidiaries that are considered material (the "Material Subsidiaries"), as follows:

##### a- Saudi Airlines Medical Services Company

Saudi Airlines Medical Services Company ("Medical Fakeeh") is a limited liability company registered in Jeddah with commercial registration number 4030182072 dated 17/08/1429H (corresponding to 18 August 2008G) with a share capital of SAR 500,000, divided into 5,000 shares with a nominal value of SAR 100 each. The Company owns 75% of the share capital of Medical Fakeeh while the remaining 25% is owned by the Saudi Arabian Airline Corporation.

According to its Commercial Register, the activities of Medical Fakeeh include: (i) pharmacies; (ii) pharmaceutical warehouses; (iii) general hospitals; (iv) same-day surgery centers; (v) general medical Complexes; (vi) medical laboratories.

The following table sets out the ownership structure of Medical Fakeeh as at the date of this Prospectus:

**Table (32): The Ownership Structure of Medical Fakeeh as at the Date of this Prospectus**

#	Shareholder	Number of Shares	Nominal Value per Share (SAR)	Overall Nominal Value (SAR)	Shareholding %
1-	The Company	3,750	100	375,000	75%
2-	Saudi Arabian Airline Corporation	1,250	100	125,000	25%
<b>Total</b>		<b>5,000</b>	<b>100</b>	<b>500,000</b>	<b>100%</b>

Source: The Company

### b- Riyadh Hospital Company

Riyadh Hospital Company is a limited liability company registered in Riyadh with commercial registration number 1010461123 dated 03/08/1437H (corresponding to 10 May 2016) with a share capital of SAR 571,096,520 divided into 57,109,652 shares with a nominal value of SAR 10 each. The Company owns 60.56% of the share capital of Riyadh Hospital, while Rana Investment Company owns 35.97% and Abdullah Mohammad Abdulaziz AlRais owns 3.47%. On 7 February 2024G, the Substantial Shareholders entered into a sale and purchase agreement with Rana Investment Company, whereby Abdullah Alrayes, on behalf of the Substantial Shareholders, agreed to purchase all the shares owned by Rana Investment Company and Abdullah Alrayes in Riyadh Hospital Company.

Riyadh Hospital Company owns a 185-bed tertiary level hospital in Riyadh (the "**Riyadh Hospital**"). According to its Commercial Register, the current activities of Riyadh Hospital Company include the following: (1) general construction of non-residential buildings including schools, hospitals, hotels, etc.; (2) building finishing; (3) pharmacies activities; (4) retail sale of cosmetics and soaps; (5) retail sale of child care supplies and tools; (6) retail sale of catering services' tools and equipment (including catering equipment at hotels, hospitals, etc.); (7) cafeterias and buffets; (8) operation of canteens or cafeterias on a concession basis (e.g. for factories, offices, hospitals, schools, etc.); (9) general cleaning of buildings; (10) exterior cleaning of buildings; (11) training centers; (12) hospitals; (13) extended and recovery medical care hospitals; (14) addiction treatment and rehabilitation hospitals; (15) medical operation of hospitals; (16) specialized medical Complexes; (17) one-day surgery centers; (18) general medical Complexes; (19) medical clinics; (20) critical care centers; (21) shared healthcare workspace centers; (22) medical operation of medical Complexes and one-day surgery centers; (23) medical operation of medical Complexes and one-day surgery centers; (24) radiology centers; (25) plasma collection centers; (26) ambulance transport services centers; (27) medical laboratories; (28) alternative and complementary medicine Complexes; (29) alternative and complementary medicine centers; (30) medical rehabilitation centers; (31) speech-language and dysphagia centers; (32) dialysis centers; (33) foot and ankle care centers; (34) prosthetics and orthotics centers; (35) nutrition centers; (36) home services medical centers; (37) mobile medical clinics; (38) occupational therapy centers; (39) physiotherapy centers; (40) urgent medical care centers; (41) pain relief centers; (42) hearing therapy centers; (43) telecare and telemedicine centers; (44) artificial eye centers; (45) teleradiology centers; (46) medical operation of medical laboratories, radiology centers and medical services support; (47) sample collection centers; (48) intravenous fluids centers; (49) specialized rehabilitation centers for addicted persons; (50) welfare of intellectual education and centers of mental health care; (51) psychological rehabilitation centers; (52) addiction treatment and rehabilitation centers; (53) activities of visiting elderly and persons with special needs; and (54) private non-residential centers for the elderly (for further information, please refer to Section 4.3.6 "**Multi-Specialty Hospitals**" of this Prospectus).

The following table sets out the Ownership structure of Riyadh Medical Hospital Company as at the date of this Prospectus:

**Table (33): The Ownership Structure of Riyadh Hospital Company as at the Date of this Prospectus**

#	Shareholder	Number of Shares	Nominal Value per Share (SAR)	Overall Nominal Value (SAR)	Shareholding %
1-	Rana Investment Company	20,540,725	10	205,407,250	35.97%
2-	Abdullah Mohammad Abdulaziz Al Rais	1,982,100	10	19,821,000	3.47%
3-	The Company	34,586,827	10	345,868,270	60.56%
<b>Total</b>		<b>57,109,652</b>	<b>10</b>	<b>571,096,520</b>	<b>100%</b>

Source: The Company

### c- Dr. Soliman Abdel Kader Fakeeh Medical Education Company Limited

Dr. Soliman Abdel Kader Fakeeh Medical Education Company Limited is a limited liability company registered in Jeddah, the Kingdom with commercial registration number 4030144912 dated 05/08/1424H (corresponding to 1 October 2003G) with a share capital of SAR 1,000,000 divided into 1,000 shares with a nominal value of SAR 1,000 each. The Company owns 80% of the share capital of Fakeeh College of Medical Sciences, while Substantial Shareholders collectively own the remaining 20% of Fakeeh College's share capital. Dr. Soliman Abdel Kader Fakeeh Medical Education Company Limited owns and operates the Fakeeh College of Medical Sciences. (For further information, please refer to Section 4.3.8 of this Prospectus "Higher Medical Education").

According to its Commercial Register, the activities of Dr. Soliman Abdel Kader Fakeeh Medical Education Company include the following: (1) colleges and universities (2) private healthcare training center activities.

**Table (34): The Shareholding Ownership of Dr. Soliman Abdel Kader Fakeeh Medical Education Company Limited as at the date of this Prospectus**

#	Shareholder	Number of Shares	Nominal Value per Share (SAR)	Overall Nominal Value (SAR)	Shareholding %
1-	The Company	800	1,000	800,000	80%
2-	Mazen Soliman Abdel Kader Fakeeh	80	1,000	80,000	8%
3-	Ammar Soliman Abdel Kader Fakeeh	80	1,000	80,000	8%
4-	Manal Soliman Abdel Kader Fakeeh	40	1,000	40,000	4%
<b>Total</b>		<b>1,000</b>	<b>1,000</b>	<b>1,000,000</b>	<b>100%</b>

Source: The Company

### 4.3 The Group’s Vision, Mission, Strategy and Competitive Advantages

#### 4.3.1 The Group’s Vision

Improving people’s lives through the provision of compassionate, integrated and excellent healthcare services and the teaching and promotion of health education.

#### 4.3.2 The Group’s Mission

Improving societal wellbeing through the provision of compassionate, integrated and innovative healthcare services.

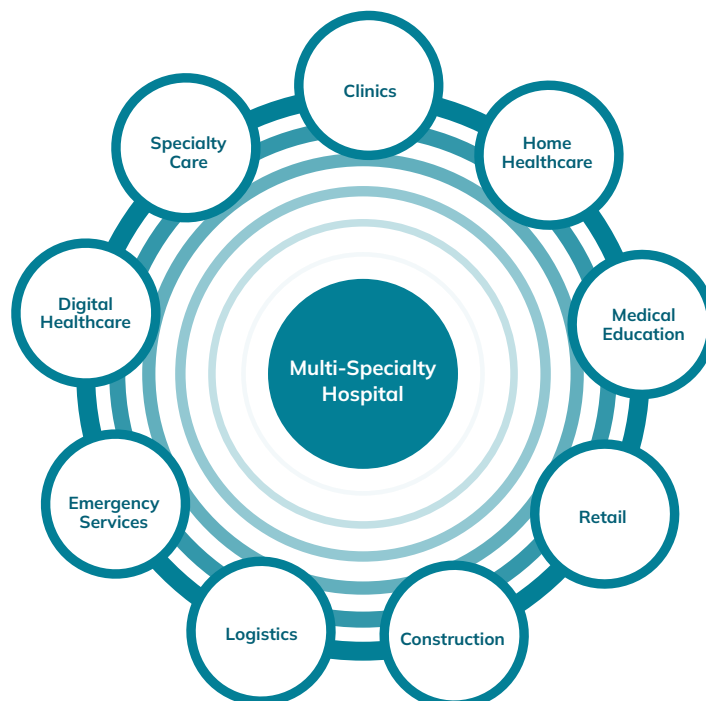
#### 4.3.3 Overview of the Group’s Business Activities

The Group is one of the largest private healthcare providers in the Kingdom and has been in business for more than 45 years. The Group is widely recognized in the GCC region as a leading healthcare provider.

The Group’s principal business activities include setting up, managing and operating multi-specialty hospitals, medical education facilities, rehabilitation and medical centers. The Group also provides other healthcare support services include home healthcare, medical support and ambulance services as well as other healthcare information technology services.

The Group’s academic care model, underpinned by world-class medical education, training and technology, has set a new benchmark for healthcare in the Kingdom, which sets the Group apart from other providers of healthcare services. The Group’s holistic business model encompasses ambulatory, secondary and tertiary care, specialty care, digital health, provision of medical products through ancillary (supporting) business activities, construction and logistics.

The Group is one of the few in healthcare providers in the Kingdom to have adopted the US healthcare model, the hub-and-spoke approach. Under this approach multi-specialty hospital acts as the hub and provides a full range of services, with spokes, including medical centers, ambulatory care and other auxiliary facilities, offers multiple benefits.



The Hub and Spoke model is a patient-centric healthcare delivery approach. It features a flagship hospital, providing tertiary level care, serving as the “hub,” supported by several large-scale outpatient clinics as “spokes”, strategically located in population-dense areas. These spokes offer a wide range of medical services, including 24/7 urgent care, advanced radiology, internal medicine, family medicine, pediatrics, and women’s health, among others. This model enables the Group to manage medical centers closer to residential and work areas and serves to decentralize the high traffic that often burdens tertiary hospitals.

#### 4.3.4 Key Milestones

The below table sets out a summary of the Group's key milestones.

**Table (35): Summary of the Group's Key Milestones**

Date	Milestones
1978G	<ul style="list-style-type: none"> <li>Establishment of the Company's first hospital in Jeddah, under the name "Dr. Soliman Abdel Kader Fakeeh Hospital"</li> </ul>
1984G	<ul style="list-style-type: none"> <li>The Company completed the first successful In-Vitro Fertilization (IVF) in the Kingdom</li> </ul>
1985G	<ul style="list-style-type: none"> <li>The Company completed the first successful renal transplant at a private hospital in the Kingdom</li> </ul>
1986G	<ul style="list-style-type: none"> <li>Opening of second tower in the B1 Complex, located in Jeddah Hospital Complex</li> </ul>
1990G	<ul style="list-style-type: none"> <li>The Company completed the first successful heart transplant, in the Western region of the Kingdom, at Jeddah Hospital Complex</li> </ul>
1992G	<ul style="list-style-type: none"> <li>The Company discovered the first case of Dengue Hemorrhagic Virus</li> </ul>
1999G	<ul style="list-style-type: none"> <li>Opening of B2 Complex, located in Jeddah Hospital Complex</li> </ul>
2003G	<ul style="list-style-type: none"> <li>Establishment of the Fakeeh College of Medical Sciences in Jeddah</li> </ul>
2006G	<ul style="list-style-type: none"> <li>The Company was awarded with its first JCI Accreditation which was followed by AHCS accreditation</li> </ul>
2009G	<ul style="list-style-type: none"> <li>The Company established Dr. Mazen Fakeeh Complementary Healthcare Ltd. Co. to provide business support services.</li> </ul>
2011G	<ul style="list-style-type: none"> <li>The Company established Khadija Attar Center, specializing in the care of children with special needs</li> </ul>
2012G	<ul style="list-style-type: none"> <li>Discovery of the first case of Middle East Respiratory Syndrome (MERS)</li> <li>Provision of an academic residency program at Jeddah Hospital Complex, which is considered the first of its kind in the Kingdom</li> </ul>
2013G	<ul style="list-style-type: none"> <li>The Group started providing home health care services through the establishment of FHHC</li> </ul>
2013G	<ul style="list-style-type: none"> <li>The Group started providing technical solutions and programs to the Group, including (Yasasii) and other programs through Fakeeh Tech</li> </ul>
2014G	<ul style="list-style-type: none"> <li>The Group mandated to provide primary healthcare for the staff and students at King Abdullah University of Science and Technology</li> </ul>
2017G	<ul style="list-style-type: none"> <li>Opening of the Fakeeh Executive Clinic for VIP clients, which provides exclusive health care services in luxurious facilities at "The Headquarters Business Park Tower", which is located within one of the most prestigious areas in Jeddah</li> </ul>
2017G	<ul style="list-style-type: none"> <li>Opening of MBBS program at Fakeeh College of Medical Sciences</li> </ul>
2018G	<ul style="list-style-type: none"> <li>Establishment of Dr. Soliman Abdel Kader Fakeeh Family Medicine Centers Company</li> <li>Opening of PharmD program and the MSc postgraduate programs' introduction at Fakeeh College of Medical Sciences</li> </ul>
2019G	<ul style="list-style-type: none"> <li>The Group acquired 75% of Medical Fakeeh Company</li> <li>Establishment of DSFMC in Al Basateen District</li> </ul>
2021G	<ul style="list-style-type: none"> <li>The Group started providing emergency medical services to patients, companies and government institutions through the establishment of MedE, a subsidiary of the Company</li> </ul>
2022G	<ul style="list-style-type: none"> <li>The Group acquired 60.56% of the share capital of Riyadh Hospital Company, the owner of the Riyadh Hospital.</li> <li>Jeddah Hospital Complex ranked as the best private sector hospital in the Kingdom for 2022G, according to Newsweek magazine's assessment</li> </ul>
2023G	<ul style="list-style-type: none"> <li>The Group expanded the geographical scope of the home care services it provides through FHHC</li> <li>The Company concluded a contract with Neom Company to operate Neom Hospital</li> <li>Jeddah Hospital Complex ranked as the best private sector hospital in the Kingdom, according to the American magazine Newsweek</li> </ul>
2024G	<ul style="list-style-type: none"> <li>Jeddah Hospital Complex ranked as the best private sector hospital in the Kingdom, according to the American magazine Newsweek</li> </ul>

Source: The Company

### 4.3.5 Overview of Healthcare Services

The Group currently owns two multi-specialty hospitals, namely the Jeddah Hospital Complex and the Riyadh Hospital (for further information about these two hospitals, please refer to Section 4.3.6 ("Multi-specialty Hospitals") of this Prospectus). The Group also operates Neom Hospital pursuant to the framework agreement for the provision of medical services entered into with Neom Company on 23/08/1444H (corresponding to 15/03/2023G) (for further information about this agreement, please refer to Section 12.6.2 ("Medical Services Agreements with Other Parties") of this Prospectus).

The Group offers a range of healthcare services through its various Subsidiaries with the aim of bringing premium quality healthcare quality to its patients. The table below includes a summary of the key healthcare services provided by the Group.

The Group offers a range of healthcare services through its various Subsidiaries with the aim of providing outstanding healthcare to its patients. Set out below is a summary of the various key healthcare services provided by the Group. While the Group seeks to provide as many medical services as possible in all its healthcare facilities, the summary of medical services set out below includes all healthcare services provided by the Group as a whole and does not necessarily reflect the health care services provided in each medical facility separately.

- **Medical Services**

**Table (36): Key healthcare services provided by the Group as at the date of this Prospectus**

Specialty	Subspecialty
<b>Anesthesia</b>	General anesthesia, palliative care, critical care anesthesiology and pediatric anesthesia.
<b>Cardiovascular Diseases</b>	Treatment of heart diseases, cardiovascular and thoracic surgery, interventional cardiology, acoustic imaging, and clinical cardiac electrophysiology.
<b>General Surgery and Endoscopy</b>	General Surgery, oncology clinic, obesity surgery, breast surgery, colorectal surgery, oncology surgery, trauma surgery, liver and biliary surgery, and pancreatic surgery.
<b>Hyperbaric Oxygen Therapy (HBOT)</b>	Wound treatment using hyperbaric oxygen.
<b>Hematology and Oncology</b>	Adult hematology, pediatric hematology, radiation oncology, surgical oncology and hematology.
<b>Obstetrics and Gynecology</b>	Childbirth, maternal and fetal care, gonadal diseases, gynecological oncology, gynecological urology diseases, infertility treatment, gynecological diseases and embryology
<b>Ophthalmology</b>	General ophthalmology, retinal surgery, corneal surgery, glaucoma, pediatric ophthalmology and neuro-ophthalmology.
<b>Pediatric Surgery</b>	Pediatric general surgery, neonatal surgery, pediatric orthopedics, pediatric urology, pediatric oncology and pediatric neurosurgery.
<b>Urology</b>	General surgery of the urinary tract, male-specific diseases, and tumors of the urinary tract in men and women.
<b>Dental and Maxillofacial Surgery</b>	Dentistry, cosmetic dentistry, endodontics, oral and maxillofacial surgery, orthodontics, periodontal disease treatment, pediatric dentistry and other oral diseases.
<b>Dermatology</b>	Treatment of general skin diseases, cosmetic skin diseases, etc.
<b>Intensive Care Units (ICUs)</b>	Intensive care units for adults, children, neonates, cardiac and chest patients, respiratory treatment units, and Neurocritical Care Unit (NCCU).
<b>Internal Medicine</b>	General internal medicine, treatment of gastroenterology, pulmonology, cardiology, endocrinology, rheumatology, infectious diseases, kidney disease, liver disease, allergy, immunology, geriatrics, hematology, sleep medicine, sports medicine and addiction medicine.
<b>Orthopedics and Spine Surgery</b>	General orthopedic surgery, spinal surgery, joint replacement, hand surgery, foot and ankle surgery, musculoskeletal oncology surgery and orthopedic rehabilitation.
<b>Plastic Surgery</b>	Plastic surgery, reconstructive surgery, pediatric plastic surgery, burn surgery and microsurgery.
<b>Physical therapy and Rehabilitation</b>	General rehabilitation, spinal cord injury treatment, pediatric rehabilitation, brain injury treatment, cardiac and pulmonary rehabilitation, physical therapy, chiropractic, and occupational therapy.
<b>Nutrition Consultations</b>	Clinical nutrition consultations, pediatric nutrition, sports nutrition, and diabetic nutrition.

Specialty	Subspecialty
<b>Otolaryngology</b>	Adult and pediatric otolaryngology, head and neck surgery, auditory system, speech therapy and speech-language pathology.
<b>Emergency</b>	General emergency services, pediatric emergency medicine, toxicology, blood pressure therapy, and critical care medicine.
<b>Family medicine</b>	General medicine, preventive medicine, geriatrics, adolescent medicine and palliative healthcare.
<b>Neurology</b>	Adult and pediatric neurology, neurosurgery, neuro-oncology, neurophysiology, neuropsychology, neuroimaging, neurocritical care, and stroke treatment.
<b>Pediatrics</b>	General pediatrics, pediatric cardiology, pediatric pulmonology, pediatric gastroenterology, neonatology, developmental pediatrics, pediatric hematology and oncology, pediatric endocrinology, pediatric rheumatology, pediatric nephrology, pediatric neurology, pediatric allergy and immunology.
<b>Radiology and Diagnostics General Radiology</b>	Interventional radiology, neuroradiology, pediatric radiology, musculoskeletal radiology, mammography, nuclear medicine, ultrasound, CT, MRI and X-Ray.

### • Laboratory Services

The Group owns CAP-accredited laboratories and provides blood bank accredited by the American Association of Blood Banks (AABB) which operates as a reference laboratory functions for in-patients and out-patients. Specific laboratory diagnostic services are provided on a 24/7 basis. Laboratory services offered at the Group's facilities cover the core laboratory tests, microbiology tests, anatomic pathology tests and blood bank. Laboratory services include:

Section	Description
<b>Anatomic pathology</b>	Histopathology, cytology, frozen section, immunohistochemistry, hormone receptors.
<b>Blood bank</b>	Blood donation, component preparation, immunohematology, NAT testing, transfusion services.
<b>Microbiology</b>	Bacteriological culture and sensitivity, mycological culture and sensitivity, blood culture and sensitivity, acid fast bacilli staining.
<b>Molecular microbiology</b>	Molecular diagnosis of infectious diseases: Gene Xpert system tests (MRSA, HIV, HCV, HBV, Myco TB/Rif, Flu RSV, CT/NG), Film array system test (GI panel, respiratory panel, pneumonia panel, meningitis panel and blood culture identification panel), Real-time PCR for Covid-19
<b>Clinical microscopy</b>	Urine analysis, stool analysis, occult blood in stool, rotavirus, H-pylori, pregnancy test, B <sub>2</sub> protein, reducing substances.
<b>Core lab</b>	Routine chemistry, serology, TDM, hormones, provocative tests.
<b>Hematology</b>	CBC, reticulocyte count, blood film morphology, bone marrow aspirate& biopsy, routine coagulation tests, coagulation factor assay, malaria screening, sickle screening test, ESR.
<b>Flow cytometry</b>	Lymphocyte subset, leukemia lymphoma panel, MRD, PNH, residual WBC in blood components.
<b>Immunology</b>	Allergy test (screening& specific) comprehensive autoimmune tests, PCR (HCV, HBV), Factor II& V mutation, serology of infectious diseases, Quantiferon test, Hb & protein, electrophoresis, glucose-6-phosphate dehydrogenase (G6PD) screening.

### • Pharmaceutical Services

Pharmaceutical services are among the key services that relate to the storage, compounding, dispensing, and distribution of drugs. The Group's pharmacies include pharmacies that are dedicated to serve patients of medical centers, inpatients (including the chemotherapy unit), clinical pharmacy, and narcotic control unit:

- In-patient Pharmacy Services: Pharmacy services for inpatients at the Group's healthcare facilities, which provide medications and other nutritional products and medical supplies for hospitalized and day-surgery patients, whether during their admission at the Group's healthcare facilities or upon their discharge.
- Pharmacy Services for Patients of Medical Centers: Pharmacy services for the Group and third-party patients, which serve patients by dispensing medications and other nutritional products and medical supplies.
- Clinical Pharmacy Services: Pharmacy services for inpatients through dedicated pharmacists.

- **Radiology Services**

The Group offers radiology and diagnostic imaging services in its sophisticated clinical applications. The Group carries out over 145,000 radiology procedures annually which are administered by highly qualified radiologists, nuclear radiologists, sonographers, technicians and nurses. The Group's healthcare facilities are equipped with cutting-edge radiology systems, including radio information systems and imaging archiving and communication systems, as well as computed radiography and digital radiography. The Group's radiology services include general radiology, angiography, interventional radiology, dual-energy x-ray absorptiometry, mammography fluoroscopy, contrast studies (including gastrointestinal tract and urogenital tract), magnetic resonance imaging, ultrasound scans and nuclear radiation testing.

#### 4.3.6 Multi-Specialty Hospitals

The Group currently owns two multi-specialty hospitals, namely the Jeddah Hospital Complex and the Riyadh Hospital, and operates the Neom Hospital pursuant to the framework agreement to provide medical services concluded with Neom Company on 23/08/1444H (corresponding to 15/03/2023G) (for further information about this Agreement, see Section 12.6.2 "Medical Services Agreements with Third Parties" of this Prospectus).

Set out below is a summary of the key features of the Jeddah Hospital Complex and the Riyadh Hospital:

- **Dr. Soliman Abdel Kader Fakeeh Hospital – Jeddah (the "Jeddah Hospital Complex")**

The Jeddah Hospital Complex was opened in 1978G in Al Hamra District of Jeddah. Currently, approximately 1 million patients are treated at the Jeddah Hospital Complex annually, more than five thousand labor surgeries, transplant and open-heart surgeries are performed at the Jeddah Hospital Complex annually. The Jeddah Hospital Complex has one of the largest intensive care units in the GCC region and is currently the only private hospital in the GCC region with a closed behavioral health unit. The Jeddah Hospital Complex was the first private hospital in the Kingdom to be accredited by the JCI in 2006G. The Jeddah Hospital Complex currently provides more than 50 medical specialties including emergency, out-patient consultation, in-patient medical and surgical consultation, obstetrics and gynecology, oncology, psychiatry, cardiology and urology. The Jeddah Hospital Complex currently employs more than 1,800 health practitioner across different medical departments, including emergency department, inpatient department, outpatient department, dental department, surgical department, radiology department, laboratory department, pharmacy department, laparoscopic imaging department, morgue department, and VIP customer care department.

In addition to the general healthcare services provided at the Jeddah Hospital Complex, the Jeddah Hospital Complex stands out as one of the private hospitals that provides: (a) acute intensive care units for infants; (b) pediatric oncology; (c) renal transplant surgeries; (d) comprehensive care for cancer patients, and the robotic surgery for multi-specialty surgeries. The Jeddah Hospital Complex also has a specialty in Tertiary Healthcare procedures such as orthopedic, spine and ear implants, neurological procedures, skull base surgeries and endoscopic ultrasound checks.

The Jeddah Hospital Complex currently boasts 400 inpatient beds, 134 clinics, 108 intensive care units and 15 operation theatres, 24/7 emergency care unit, reference lab, multiple radiography services, multi-specialty pharmacy. The Jeddah Hospital Complex also utilizes cutting-edge medical technology including the positron emission tomography-computed tomography (PET-CT), the hyperbaric oxygen therapy chamber and intestinal flowmetry technology.

The Jeddah Hospital Complex consists of three medical buildings. The total area of the main two buildings of the Jeddah Complex is approximately 83,500 square meters, built on a two plots of land owned by the Heirs of Dr. Soliman Fakeeh with an area of 3,841 square meters and 5,482 square meters, respectively. The two plots are leased to the Company (for further information about the lease contracts relating to the Group's healthcare facilities, please refer to Section 12.11 ("Lease Agreements") of this Prospectus).

- **Riyadh Hospital Company (the "Riyadh Hospital")**

On 27 October 2022G, the Company acquired 60.56% of the Riyadh Hospital from Rana Medical Services Company, which was renamed after the acquisition "Dr. Soliman Fakeeh Hospital Medical Company". This acquisition represented the Group's first expansion into Riyadh, in fulfilment of the Group's vision to establish an integrated healthcare model and expand the patient-centered, safe healthcare services provided by the Group that focuses on patient satisfaction.



The Riyadh Hospital has a capacity of hundred and eighty-five (185) inpatient beds, fifty-five (55) outpatient clinics, ten (10) operation theaters, ten (10) intensive care rooms for adults and children, ten (10) cardiac intensive care beds, eight (8) neonatal care rooms, an in vitro fertilization (IVF) unit, and a cardiac catheterization laboratory. The Riyadh Hospital is also equipped with state-of-the-art technology and provides a wide range of medical services, including cardiac treatment, critical care, emergency care, pulmonary care, respiratory care, pediatrics, gynecology, hepatology, urology, dental, ophthalmology, nutritional services and rehabilitation services.

Currently, approximately 200 physicians in various medical departments currently work at the Riyadh Hospital, covering the emergency department, inpatient department, outpatient department, surgical department, radiology department, laboratory department, pharmacy department, laparoscopic imaging department, morgue department, and important customer care department.

While the Riyadh Hospital was commissioned for commercial operation and obtained the requisite licenses to operate in June 2021G, it was only until March 2023G that the Riyadh Hospital Company entered into healthcare service agreements with insurance companies. As a result, Riyadh Hospital's revenues amounted to zero Saudi Riyals, SAR 6.1 million, and SAR 9.5 million during the FY2020G, FY2021G, and FY2022G, respectively. Following the acquisition by the Company of shares in the Riyadh Hospital Company, the Company rebranded the trade name of the Riyadh Hospital Company, recruited a qualified team of doctors and employees and caused the Riyadh Hospital Company to enter into contracts with insurance companies such that the Riyadh Hospital is able to operate in accordance with the Group's quality standards. This resulted in attracting patients and increasing Riyadh Hospital Company's revenues to SAR 33.7 million during the nine-month period ended 30 September 2023G.

Additionally, the expansion in the quality and variety of medical services provided by the Riyadh Hospital contributed to a significant increase in the number of its patients and visitors. For example, more than four hundred (400) surgical operations, one hundred and eighty-eight (188) labor operations, six thousand seven hundred (6,700) radiological imaging services and fifty thousand (50,000) laboratory examinations were performed during the nine-month period ended 30 September 2023G. The emergency department of the Riyadh Hospital also handled more than seven thousand six hundred (7,600) medical cases during that period.

The total area of the Riyadh Hospital premises is approximately 55,000 square meters, built on a plot of land owned by the Riyadh Hospital Company with an area of 6,358 square meters.

The agreement pursuant to which the Company acquired its shares in the Riyadh Hospital Company included terms and conditions which are customary in acquisition agreements. It also included provisions relating to the adjustment of the purchase price based on the latest financial performance of the Company to be acquired while keeping a part of the purchase price in an escrow agent until the parties agree on any purchase price adjustments. As at the date of this Prospectus, all these matters have been settled in full between the parties. Moreover, the Company entered into a shareholders' agreement with shareholders owning the remaining shares of Dr. Soliman Fakeeh Medical Hospital Company, which governs the rights and obligations of the shareholders of the Riyadh Hospital Company via-a-vis each other on an ongoing basis (for further information about this agreement, kindly refer to Section 12.6.5.1 "**Shareholders' Agreement between the Company, Rana Investment Company, Abdullah Alrayes, and Rana Medical Services Company**" of this Prospectus). On 7 February 2024G, the Substantial Shareholders entered into a sale and purchase agreement with Rana Investment Company, whereby Abdullah Alrayes, on their behalf, agreed to purchase all the shares owned by Rana Investment Company and Abdullah Alrayes, pursuant to which the Substantial Shareholders would acquire all the shares owned by Rana Investment Company and Abdullah Alrayes in Riyadh Hospital Company.

#### 4.3.7 Medical Centers

In addition to the multi-specialty hospitals, the Group currently provides healthcare services through four medical centers that constitute the "spokes" of the Group's Hub-and-Spoke model, namely: (a) Medical Fakeeh in Jeddah; (b) DSFMC in Al Basateen District in Jeddah; (c) DSFMC in Al Nuzha District in Jeddah; and (d) Fakeeh Executive Clinic that is located in the prestigious Headquarters Business Park Tower in north Jeddah.

Set out below is a summary of the key features of each primary care medical center owned by the Group:

- **Medical Fakeeh**

Medical Fakeeh was initially established by the Saudi Arabian Airlines General Corporation under "Saudi Airlines Medical Services Co.", to provide medical care to its employees, retirees and their families. In 2019G, the Company acquired 75% of the share capital of Medical Fakeeh. This acquisition is considered the first privatization of a healthcare facility owned by the Saudi Government. Since it became part of the Group, Medical Fakeeh expanded its operations and customer base and diversified its revenue sources by entering into new contracts with a number of insurance companies. Medical Fakeeh is currently working on expanding its healthcare operations to include issuing medical permits to airline employees of the Saudi Arabian Airlines General Corporation, Royal Flights, Flyadeal, and Flynas, and providing many logistical services to the above companies.

Medical Fakeeh is located near Saudia City in Jeddah, which is expected to witness a significant growth in population and commercial areas in the future. Medical Fakeeh's proximity to Saudia City makes it conveniently situated to benefit from such expansion, which is expected to result in an increase in the number of patients.

The total area of Medical Fakeeh Clinic building is approximately 7,844 square meters, built on a plot of land owned by the Saudi Airlines Real Estate Development Company, with car parking area of approximately 11,600 square meters appended to it, leased to Medical Fakeeh Company (for further information about the lease contracts relating to the Group's healthcare facilities, please refer to Section 12.1 ("**Lease Agreements**") of this Prospectus).

- **DSFMC Al Basateen District, Jeddah**

DSFMC in Al Basateen District is a branch of Jeddah Hospital Complex, situated at the center of Al Basateen District in Jeddah. This medical center was established as a center for diabetes treatment, multi-specialty academic medicine, 24/7 urgent care service, a physical therapy center and an advanced radiology department which features MRI, CT, and ultrasound capabilities. Such advanced diagnostic tools ensure that patients receive accurate and rapid diagnoses. In addition, the medical center boasts a dialysis unit, a rapid diagnostic unit (RDU), telemedicine, a same-day surgery department and laparoscopic surgery department, offering a comprehensive range of healthcare services to the same-day surgery.

The total area of the DSFMC buildings belonging in Al Basateen District is about 13,500 square meters, built on a plot of land owned by the Heirs of Dr. Soliman Fakeeh, which has an area of 3,402 square meters, leased to the Company (for further information about the lease contracts relating to the Group's healthcare facilities, please refer to Section 12.1 ("**Lease Agreements**") of this Prospectus).

- **DSFMC Al Nuzha District, Jeddah**

DSFMC in Al Nuzha District is a branch of the Jeddah Hospital Complex located on Madinah Road in Al Nuzha area in Jeddah. DSFMC was established as a multi-specialty center, with 24/7 urgent care, and includes pharmacy, lab, radiology center, dental, otolaryngology, family medicine, internal medicine, pediatrics, obstetrics and gynecology.

The total area of the DSFMC buildings in Al Nuzha District is approximately 1,500 square meters.

- **Fakeeh Executive Clinic**

Fakeeh Executive Clinic was opened in 2017G to provide various healthcare services to VIP patients, as well as other patients who wish to benefit from the services provided in a facility equipped with a high level of luxury and exclusive services. Fakeeh Executive Clinic consists of twelve (12) clinics that include twenty-two (22) specialties of psychiatry, neurology, plastic surgery, massage therapy, dermatology, endoscopy, internal medicine, podiatry, chiropractic, cardiology, urology, rheumatology, dietetics, obstetrics and gynecology, physiotherapy, rehabilitation, oncology, general surgery, obstetrics, fertility, phlebotomy, dental, maxillofacial surgery, radiography, and gastroenterology.

Fakeeh Executive Clinic provides exclusive services to patients registered as members. The services include annual care packages of the patients' general health, in addition to many other offers designed to improve their lifestyle and maintain their healthiness continuously. It also provides laboratory (organic chemistry, hematology and manual tests) services, radiology, and a special department for physical therapy.

Fakeeh Executive Clinic is located in the prestigious Headquarters Business Park Tower in Jeddah, with a total area of approximately 650 square meters. The property is owned by the Heirs of Dr. Soliman Fakeeh, and leased to the Company (for further information about the lease contracts relating to the Group's healthcare facilities, please refer to Section 12.1 ("**Lease Agreements**") of this Prospectus).

#### 4.3.8 Higher Medical Education

The Group's unique services include world-class medical higher education, which includes bachelor's degrees in scientific courses and masters and doctoral degrees in postgraduate studies provided through the Group's subsidiary, Dr. Soliman Abdel Kader Fakeeh Medical Education Company Limited, which owns Fakeeh College of Medical Sciences ("Fakeeh College of Medical Sciences") Fakeeh College of Medical Sciences was established in 2003G with the aim of providing distinguished educational programs and courses for students and train them to become certified and qualified healthcare professionals.

The Fakeeh College of Medical Sciences offers four undergraduate programs, namely: MBBS, PharmD, BSc (Nursing), and BSc Medical laboratory Sciences, together with nine MSc programs in nursing specialties and medical education, and a PHD program (under joint supervision) in medical education, nursing sciences, and basic medical sciences, in cooperation with international universities). In addition, the Fakeeh College of Medical Sciences offer a number of professional executive courses, as well as a sophisticated simulation centers featuring next-level technology.

Since its inception, over 1,000 nurses, 360 MLS, 62 MBBS, 10 PharmD and 180 MSC students have graduated from the Fakeeh College of Medical Sciences. The Group strives to provide continuous support to the graduates of the Fakeeh College of Medical Sciences by offering them sponsorship programs and potential future employment opportunities.

The Fakeeh College of Medical Sciences entered into partnership and academic cooperation agreements with the University of Dundee, a university located in the city of Dundee in the United Kingdom, and with the Royal College of Surgeons in Ireland, a university located in the city of Dublin, Ireland, in 2019G and 2017G (respectively), with the aim of cooperating in developing educational programs, postgraduate studies, joint scientific research, and transferring technology and expertise to the Kingdom of Saudi Arabia, including the development of the healthcare workforce. These partnerships entail the development of the existing programs and introducing future joint programs using international best practices in medical education and training. They also aim to support and expand undergraduate and post-graduate programs offered by the Fakeeh College of Medical Sciences.

The Group's strong educational foundation, represented by the comprehensive educational services provided by Fakeeh College of Medical Sciences, further bolsters the Group's healthcare ability as a whole to provide distinguished medical services through the Academic & Training Affairs Department. The programs offered by Fakeeh College for Medical Sciences are expected to reach more than 20 residency and fellowship programs for physicians and nursing sector accredited by the Saudi Commission for Health Specialties, in addition to the two allied health sector programs that are currently accredited by the Saudi Health Academy within the Jeddah Hospital Complex. In addition, the Fakeeh College of Medical Sciences aims to provide accredited continued medical education, continuous professional development, life support training and a wide range of patient and community awareness initiatives as well as scientific research and innovation support. The Fakeeh College of Medical Sciences also partnered with the prestigious Cleveland Clinic. Pursuant to such partnership, an international visiting preceptorship program is operated. Fakeeh College for Medical Sciences also partnered with Prince Mohammed Bin Salman (MBS) College for Executive Education.

#### 4.3.9 Rehabilitation, Homecare, and Ambulance Services

- **Khadija Attar Center**

Khadija Attar Center was established in Jeddah in the year 2011 with the task of providing children with special needs (aged birth to 12 years) with a range of medical, educational, rehabilitation and entertainment services. The Khadija Attar Center falls within the core of the Group's values, committing to provide dedicated, sensitive, consistent and compassionate support to families who often deal with complex and traumatic medical situations.

The services provided by Khadija Attar Center include:

- **Continuous Rehabilitation Services:** providing rehabilitation to special needs children of average to severe cases.
- **Physical and Occupational Therapy:** offering major and minor kinesthetic skills therapy through individual sessions.
- **Disabilities Training:** offering special care for students with learning disabilities by observing and training them, as well as enabling their parents to support at-home education.
- **Speech Therapy:** providing comprehensive speech therapy services for children with a variety of communication disorders.

- **Early Intervention:** providing young-age rehabilitation services consisting of a portage program that covers social, motor, cognitive, language, and kinetic skills.
- **Applied Behavior Analysis:** applied behavior analysis is aimed at training autistic children of all ages.
- **Home Visits:** providing children with special needs and their parents with the support required at their homes.

- **Fakeeh Home Healthcare (“FHHC”)**

The Group, through FHHC, provides a wide range of comprehensive and coordinated home healthcare, remote medical diagnosis and treatment services and support services for patients who have chronic medical needs at their homes, in Jeddah, Riyadh and Madinah. Such services include geriatric medicine, portable radiological services, special needs care, nursing services, physiotherapy, sleep studies, hemodialysis, clinical dietitian, dental services, psychiatry consultations, tele-consultations, respiratory therapy, laboratory tests, vaccinations and medicine delivery. FHHC has a medical staff consisting of 47 healthcare practitioners and conducts around 47,000 home visits annually.

- **Ambulatory Services**

MedE was established in 2021G with the aim to provide specialized ambulatory services in the Kingdom. Its fleet consists of 46 brand-new ambulances. MedE aims to provide high quality emergency services to patients, while working collaboratively with the Group to provide tailored emergency medical care solutions and services. The services provided through MedE include:

- **Ambulance Services:** MedE provides a wide range of emergency and non-emergency medical services in the Kingdom. This includes providing comprehensive pre-hospital medical care for serious illness or injury, whether it is in a public setting or an immediate onsite response.
- **Home Healthcare:** MedE compliments the range of home healthcare services provided by the Group. MedE offers a dedicated range of healthcare and support services to patients with acute, chronic, or palliative needs. Such services include nursing, physiotherapy, respiratory therapy, sleep tests, laboratory tests, hemodialysis and vaccination services.
- **Training Services:** MedE provides training programs that are focused on knowledge acquisition and skills demonstration and simulation.
- **Outsourcing Services:** MedE offers manpower supply services including medical staff, paramedics and trained ambulance drivers.

#### 4.3.10 Medical Support and Retail

- **International Outreach**

The Group benefits from a dynamic patient outreach program which is based on the following three pillars:

- **Medical Tourism:** Planned medical treatment and concierge services for individuals from abroad and for corporate and government clients.
- **Medical Assistance and Transfer Services:** Kingdom-wide medical assistance to leisure, tourism and business travelers. Pre-travel advice and medical contingency planning for patients traveling or working in remote areas.
- **Medical Projects:** Includes medical services for corporate, government clients including clinic management, medical staffing, ground ambulance services, and medical training.

- **Retail and Support Services**

Dr. Mazen Fakeeh Complementary Healthcare Ltd. Co. was established in 2009G in order to support the Group's business in the fields of medical supplies, equipment, cosmetics, eyewear and dermatology. Dr. Mazen Fakeeh Complementary Healthcare Ltd. Co.'s services to the Group and business clients from outside the Group include: (i) market intelligence and local expertise; (ii) hands-on approach to local regulatory and other challenges; (iii) marketing and promotion of the Group's new and existing trade partners; (iv) logistical and market-entry services in the KSA; and (v) sales expertise services.

Dr. Mazen Fakeeh Complementary Healthcare Ltd. Co. works with international companies operating in various fields. Dr. Mazen Fakeeh Complementary Healthcare Ltd. Co. supplies them with materials used in interventional cardiology, such as Biotonik and Bittium, materials used in bone implants, such as Groupe Le Pine, disposable medical materials, Italian Savelo eyeglass frames, and Opal and Nano children's eyeglass frames.

#### • Optics Retail

In 2017, the Group established Fakeeh Vision Company Limited to add to its retail offerings, especially in the optical sector in the Kingdom. While this company began its operations with one store in the Jeddah Hospital Complex, it now has a network of eight (8) modern stores in the city of Jeddah and the Western Region, and seven (7) additional stores in Riyadh, providing residents and visitors with access to a range of optical products including prescription lenses, glasses, sunglasses, contact lenses and various related accessories.

Fakeeh Vision Company Limited aims to provide the latest optical technologies and services to its customers and seeks to provide the highest level of services to its customers through qualified eye specialists and doctors.

The number of customers of Fakeeh Vision Company Limited significantly increased in the previous years, from approximately 10,000 customers in 2020G to approximately 27,000 customers during the nine-month period ended 30 September 2023G.

#### 4.3.11 Technology Services

In 2013G, the Group acquired 70% of the share capital of Dr. Soliman Abdel Kader Fakeeh for Information Technology Company, bringing to the Group its world class technological assets to the Group and enabling integration of healthcare services across the Group's healthcare facilities.

Fakeeh Tech provides the Group with integrated healthcare software and solutions relating to the healthcare services provided by the Company, through its software development center in India. Such softwares primarily include Yasasii, a state-of-the-art health information system that is designed to facilitate processes and reduce clinical errors. Yasasii is utilized by all of the Group's healthcare facilities and is suitable for all types of medical services offered by the Group, including primary, secondary, tertiary and ambulatory healthcare services. Other support services provided by the Fakeeh Tech includes internet-enabled applications (such as Windows Presentation Foundation, Windows Communication Foundation, Windows Workflow Foundation and databases (SQL Server, Oracle)).

In addition to its intra-Group support role, Fakeeh Tech offers "Yasasii" system to other private hospitals in the Kingdom and offers other services and solutions to third parties. Its offerings include technical expertise in enterprise resource planning using Oracle to help its clients adopt the best technical solutions in their businesses, resolve issues and operate more efficiently. Clients would also have access to more cost-effective services, such as back-office support services, invoice factoring support, accounts and finance services, data management services, and process mapping.

#### 4.3.12 Operating Healthcare Facilities

In addition to managing and operating its own healthcare facilities, the Group also manages and operates third-party hospitals and medical centers pursuant to management agreements. In doing so, the Group remains committed to operational excellence and to delivering high-quality healthcare services, extending these standards to all contract-based engagements.

The Group has extended its medical services to include Neom, which is one of the most prominent projects of the Kingdom under Vision 2030. The Company was appointed as the operator of Neom Hospital under a framework agreement for the provision of medical services entered into with Neom Company on 23/08/1444H (corresponding to 15/03/2023G) (for further information on this agreement, please refer to section 12.6.2 "**Medical Services Agreements with Third Parties**" of this Prospectus). Under this agreement, the Company is entrusted with the responsibility of staffing and managing the day-to-day operations of Neom Hospital, a 50-bed (expandable to 200-bed) hospital, which aims to provide advanced health services using modern medical devices within its vicinity.

In addition to operating Neom Hospital, the Group also manages the "Advanced Medical Center" in Neom, which is the largest medical center within Neom. This Advanced Medical Center specializes in providing healthcare services, including telemedicine services, emergency medical services, reference laboratory services, and radiology services, in Neom.

#### 4.3.13 Quality Accreditations

The Group believes that its abidance by nationally and internationally recognized quality standards evidences its commitment to patient safety and clinical excellence. The Group holds numerous accreditations from leading accreditation institutions locally and globally, which focusses on a range of clinical fields, demonstrates the Group's commitment to providing the highest quality of healthcare services to its patients.

The key accreditations held by the Group are as follows:

**Table (37): The List of Accreditations Held by the Group as at the Date of this Prospectus**

#	Accreditation Body	Description	Accredited Facility	Expiry Date
1-	Joint Commission International	Accreditation widely recognized as the gold standard for healthcare quality of care and patient safety	Jeddah Hospital Complex	July 2024G
			The Company's branch in Al Nuzha, Jeddah	November 2024G
			Fakeeh Care Ambulatory Medical Services, Jeddah	November 2024G
			Fakeeh Home Health Care Co.	November 2024G
			Fakeeh Home Care	September 2023G <sup>2</sup>
2-	Saudi Central Board for Accreditation of Healthcare Institutions (CBAHI)	Accreditation body for all private and public healthcare facilities in the Kingdom	Jeddah Hospital Complex	October 2024G
			Riyadh Hospital	October 2024G
			Medical Fakeeh	December 2024G
			Jeddah Hospital Complex Branch	January 2026G
3-	American Association of Blood Banks (AABB)	Accreditation agency that promotes the highest standards of quality and safety of quality and safety for blood and biotherapy facilities	Jeddah Hospital Complex	June 2024G
4-	Saudi Heart Association	Accreditation which recognizes hospitals for their quality of care through certification designation	Jeddah Hospital Complex	February 2025G
5-	American Nurses Credentialing Center (ANCC)	Accreditation which identifies organizations worldwide that demonstrate excellence in nursing continuing professional development	Jeddah Hospital Complex	July 2024G
6-	College of American Pathologists (CAP)	Accreditation in respect of laboratories using methodologies within the expertise of the program	Jeddah Hospital Complex	February 2025G
7-	Healthcare Information and Management Systems Society (HIMSS)	Accreditation which recognizes advanced IT and electronic management systems. The Group holds stage 7 accreditation which represents the apex of leveraging data-driven platform	Jeddah Hospital Complex	October 2024G
8-	Planetree International	Accreditation granted based on organizational processes and practices needed to improve quality, patient loyalty and staff engagement	Jeddah Hospital Complex	August 2025G
9-	International Organization for Standardization (ISO)	World renowned accreditation which focusses on process improvement, safety and quality	Jeddah Hospital Complex	October 2026G
10-	UNICEF's Baby Friendly Initiative	Accreditation given as part of an initiative that supports breast feeding and parent-infant relationships by working to improve standards of care	Jeddah Hospital Complex	April 2024G
11-	Nuclear and Radiological Regulatory Commission (NRRC)	Nuclear Medicine License	Jeddah Hospital Complex	February 2027G

<sup>2</sup> The Company is working on renewing the accreditation of the Joint Commission International (JCI) for Fakeeh Home Health Care Company.

#	Accreditation Body	Description	Accredited Facility	Expiry Date
			Jeddah Hospital Complex	December 2025G
12-	Saudi Health Council	Australian Medical Coding License (ACHI)	Fakeeh Executive Clinic	April 2024G
			Neom Hospital	June 2024G
13-	Ministry of Health	Certificate of Qualification for Operators of Private Health Institutions	Jeddah Hospital Complex	August 2025G
14-	Saudi Commission for Health Specialties	Full institutional accreditation and valid program accreditation	Jeddah Hospital Complex	June 2025G
15-	National E-Learning Center	E-learning programs accreditation	Jeddah Hospital Complex	June 2025G
16-	National Center for Academic Accreditation and Evaluation (NCAAA)	Institutional and curriculum accreditations.	Fakeeh College of Medical Sciences	2024G

Source: The Company

#### 4.3.14 The Group's Key Strengths and Advantages

The Group's competitive advantage is manifested in its unwavering commitment to academic care delivery model, technology-driven care, integrated healthcare services, and specialized tertiary care. By adopting a patient-centric approach, retaining a highly skilled team with diverse experience, adhering to quality and safety standards, engaging actively with the community, and providing tailored services, the Group strives to redefine healthcare standards for patients in general. The Group's ability to anticipate and adapt to evolving healthcare developments makes it stand out as one of the distinguished and technologically advanced healthcare providers in the Kingdom.

Set out below is a summary of the Group's key competitive advantages:

- **Academic Healthcare**

Since its inception in 1978G, the Group has excelled in the provision of tertiary healthcare services. This Group's healthcare services are synergistically supported by the Group's medical educational offerings, represented by the Fakeeh College of Medical Sciences, fostering a collaborative environment for medical education, scientific research, and community engagement. Fakeeh College of Medical Sciences offers a number of undergraduate and postgraduate programs and several academic professional short courses, creating a culture of continuous learning and innovation. Additionally, the Group has had long term partnerships with prestigious higher education institutions, including the University of Dundee, a university located in the city of Dundee in the United Kingdom, and with the Royal College of Surgeons in Ireland, a university located in the city of Dublin, Ireland. Such partnerships create a framework for the collaborative development of educational programs, postgraduate studies, joint scientific research, and transferring technology and expertise to the Kingdom of Saudi Arabia. they also include the development of healthcare sector workforce. These partnerships also entail the monitoring of the programs that are currently offered by Fakeeh College of Medical Sciences, the development of future joint programs that are based on international best practices in medical education and training, as well as the support and expansion of undergraduate and post-graduate programs offered by the Fakeeh College of Medical Sciences.

- **Technology-Driven Healthcare**

The Group is committed to adopting cutting-edge medical technology. The Group believes that its early investment into the latest medical technology such as PET-CT, Spect CT, and the revolutionary Da Vinci Robotic Surgery, one of the first of its kind at private hospitals in the Kingdom, reinforces its position as a leading healthcare provider and enables it to deliver advanced diagnostics and treatments to its patients, while improving the overall healthcare landscape.

- **Integrated Healthcare System**

In addition to the "Hub-and-Spoke" model adopted by the Group, the Group takes a holistic approach that aims to create a synergy between its hospitals, medical centers, special ambulatory services, home healthcare, healthcare systems, and logistical operations, which helps creating an effective and comprehensive healthcare network, enhancing patient experience, ensuring optimal care coordination and continuity.



- **Patient-Centric Healthcare**

The Group is committed to providing comprehensive healthcare, which takes into consideration the patients' conditions, preferences and medical needs, in light of the societal requirements. This is applied to all aspects of healthcare services, whether relating to physical care or psychiatry care, irrespective of the patient's social and financial situation. This enables the Group to maintain long-term relationships with its patients.

To ensure and maintain patient satisfaction, the Company enrolled with Press Ganey, a global leader in healthcare services survey and assessment. Press Ganey collects and analyzes comprehensive data from over 41,000 different healthcare facilities to measure patient and customer satisfaction, and provides feedback aimed at improving performance and patient experience at such facilities. Press Ganey then ranks all of its member healthcare facilities based on their performance amongst each other, at local, regional and international levels.

Furthermore, as a testament to the Group's commitment to excellence, the Jeddah Hospital Complex was ranked by Newsweek magazine as the best private sector hospital in the Kingdom for the years 2022G, 2023G and 2024G. Additionally, the Jeddah Hospital Complex received the "Adaa' Health" award out of over 10,000 healthcare operations improvement projects. Furthermore, the Jeddah Hospital Complex received from the Saudi Council of Health Insurance the "Daman" award for excellence in 2023G as the best healthcare service provider for large hospitals, as well as the "Digital Excellence" award and the "Best Customer Experience" award.

- **Qualified Board and Executive Management**

Since its establishment in 1978G, the Company's Board of Directors and management have been responsible for planning, executing and implementing the Group's strategy and expansion plans. This has contributed to the Company's growth and its ability to deliver a variety of outstanding and advanced healthcare services which aim to serve a broad segment of patients. The success of the Group's operations is also attributed to the dedication of its Board members and Executive Management, drawing on their collective experiences (for further information about the expertise of Board members and Senior Executives, please refer to Section 5 ("**Organizational Structure and Corporate Governance**") of this Prospectus).

- **Healthcare Services Provided Through E-Channels and IT Infrastructure**

The Group, recognizing the advancements in the information technology and digital transformation sector, has invested in information technology and the development of its technological systems owned and employed thereby, which provided its healthcare facilities with an advanced ecosystem of modern software applications, including Enterprise Resource Planning (ERP), Electronic Medical Record (EMR), and the "Yasasii" system, which all aim to simplify and automate internal processes and procedures related to patient care. Additionally, the Group utilizes 18 other remote treatment platforms that support its business activities, ultimately contributing to its commitment to providing quality healthcare for patients.

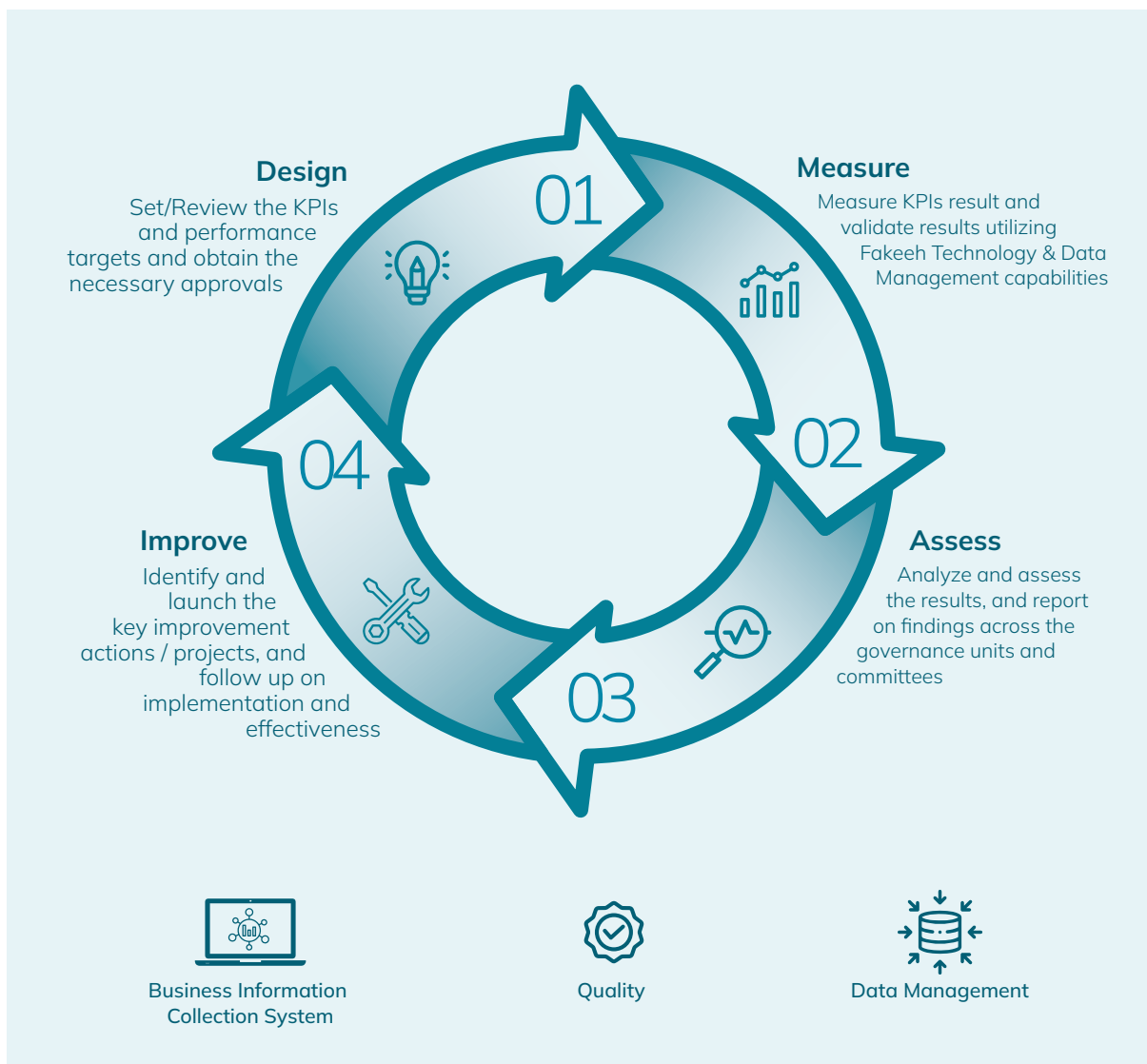
- **Enduring Quality Services**

The Group believes that its commitment to recognized healthcare service quality standards, applied at both the national and international levels, reflects its dedication to patient safety and clinical excellence. The Group has obtained numerous accreditation certificates from leading accreditation bodies, both locally and globally, covering various clinical medical fields, which illustrates the Group's commitment to providing high-quality medical care and services. The Group provides holistic, high-quality medical services. The quality of the healthcare services provided by the Group's healthcare facilities resulted in them acquiring a number of accreditations from domestic and global leading accreditation bodies, including CBAHI, JCI, CAP, HIMSS, and AABB.

To ensure the quality of its services, the Group relies on collecting and analyzing data related to specific performance indicators, where a dedicated quality assurance team, utilizing data management systems and business intelligence systems, continuously monitors compliance with key performance indicators, which allows the Company to promptly take any corrective measures to address any deviations in the quality of services provided by the Group.



## Quality Assurance and Control Process



### 4.3.15 The Group's Strategy

The Group is well positioned in the healthcare sector in the Kingdom and is currently expanding its offerings and geographic presence in the Kingdom, such it is able to futher reinforce its capabilities and financial position. Set out below is a summary of the Group's key strategies to achieve its objectives:

- **Maintaining and Increasing the Group's Market Share in Jeddah**

The Group aims to expand its market share in Jeddah and reinforce its position as a leading player in the healthcare services sector therein. To this end, the Group intends to expand the healthcare services it offers at its healthcare facilities, supported by the state-of-the-art medical technology in the fields of diagnosis, treatment, robotic surgery, radiation therapy, oncology, and organ transplantation. Additionally, the Group intends to improve its patient experience by developing healthcare facilities in Jeddah.

Specifically, the Company intends to: (a) increase the bed capacity of the Jeddah Hospital Complex by building an extension to the main hospital complex, adding a further 140-bed to its capacity; and (b) reinforce its existing "Hub-and-Spoke" at densely populated areas in north Jeddah by constructing a 300-bed hospital in the South Obhur area as well as a medical center located in North Obhur. These new healthcare facilities are expected to contribute to meeting the increasing demand for unique healthcare services (For further details on expansion projects in Jeddah, please refer to Section 4.10 "**Current and Future Projects**" of this Prospectus).

- **Expanding the Group's Footprint**

In addition to its expansion plans in Jeddah, the Group plans to expand its footprint in other major cities in the Kingdom, such as Riyadh, Madinah, and Makkah.

In Riyadh, the Group intends to increase the operational momentum of the Riyadh Hospital, such that it serves as the "Hub" for three strategically-located medical centers, including the medical center to be developed in Al-Hamra district (for further details about the Group's expansion plans in Riyadh, please see Section 4.10 "**Current and Future Projects**" of this Prospectus). Additionally, the Group plans to increase the bed capacity of its healthcare facilities in Riyadh organically or through acquiring and integrating additional healthcare facilities into the Group.

The Group plans to commission a state-of-the-art 200-bed hospital in Makkah, as part of Masar Makkah development project, to be backed by a modern medical center in Al-Awali district in Makkah. While such projects are under development, they are expected to, once they are completed, enable the Group to meet the growing demand for secondary and tertiary healthcare services in Makkah, which is expected to increase as a result of the influx of Umrah and Hajj pilgrims (for further information on the Group's expansion plans in Makkah, please refer to Section 4.10 "**Current and Future Projects**" of this Prospectus).

The Group expects to start the commercial operations of a 200-bed hospital in Madinah during H1 2024G, which is expected to accelerate the Group's growth plans and enable it to replicate the "Hub-and-Spoke" model in Madinah.

Additionally, the Group expects to expand its ambulatory healthcare services in the Northern, Eastern and Southern Regions of the Kingdom.

The Group aims to expand the home healthcare and emergency care services provided to customers in the public and private sectors throughout the Kingdom, by intensifying the operations of FHC and Med-E (for further information about the Group's Subsidiaries and their respective business, please refer to Section 4.3.5 "**Overview of Healthcare Services**" of this Prospectus).

- **Maintaining and Capitalizing on a Household Brand**

Since its incorporation in 1978G, the Group's brand has gained wide recognition in the Kingdom, making it one of the leading healthcare providers in the Kingdom. The Group aims to maintain and increase the traction of its brand through its continued commitment to providing the finest healthcare services to its patients. The Group also aims to establish modern and eco-friendly healthcare facilities equipped with state-of-the-art medical technologies and AI-powered diagnostic services, as part of its commitment to delivering a patient-centric healthcare services. The Group will also continue to improve the patient experience by integrating its online platforms and smart application that are available to patients, which aim to enable patients to complete administrative processes remotely, thereby reducing patient wait times.

- **Leveraging Successful Partnerships with the Public Sector**

Historically, the Group was awarded prominent bids for the management and operation of public healthcare facilities and the launch of healthcare campaigns in several regions in the Kingdom, in which it relied on its vast capabilities. The foregoing includes the Group's management and operation of the 50-bed Neom Hospital as well as to the Advanced Medical Center in Neom. Moreover, the Group owns and manages Medical Fakeeh in partnership with the Saudi Arabian Airlines and was previously tasked with managing the medical center of King Abdullah University of Science and Technology. The Group intends to leverage its previous successful partnerships with the public sector to secure additional partnerships in the future and benefit from future privatization opportunities.

- **Attracting, Training, and Retaining Qualified Staff**

The Group's success depends largely on its ability to recruit, train, and retain highly qualified staff and practitioners, which it aims to achieve by providing its employees and health practitioners with academic training and access to state-of-the-art facilities.

Since it owns Fakeeh College of Medical Sciences, the Group has a unique opportunity to attract and retain highly skilled healthcare practitioners. The Group intends to expand Fakeeh College for Medical Sciences by establishing one independent college for each specialty in the fields of medicine, nursing, pharmacy, and "Business Technology and Innovation". Such expansion will result in changing the designation of Fakeeh College for Medical Sciences from a "college" to a "university". Due to the expected increase in the number of students at the Fakeeh College for Medical Sciences as well as the medical internship, residency, and employment opportunities offered by the Group to outstanding students, the Group is anticipating a constant supply of competent, skilled, and loyal healthcare practitioners.

- **Improving Operational Performance and Offering Value-Based Healthcare**

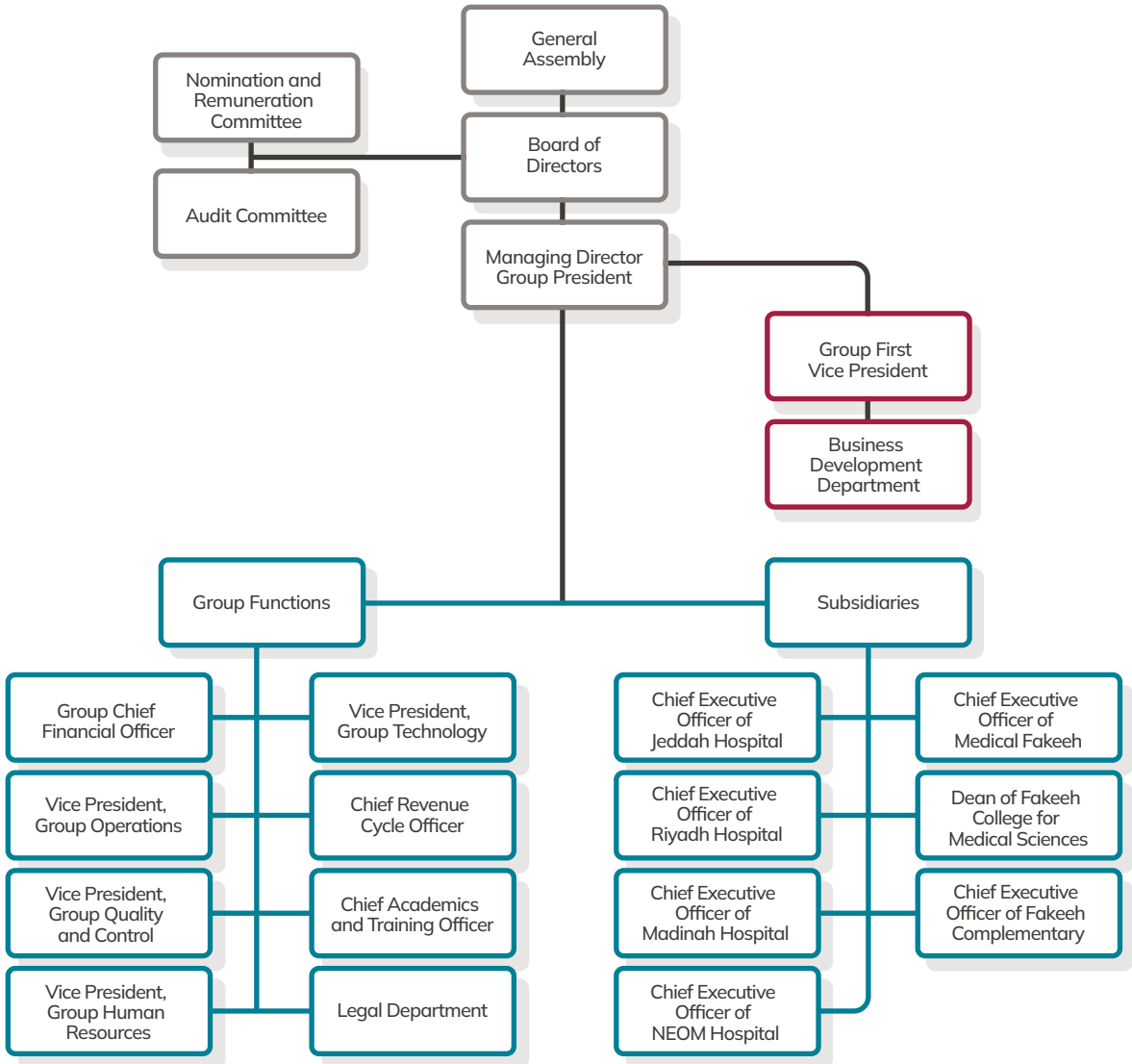
The Group is continuously committed to increase its operational efficiency by adopting an integrated, centralized and streamlined operating model, and continuing to invest in the development of its digital capabilities. The Group intends to employ automation and robotic technologies to optimize the use of its human resources. Furthermore, the Group adopts best practices across all its operating segments, to improve the overall patient experience, reduce wait times, and allow patients the opportunity to complete administrative processes through digital applications.

The Group will continue its commitment to medical and academic excellence, and will work to maintain its current accreditations and acquire new accreditations. Moreover, the Group aims to achieve excellence in the quality of healthcare services it provides to patients, such that it improves the outcome of its patients' experience.

The Group also plans to further leverage its operations and leading position in the healthcare sector, secure agreeable contractual terms with its suppliers and insurance companies, which will enable it to achieve remarkable growth.

### 4.4 Group’s Operations and Support Activities

Set out below is a description of the Group’s main operational departments:



#### 4.4.1 Human Resources Department

The Human Resources Department is responsible for supervising the Group's employee affairs. This includes supervising the process of recruiting and retaining competent employees, and developing a healthy, safe, and productive work environment for the employees and their families, in order to maximize individual and organizational potential and position the Group as a preferred workplace for employees. The Company has implemented policies to protect employee rights, in addition to establishing codes of conduct and ethical practices, as well as conducting an annual survey to measure employee satisfaction and provides employees with commendation awards under the title 'Daisy Awards' and a nursing appreciation program to implement these initiatives. The main responsibilities of the Human Resources Department include:

- **Recruitment:** Identifying, employing and retaining appropriate medical and non-medical staff. Establishing appropriate compensation and benefits policies
- **Trainings and Assessments:** Developing the Group's human resources to the fullest extent by conducting periodical trainings and performance evaluations.
- **Saudization:** Ensuring Group compliance with Saudization requirements.
- **Workplace Management:** Overseeing the Group's employment affairs including workplace management, grievances, internal investigation, disciplinary actions and exit interviews. Ensuring compliance with the Group's internal processes and procedures.
- **Compliance:** Coordinating compliance with licensing requirements with the Ministry of Health sufficient MOH, the Saudi Commission for Health Specialties or otherwise. Ensuring compliance with regulatory labor affairs, including resident permits, work permits and labor office permits.
- **Insurance:** Maintaining medical malpractice and employee insurance protections.

#### 4.4.2 Finance Department

The Group has established strategic relationships with insurance companies in the Kingdom. These strategic relationships have contributed to the marketing of health insurance services provided by these companies to their customers due to the demand on healthcare services provided by the Group. This has increased the number of the Group's customers insured by insurance companies, which has in turn boosted the market share of the Group. It is mutually beneficial for the Group and the insurance companies. Moreover, the Group has provided a professional team that centrally executes and manages all medical service contracts with insurance companies, monitors medical approvals and claims, and collects revenues for the medical services provided, thus providing the best experiences and practices to insurance companies, customers and insured.

The Group's finance department is mainly responsible for the strategic planning, timely and accurate financial reporting, effective financial and liquidity management, design and implementation of robust internal financial control systems through the following sub-divisions:

- **Group Financial Reporting Division:** Ensuring timely compliance with monthly, quarterly and annual financial reporting, developing financial policies and procedures, implementing internal controls over financial reporting, preparing financial studies and projections, liaise with external auditors and regulators and assist in finding optimal solutions to audit challenges being faced by the Group.
- **Group Management Reporting and Planning Division:** Preparing weekly, monthly, quarterly and annual management packs for the Senior Management, establishing and preparing annual budgets, monitoring key performance indicators, analyzing and reporting on management performance, preparing quarterly competitors benchmarking reports and analysis.
- **Treasury and Investments Division:** Developing a Group-wide funding strategy and leverage thresholds, sourcing credit lines and coordinate relationships with banks and other financial institutions, identifying new sources of capital and funding, monitoring and satisfying the Group current business needs and maintaining adequate liquidity, analyzing investment opportunities and provide the necessary support for mergers and acquisitions activities involving the Group.
- **Shared Services Division:** Ensuring the integrity of the Group's financial information, providing reliable financial information and reports to various relevant departments within the Group or third parties in a timely manner, preparing financial studies and projections, maintaining the fixed assets register, managing working capital and subsequent allocation of amounts payable to suppliers in accordance with the Group's policies, and ensuring payment of employees' salaries in a timely manner, as well as dealing with the ZATCA, submitting Zakat returns, preparing and submitting documents related to the Group's tax affairs, including VAT and withholding tax returns.

#### 4.4.3 Revenue Cycle Department

The Revenue Cycle Department is generally responsible for the management of the Group's financial affairs efficiently. It is also responsible for identifying and addressing gaps in the revenue cycle process, reducing insurance companies' rejections of claims submitted by the Group thereto, and monitoring billing processes in order to minimize billing errors.

Additionally, by focusing on improving the patients' financial transactions with the Group and ensuring that patients understand their financial responsibility, the Revenue Cycle Department pays great attention to patient satisfaction. In particular, the Revenue Cycle Department tasks include the following:

- **Obtaining prior approvals:** This Department is responsible for the coordination between patients and relevant insurance companies with the aim of obtaining prior approvals from insurance companies for the medical services provided to these patients at the Group's healthcare facilities, and thus, sparing patients from incurring unexpected expenses and reducing the number of claims rejected by insurance companies.
- **Registration, admission and discharge of patients:** This Department coordinates with the relevant divisions in the relevant medical facility to verify the patients' medical needs and the extent to which such needs are covered under the patients' insurance policies. In the event of insufficient insurance coverage, the Revenue Cycle Department verifies the patients' ability to pay their bills, and, after receiving the required medical services, the Revenue Cycle Department collects the patients' dues either directly from them or through the relevant insurance companies.
- **Coordinating accounting operations:** This Department is responsible for demanding insurance companies for their dues, managing claims rejected thereby, and coordinating with the Legal Department to collect any unpaid dues.
- **Contracting:** the Revenue Cycle Department is responsible for coordinating with the Legal Department to negotiate with the Group's suppliers and insurance companies to achieve the best commercial terms in the contracts concluded therewith, and to renew such contracts.
- **Group database:** The Revenue Cycle Department prepares and continuously updates a database of patients, their respective insurance, and other details, with the aim of facilitating their admission and discharge procedures in subsequent visits.

#### 4.4.4 Marketing Office

The Marketing Office serves as a central force at the Group's level, responsible for coordinating all of the Group's strategic marketing efforts. The Office aims to establish cooperation among the various departments and divisions in the Group. In addition, the Marketing Office provides guidance and consultancy services to the Group's Subsidiaries and ensures the establishment and use of well-established lines of communication within the Group Companies.

The Office is responsible for ensuring strict adherence to Group's reputation, brand, and public relations guidelines while coordinating a streamlined approach to public and media relations as well as marketing campaigns. The Office's duties encompass the development and execution of comprehensive communication plans across various strategic business units, the establishment and oversight of internal communication channels such as newsletters and e-channels, and the active monitoring of external communication channels for marketing strategy consistency and customer engagement.

#### 4.4.5 Legal Department

The primary responsibility of the Legal Department is to focus on and enhance the operation of the Group by addressing all legal aspects and helping the administration to make sound decisions from all legal aspects to protect the Group and its interests. The Legal Department consists of the following sub-divisions:

- **Legal Affairs Division:** provides legal advice to ensure legal issues and compliance requirements are observed, discussed and addressed in the context of the business operations of the Group.
- **Government Affairs Division:** develops and oversees the corporate legal structure required by the competent regulatory authorities including the MOH, the MOC, and any other governmental entities.
- **Contracting Division:** reviews and negotiates contracts and business transactions such as joint ventures and governmental contracts. This division is also responsible for ensuring that the Group's polices are in compliance with applicable law and instructions.

- **Litigations Division:** follows up on issues involving cases brought by or against the Group before the court or other government authorities. It also manages the Group's professional liability complaints and medical complaints, and coordinates with the Group's risk management function in connection with these claims and complaints.
- **Internal Legal Affairs Division:** coordinates with the Human Resources Department in connection with internal investigations and remedying labor claims and complaints, such as harassment, discipline and termination disputes.
- **Licensing Division:** coordinates with government authorities and other departments within the Group to ensure compliance with the Group's licensing requirements.

#### 4.4.6 Operations and Supply Chain Department

The primary objective of the Operations Department is to develop the services provided to the Group's patients and customers and achieve high quality in support services such as housekeeping, laundry, transportation, accommodation, and support services facility (e.g., pest control, landscape, waste management) units, that are responsive to the needs and values of patients, physicians, employers, and employees.

Furthermore, the Group has established strong relationships with various local and international suppliers for the supply of medical equipment, pharmaceuticals, medical consumables, IT, and management of the Group's health facilities. In addition to the strong purchasing power of the Group, these relationships have facilitated direct transactions with many of the Group's suppliers under favorable contractual terms for the Group's business and operational needs. The Group has also developed innovative solutions in collaboration with its suppliers in terms of medical equipment, which reflects positively on patient experience, helping the Group to grow and develop the quality and efficiency of the medical services provided.

The key responsibilities of the Supply Chain Department include:

- **Medical Purchasing Unit:** Procuring the Group's medical supplies including medicinal and non-medicinal supplies.
- **Non-medical Purchasing Unit:** Procuring all other hospital requirements including fixed assets, furniture, office equipment, general supplies, food, maintenance and any services contracts (such as renovation, construction, facilities management contract).
- **Planning Unit:** Ensuring proper parameters are in place for all non-medical items inventory held by the Group.

#### 4.4.7 Safety and Security Department

The Group's Safety and Security Department is responsible for providing well trained security staff who are capable to deal with all security threats which may affect the Group's staff, patients and premises. Moreover, the Safety and Security Department's responsibilities include ensuring the Group's compliance with the civil defense and municipality requirements and guidelines.

#### 4.4.8 Information Technology (IT) Department

The IT Department is mandated with providing the Group with cutting-edge technology solutions including technical services to the clinical and non-clinical departments as well as for the senior management of the Group, with the aim of using technical programs and digital solutions that improve the level of healthcare services provided to patients and reduce their treatment costs. The Group's IT Department is also responsible for ensuring uninterrupted cybersecurity protection and the integrity of confidential data. In addition to obtaining ISO 27001 certification for the Group's information protection system, the Company adheres to a policy of confidentiality, security, and integrity in the field of information security, while providing appropriate training in cybersecurity within the Group through a training and awareness policy in the field of cybersecurity.

The Group's IT Department is considered a key factor of the Group's operational efficiency. The main responsibilities of the IT Department include developing and updating the Group's management information plan, managing and upgrading the information systems, and managing data thereof, in order to improve the level of patient care, and support administrative work by providing accurate information and data in a timely manner.

The main objectives of the IT Department include enhancing the operation, reducing medical errors, minimizing scheduling conflicts and patient waiting time, accelerating the Group's digital transformation, reducing any reliance on printed papers, and improving human and technology resources infrastructure.

The Group's IT Department operates and integrates a number of advanced software programs, including Oracle EBS, People Soft, Yasasii, as well as other healthcare tools and technologies that enable the Group to digitally transform the entire healthcare services across the Group's healthcare facilities. In particular, the Group relies on Yasasii program, which is an all-encompassing healthcare information system focusing on the integration of clinical, financial, and administrative functions of the Group's healthcare facilities through streamlining intra-Group patient information sharing, using a unique medical record numbering. Such functions include:

- **Electronic Medical Records:** which includes updating and maintaining in-patient and out-patient demographics, history, physical examination, investigations, diagnosis, treatment plan and progress notes.
- **Physician Order Entry:** which includes maintaining electronic transfer of medical orders to the appropriate department, enhancing legibility, accuracy and completeness of clinical prescriptions and enhancing accuracy by enabling physicians to record their observations through pre-determined lists.
- **Nursing Information System:** which includes management of clinical data from a variety of healthcare functions in a timely and orderly manner to help nurses improve patient care. It provides for enhanced drug administration processes. Electronically prescribed drugs are more legible, thus making it less likely that drugs would be wrongly administered to patients. This system also helps to reduce time spent on planning, while the quality of records is improved.
- **Pharmacy Management System:** a fully integrated module that serves pharmacies and pharmaceutical warehouses. It allows the drug monitoring and the inventory management by coordinating demand and supply of pharmaceutical products.
- **Laboratory Information System:** which handles clinical biochemistry examinations, clinical pathology examinations, microbiology examinations and immunology examinations. It also handles radiology, cardiology, neurology and audiology examinations. Sample management is used to manage and track biological samples such blood, saliva and urine.
- **Operation Theatre Management:** scheduling and allocating of operation theatres in a systematic way. It documents surgeries and list of surgeons, nurses, start time, end time and operation notes.
- **Blood Bank Management:** The blood bank management service is integrated with the management of electronic medical records and the ordering of blood tests. It also accommodates different product types including complete blood, packed cells, plasma and leukocytes.

#### 4.4.9 Academic & Training Affairs Department

The Academic & Training Affairs Department assumes leadership and organization of the Group's efforts in preparing, training, and improving the competencies of the Group's employees from the technical, nursing, medical, and administrative aspects, with a focus on raising the overall quality standards of the Group's employees. Towards that end, the Group's Academic & Training Affairs Department is responsible for the following:

- **Leadership, Learning & Development:** Academic & Training Affairs in collaboration with the Human Resources Department are working together to meet all Group staff training needs.
- **Scientific Webinars & Professional Courses:** Scientific Webinars & Professional Courses topics are decided based on training needs assessment survey done annually. These courses are used for the accreditation of CME points by the Saudi Health Council.
- **Community Health Awareness:** Enhances the general medical culture of patients and their families, whether they are inpatients or outpatients. It also aims at conducting and organizing the awareness campaigns and lectures which aim to raise level of education of the community.
- **Life Support Training and Clinical Simulation:** Provides accredited courses such as CPR /AED, First Aid, Basic Life Support (BLS), Advanced Cardiac Life Support, Pediatric Life Support, Neonatal Resuscitation Program, Advanced Trauma Life Support, Advanced Life Support in Obstetrics.
- **Postgraduate Medical Education Saudi Board and Fellowships:** Provides residency program, fellowship program and nursing program.
- **University Training Programs:** Provides undergraduate Medical & Clinical Training such as medical and surgical, Clinical and Nursing.



#### 4.4.10 Quality and Compliance Department

The main responsibilities of the Group's Quality and Compliance Department are as follows: overseeing the accreditation programs relevant to the members of the Group; coordinate with the audit committee to manage the risks associated with the Group's operations; overseeing and coordinating regulatory reporting requirements; initiating and coordinating official and formal root cause analysis; coordinating multidisciplinary medical record audits (quantitative and qualitative); and management of clinical review including mortality and morbidity reviews.

- Completing in-depth analysis on any significant events, trends and concerns as outlined through the Performance Improvement Council.
- Managing core measures such as those relating to International Patient Safety Goals and National Patient Safety Goals, or those involving significant adverse outcome as identified and prioritized through the Performance Improvement Council.
- Coordinating with the executive management on strategic objectives and developing of the Group's strategy for approval by the Board.
- Preparing the Group's sustainability report on an annual basis.
- Evaluating of the quality improvement and patient safety programs on an annual basis.
- Coordinating corporate social responsibility initiatives of the Group.

#### 4.4.11 Internal Audit Department

The Internal Audit Department is responsible for supporting the Group's efforts to accomplish its business objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes with the following responsibilities:

- Assessing business risks and produce a long-term plan to provide adequate audit coverage in respect of such risks.
- Ensuring active strategic audit plan through a Group-wide risk assessment process.
- Conducting and delivering audit assignments in accordance with the strategic audit plan.
- Providing regular progress reports to the Senior Management and the Audit Committee.
- Assessing financial, IT, and operational risk management process and work with management to create cost effective controls for proper protection against those risks.
- Determining the degree of compliance with the policies, plans, procedures, standards, laws and regulations which have or could have a significant impact on operations and reports.
- Assessing the effectiveness and efficiency with which resources are employed and assets are safeguarded.

### 4.5 Research and Development

The Group believes that scientific research and development is a key component of its long-term strategy and also enables it to enhance integration between basic and clinical research, which would positively impact the quality of healthcare services provided by the Group. The Group's research and development efforts are spearheaded by Fakeeh College of Medical Sciences which embraces four scientific research directives, as follows:

- **Directive One: Excellence in Scientific Research Infrastructure.**

Fakeeh College of Medical Sciences aims to enhance the quality of the needed research environment and infrastructure supporting research activities and operational efficiency throughout its medical educational programs. In doing so, excellence and academic quality are promoted at the levels within the scientific research activities, while applying high quality assurance standards and best practices related to scientific research, and ensuring the compliance with the National Commission for Academic Accreditation and Assessment's accreditation standards. The scientific research efforts also aim to ensure access of both academic staff members and students to state-of-the-art research facilities.

- **Directive Two: Attracting and Nurturing Outstanding Scientists.**

This directive focuses on adopting the best management practices and operational efficiency. This is achieved by providing the research environment to ensure the availability of the best research opportunities to all academic staff and students within the College. This directive involves a sustained effort to provide the infrastructure needed to accommodate technologically advanced research facilities with necessary spaces and resources in a rapidly evolving learning environment. This also entails the recruitment of highly qualified and distinct faculty staff members with appropriate research skills, experience and resources, and providing them with the state-of-the-art facilities and technology. Concurrently, a comprehensive quality assurance and continuous performance improvement system is enforced at the College and its operational and administrative management to ensure the appropriate nurturing and retention of such distinct research scientists.

- **Directive Three: Excellence in Biomedical and Translational Research.**

This directive is a distinctive feature of Fakeeh College of Medical Sciences among its peers in the Kingdom. It shows a continuous commitment to advanced biomedical research covering areas in genomics, biobanking, chronic health translational research and clinical trials. Such research activities will be in alignment with the identified learning outcomes of the various medical education programs delivered by the Fakeeh College of Medical Sciences. In addition, the network of clinical research activities established by Fakeeh College of Medical Sciences is expected to contribute positively to the improvement of healthcare delivery in the communities in which the Group operates.

- **Directive Four: Financial Sustainability and Partnership.**

This directive involves the coordination of projected financial resources in order to support the implementation and expansion of research activities and plans and generate a sustainable financial model for research efforts. Appropriate financial strategies would accordingly be developed to secure required research funding. In addition, Fakeeh College of Medical Sciences strives to make partnerships with private and public higher education institutes and health industry to support its research programs in contribution to the improvement of the scientific research outputs, and its applications in the healthcare services provided by the Group.

Fakeeh College of Medical Sciences' research and development efforts are manifested in a number of completed and ongoing research programs conducted by the Fakeeh College of Medical Sciences staff as well as undergraduate and post-graduate students. Key research programs include:

- **"Gestational Diabetes and its Impact on Neonatal Health Outcomes"** analyzing the critical connection between maternal health and neonatal outcomes, offering insights for better prenatal care.
- **"The Relationship between Emotional Intelligence and Critical Thinking Disposition among Undergraduate Saudi Nursing Students"** exploring the vital interplay between emotional intelligence and critical thinking, shedding light on how these factors affect the quality of nursing education and ultimately patient care.
- **"Assessment of Psychological Distress Among Infertile Women: Findings from a Cross-Sectional Study"** addressing an often-neglected aspect of women's healthcare, providing valuable data that can improve psychological interventions.

## **4.6 Corporate Environmental, Social, and Governance (ESG) Monitoring and Disclosure**

The Group's ESG practices are monitored by the Fakeeh Medical Strategic Planning Unit, in addition to appointing a specialist ESG director, continuous reports are prepared for the Board of Directors.

The Group is committed to disclosing corporate social responsibility reports and environmental, social, and corporate governance practices since 2009G, which are accessible through the Group's website. These reports include details of the Group's charitable activities and social impact initiatives. Both the 2020G and 2021G ESG reports are synchronized with the Global Reporting Initiative (GRI) reporting frameworks and the Group is committed to reporting in sync with these frameworks on an ongoing basis.

## 4.7 Health, Safety and Environment

The Group has a health and safety policy known as the Employee Health Plan to keep employees safe and productive and provide safe working conditions, including employee training programs. The health and safety policy is overseen by the Chief Medical and Clinical Officer as well as JCI and CBAHI managed examinations that include an assessment of the Group's health and wellness practices.

The Group implements initiatives to reduce its environmental footprint, including the installation of 630 kW solar panels in Jeddah Hospital Complex's parking lots, as well as on-site recycling and energy efficiency programs.

The Group adopts the GCC Unified Guideline for Infectious Waste Management with an aim to establish surveillance and control methods suitable for storing, treating and disposing of all hazardous healthcare waste. Moreover, the Group adopts a hazardous medical waste, which ensures appropriate handling, segregation, and disposal of medical waste, while ensuring the safety of its employees and the environment.

In addition, the Group implements several internal training programs including the cytotoxic waste and spillage management program, the hazardous chemical waste and spillage management program, the mercury spillage clean-up procedure program, the healthcare waste management program, the cleaning of blood and body fluid program and sharps and sharp-containers disposition program.

For further information on the Group's agreements with external waste management providers, please refer to Section 12.6 ("Material Agreements") of this Prospectus.

## 4.8 Corporate Social Responsibility (CSR)

The Group has an official Corporate Social Responsibility (CSR) policy in addition to the Fakeeh Commitment Program, overseen by the Group's CEO, which aims to give back to the community through various initiatives and programs. The Company's efforts include providing healthcare services to individuals who have difficulty accessing healthcare due to financial reasons through the Group's Medical Assistance Program. The Group also provides cost-accessible healthcare services through partnerships with charitable associations. On the other hand, youth and education programs offered by the Group empower future leaders by providing educational programs and postgraduate programs for the local community through Dr. Soliman Fakeeh Hospital Institute for Patient Education. The Group ensures in its programs not to discriminate against beneficiaries based on age, gender, or background.

As a testament to the Group's efforts in CSR and continuous improvement year after year, the Group has repeatedly received the prestigious King Khalid Award. Moreover, Prince Muqrin Bin Abdulaziz University in Madinah awarded the Jeddah Hospital Complex with the prestigious Prince Muqrin Bin Abdulaziz Medal for Social Responsibility, in the distinguished medical sector category as the "Best Private Hospital in the Kingdom". The Group also has its own awards, the Dr. Soliman Fakeeh Awards, where SAR 1 million are awarded annually across three categories: research and innovation, patient and community, and medical education.

## 4.9 Business Continuity

The Directors shall declare that during the last 12 months there has been no interruption or suspension of the Group's business, which has had or may have a material impact on its financial position and that there is no intention to make any material change to the nature of the Company's activity.

## 4.10 Current and Future Projects

The Group is in the process of establishing three new hospitals in the Kingdom, namely: (a) a 200-bed tertiary healthcare hospital in Madinah; (b) a 200-bed hospital in Makkah; (c) a 300-bed hospital in South Obhur in Jeddah, with an additional expansion of the Jeddah Hospital Complex with a capacity of 140 additional beds "The Surgical Tower", increasing the number of the Group's hospitals to six (6), and increasing the Group's bed capacity gradually from 635 beds as of the date of this Prospectus to 1,475 beds by 2028G, following the completion of these projects.

Moreover, the Group intends to establish five new medical centers in the Kingdom, namely: (a) Dr. Soliman Fakeeh Medical Center in Alawali District, Makkah; (b) Dr. Soliman Fakeeh Medical Center in the North Obhur District, Jeddah; (c) Dr. Soliman Fakeeh Medical Center in Al Hamra District, Riyadh; (d) in addition to two additional medical centers in Riyadh whose locations have not been determined as of the date of this Prospectus, increasing the number of the Group's medical centers to ten (10), following the completion of said projects within the next three (3) years.

Set out below is an overview of each of the Group's current and future projects:

#### 4.10.1 Hospitals

- **Dr. Soliman Fakeeh Hospital – Madinah**

Al Toor Medical Services Company is currently developing a tertiary-healthcare hospital in the northwest of Madinah, which is expected to include 200 beds, with a total built-up area of about 73,500 square meters, built on a land of approximate 6,300 square meters that is owned by the heirs of Sheikh Abdul Bari Mohammed Eid Al-Shawi. The Company has the right to use the land pursuant to an investment agreement (for further information about the investment agreement, please refer to Section 12.6.4 ("**Investment Agreement**") of this Prospectus, and for further information about Al Toor Medical Services Company, please refer to Section 4.2.1 "**Overview of the Company's Subsidiaries**" of this Prospectus). This hospital is expected to offer a wide range of medical services, including cardiac care, cancer treatment and neurosurgery. It is expected that said hospital will include 49 clinics, 7 operating theatres, and 36 intensive care units.

The construction work of the project has commenced, and 80% of the work has been completed as of the date of this Prospectus. The construction of this hospital is expected to be completed and commissioned in the H2 of 2024G.

The total expected cost of the project is estimated at approximately SAR 500 million. The remaining cost to complete the project shall be financed through the Company's cash flows and loans in addition to a portion of the Offering Proceeds. (For further information, please refer to Section 8 "**Use of Proceeds**" of this Prospectus).

- **Dr. Soliman Fakeeh Hospital - Masar - Makkah**

A hospital strategically located opposite of the Haramain train station is "**Masar Makkah**" Project. The hospital is expected to include 200 beds with a total built-up area of approximately 95,000 square meters, built on a rented land with an area of approximately 9,700 square meters. (For further information about lease contracts related to the Group's healthcare facilities, please refer to Section 12.11 ("**Lease Agreements**") of this Prospectus).

This hospital will offer a range of medical services, including pediatrics, internal medicine and family medicine. This Hospital is expected to include 70 clinics, 7 operating theatres, and 36 intensive care units.

The construction works of the project are expected to commence in 2024G, and the construction is expected to be completed and commissioned in the second half of 2027G.

The total expected cost of the project is estimated at approximately SAR 600 million, which will be financed through the Company's cash flows and loans in addition to a portion of the Offering Proceeds (for further information, please refer to Section 8 "**Use of Proceeds**" of this Prospectus).

- **Dr. Soliman Fakeeh Hospital - South Obhur - Jeddah**

A hospital overlooking the waterfront, expected to include 300 beds with a total built-up area of approximately 120,000 square meters, built on a land owned by the Group with an area of approximately 10,000 square meters. This hospital will offer a range of medical services, including emergency and outpatient care, as well as diagnostic services. The hospital is expected to be located in a vital location at the centre of the upcoming "Marafi" residential project. This hospital is expected to include 100 clinics, 11 operating theatres, and 85 intensive care units.

The construction work of the project is expected to commence in 2024G, and the construction is expected to be completed in 2027G and commissioned in the first half of 2028G.

The total expected cost of the project is estimated at approximately 900 million Saudi Riyals, including the value of the land on which it is built, owned by Saudi Airlines Medical Services Company. The land shall be financed through the Company's cash flows and loans in addition to a portion of the Offering Proceeds (for further information, please refer to Section 8 ("**Use of Proceeds**") of this Prospectus).

- **Expansion of the Jeddah Hospital Complex "The Surgical Tower"**

Ten (10) floor building that will be built as an extension to the Jeddah Hospital with a capacity of 140 beds with a total built-up area of approximately 42,400 square meters, built on a leased land with an area of approximately 5,200 square meters (for further information about the lease contracts relating to the Group's healthcare facilities, please refer to Section 12.11 ("Lease Agreements") of this Prospectus). The aim of said expansion is to help the Group improve the patient experience by adding advanced operating theatres and intensive care rooms equipped with the latest medical equipment, in addition to systems and services that ensure a distinct and integrated surgical experience. This expansion is expected to contribute to the accommodation of increased demand for healthcare services expected from the Jeddah Central Development Project. The building is expected to include 13 operating theatres and 57 intensive care units.

The construction work of the project is expected to commence in 2024G, and the construction of this expansion is expected to be completed in 2027G and entered into commercial operation in the second half of 2027G.

The total expected cost of the project is estimated at approximately 400 million Saudi Riyals, which will be financed through the Company's cash flows and loans in addition to a portion of the Offering Proceeds (for further information, please refer to Section 8 ("Use of Proceeds") of this Prospectus).

- **Post-Acute Medical Care Al-Hamra Hospital**

A hospital located in a prime location in the Al-Hamra district of Jeddah, which is expected to accommodate 200 beds with a total built-up area of approximately 21,270 square meters on land owned by a Company in which the Issuer is seeking to acquire 50% ownership. This hospital will offer a range of post-acute medical care services, including but not limited to rehabilitation, speech therapy, physical and occupational therapy, mental health, and spinal alignment.

Construction work to convert the existing building into a hospital is expected to commence in the first half of 2024G, with the completion of the hospital construction and commencement of commercial operations expected in the first half of 2026G. The total estimated cost of the project is approximately SAR 260 million to be financed through the Company's cash flows, loans, and a portion of the Offering Proceeds (for further information, please refer to Section 8 "Use of Proceeds" of this Prospectus).

#### 4.10.2 Medical Centers

The Group intends to establish five additional new medical centers in the Kingdom, with a total expected cost of up to SAR 350 million, which will be financed through the Company's cash flows and loans in addition to a portion of the Offering Proceeds (For further information, please refer to Section 8 ("Use of Proceeds") of this Prospectus). These new centers are as follows:

- **Dr. Soliman Fakeeh Medical Center, Alawali District, Makkah**

A medical center with a total built-up area of approximately 14,400 square meters, built on a land with an area of approximately 2,500 square meters leased to the Group (for further information about the lease contracts relating to the Group's healthcare facilities, please refer to Section 12.11 ("Lease Agreements") of this Prospectus). This medical center shall provide a range of medical services, including primary healthcare services, specialty care and diagnostic services. This medical center is expected to include 20 clinics, two same-day surgery clinics and a renal dialysis center.

The construction work of the project has commenced and is expected to be completed and commissioned in the first half of 2025G.

- **Dr. Soliman Fakeeh Medical Center, Al Zahra District, Jeddah**

A medical center with a total built-up area of approximately 18,620 square meters will be established in a building to be leased by the Group. This medical center will offer a range of medical services, including primary healthcare, specialized care, and diagnostic services. It is expected that this medical center will accommodate 60 clinics.

Preparation work for the center is expected to commence in the first half of 2024G, with construction and commencement of commercial operations expected in the second half of 2025G.

- **Dr. Soliman Fakeeh Medical Center, North Obhur, Jeddah**

A medical center with a total built-up area of approximately 8,600 square meters, built on a land with an area of approximately 3,600 square meters owned by the Group. This clinic shall provide a range of medical services, including primary healthcare services, specialty care and diagnostic services. This medical center is expected to include 22 clinics and two same-day surgery clinics.

The construction work of the project is expected to commence in 2024G. The construction is expected to be completed and commissioned in the first half of 2025G.

- **Dr. Soliman Fakeeh Medical Center, Al Hamra District, Riyadh**

A medical center with a total built-up area of approximately 8,600 square meters, built on a land with an area of approximately 6,800 square meters owned by the Group. This clinic shall provide a range of medical services, including primary healthcare services, specialty care and diagnostic services. This medical center is expected to include 22 clinics and two same-day surgery clinics.

The construction work of the project is expected to commence in 2024G. The construction is expected to be completed and commissioned in the second half of 2026G.

#### 4.10.3 Expansion of Fakeeh College of Medical Sciences

The Group intends to expand the Fakeeh College of Medical Sciences by establishing one independent college for each specialty in the fields of medicine (and increasing the number of courses taught in medicine from 2 to 7 courses), nursing (and increasing the number of courses taught in nursing from 6 to 9 courses), pharmacy (and increasing the number of courses taught in pharmacy from 2 to 12 courses), and “**Business Technology and Innovation**” (which will include the launch of 12 courses that were not previously taught at Fakeeh College of Medical Sciences). Such expansion entails converting Fakeeh College of Medical Sciences from a “**college**” to a “**university**” with such various colleges operating under its purview. The Group also intends to expand the buildings of Fakeeh College of Medical Sciences, by opening new buildings, which are expected to be equipped and construction work completed in 2027G.

Changing Fakeeh College of Medical Sciences’ classification from “**college**” to “**university**” is expected to increase its chances of obtaining prestigious academic classifications in the future from competent authorities for academic institution evaluation at a regional and international level.

The total expected cost of the expansion of Fakeeh College of Medical Sciences is approx. SAR 500 million, including the value of lands used in the expansion and owned by the Group, which will be financed through the Company’s cash flows and loans in addition to a portion of the Offering Proceeds (for further information, please refer to Section 8 (“**Use of Proceeds**”) of this Prospectus).

#### 4.10.4 The Expansion of Group’s Operations Riyadh

The Group is currently preparing studies and plans to expand its operations in Riyadh. Such expansion plans are expected to include acquiring lands on which healthcare facilities will be constructed and developed.

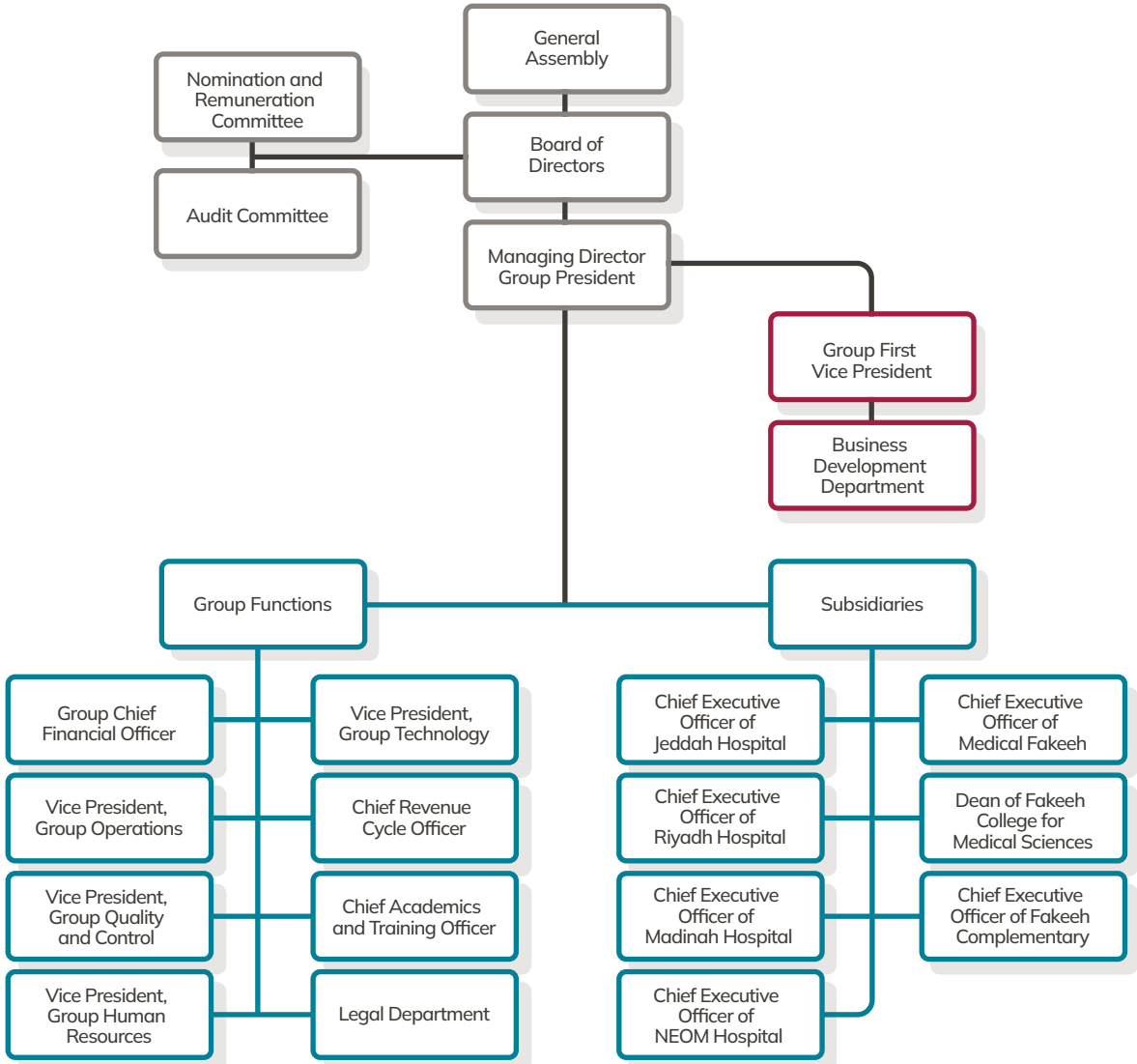
## 5. ORGANIZATIONAL STRUCTURE AND CORPORATE GOVERNANCE

### 5.1 Organizational Structure

The organizational structure of the Company consists of the General Assembly, the Board of Directors, and the Board committees, namely the Audit Committee, and the Nomination and Remuneration Committee. Under the Companies Law and the Company’s Bylaws, the Board assumes responsibility for guidance, supervision and general control over the Company. The Board of Directors also entrusts the Company’s Senior Management, namely the Managing Director and the Group President, with the responsibility of managing the day-to-day business of the Company.

The following chart sets out the organizational structure of the Company.

**Figure (20): The Company’s Organizational Structure**



Source: the Company

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

Shareholder	Pre-Offering				Post-Offering			
	No. of Shares	Total Par Value (SAR)	Direct Shareholding (%)	Indirect Shareholding (%)**	No. of Shares	Total Par Value (SAR)	Direct Shareholding (%)	Indirect Shareholding (%)**
Mazen Soliman Abdel Kader Fakeeh	79,984,000	79,984,000	39.992%	0.008%	71,424,000	71,424,000	30.79%	0.007%
Ammar Soliman Abdel Kader Fakeeh	79,984,000	79,984,000	39.992%	0.008%	71,424,000	71,424,000	30.79%	0.007%
Manal Soliman Abdel Kader Fakeeh	39,992,000	39,992,000	19.996%	0.004%	35,712,000	35,712,000	15.39%	0.006%
Soliman Abdel Kader Fakeeh Real Estate Company	20,000	20,000	0.01%	-	20,000	20,000	0.01%	-
Al Sulaimania United Company	20,000	20,000	0.01%	-	20,000	20,000	0.01%	-
Treasury Shares*	-	-	-	-	2,000,000	2,000,000	0.86%	-
Shares allocated to the Employee Investment Fund	-	-	-	-	1,600,000	1,600,000	0.69%	-
Public	-	-	-	-	49,800,000	49,800,000	21.47%	-
<b>Total</b>	<b>200,000,000</b>	<b>200,000,000</b>	<b>100%</b>	<b>-</b>	<b>232,000,000</b>	<b>232,000,000</b>	<b>100%</b>	<b>-</b>

Source: the Company

\* The Extraordinary General Assembly of the Company approved the issuance of shares, to be retained as treasury shares and allocated to the Employee Share Program of the Company and its Subsidiaries, in accordance with the terms and conditions of this Program (for further information about the long-term incentive program, please refer to Section 5.12 ("Employee Share Program") of this Prospectus).

\*\* Indirect ownership resulted from their ownership of shares in Al Sulaimania United Company and Soliman Abdel Kader Fakeeh Real Estate Company Limited, whereby each of them owns shares representing 0.01% of the Issuer's Pre-Offering capital, and Mazen Soliman Abdel Kader Fakeeh owns a 40% share of the capital of both Al Sulaimaniya United Company and Soliman Abdel Kader Fakeeh Real Estate Company Limited. Similarly, Ammar Soliman Abdel Kader Fakeeh also owns a 40% share of the capital of both Al Sulaimaniya United Company and Soliman Abdel Kader Fakeeh Real Estate Company Limited, while Manal Soliman Abdel Kader Fakeeh owns a 20% share of the capital of both Al Sulaimania United Company and Soliman Abdel Kader Fakeeh Real Estate Company Limited.



## 5.2 Board Members and Board Secretary

### 5.2.1 Formation of the Board of Directors

Based on the Bylaws of the Company, the Board of Directors shall be comprised of eight (8) Directors appointed by the Shareholders Ordinary General Assembly by cumulative voting. The Companies Law, Corporate Governance Regulations, Bylaws and Company's Corporate Governance Manual determine the duties and responsibilities of the Board of Directors. The term of the first appointed Board of Directors, including the Chairman, is for a maximum period of four (4) Gregorian years.

The following table sets out the names of the Directors as at the date of this Prospectus.

**Table (39): Company's Board of Directors**

No.	Name	Position	Nationality	Age	Status	Direct Ownership		Indirect Ownership**		Date of Appointment*
						Pre-Offering	Post-Offering	Pre-Offering	Post-Offering	
1	Ammar Soliman Abdel Kader Fakeeh	Chairman	Saudi	48	Non-executive	39.992%	30.79%	0.008%	0.007%	01/01/2024G
2	Manal Soliman Abdel Kader Fakeeh	Vice Chairman	Saudi	57	Non-executive	19.996%	15.39%	0.004%	0.003%	01/01/2024G
3	Mazen Soliman Abdel Kader Fakeeh	Managing Director – Group President	Saudi	60	Executive	39.992%	30.79%	0.008%	0.007%	01/01/2024G
4	Ayman Asaad Soliman Abdo	Board Member	Saudi	51	Executive	-	-	-	-	01/01/2024G
5	Noor AlRehman Abbas Ali Abid	Board Member	Bahraini	71	Non-executive	-	-	-	-	01/01/2024G
6	Deborah Gill	Board Member	British	57	Non-executive / Independent	-	-	-	-	01/01/2024G
7	Aness Ahmed Mohamed Moumina	Board Member	Saudi	60	Non-executive / Independent	-	-	-	-	01/01/2024G
8	Turbine Hilbertz*	Board Member	German	52	Non-executive / Independent	-	-	-	-	01/01/2024G

Source: the Company

\* The dates in this table refer to the start of each Director's appointment to the Board until the end of the current Board term. For further details on the Board members' biographies and dates of their original appointment to the Board or any other position, please refer to Section 5.2.3 "Biographies of the Members and Secretary of the Board".

\*\* Indirect ownership resulting from their ownership of shares in Al Sulaimania United Company and Soliman Abdel Kader Fakeeh Real Estate Company Limited, whereby each of them owns shares representing 0.01% of the Issuer's Pre-Offering capital, and Mazen Soliman Abdel Kader Fakeeh owns a 40% share of the capital of both Al Sulaimaniya United Company and Soliman Abdel Kader Fakeeh Real Estate Company Limited. Similarly, Ammar Soliman Abdel Kader Fakeeh also owns a 40% share of the capital of both Al Sulaimaniya United Company and Soliman Abdel Kader Fakeeh Real Estate Company Limited, while Manal Soliman Abdel Kader Fakeeh owns a 20% share of the capital of both Al Sulaimania United Company and Soliman Abdel Kader Fakeeh Real Estate Company Limited.

The current Secretary of the Board of Directors is Ban Jamal Abdulsalam Yassin, who does not own any shares in the Company.

## 5.2.2 Responsibilities of the Board of Directors

The responsibilities of the Chairman, members, and Secretary of the Board of Directors include the following:

### 5.2.2.1 Board of Directors

#### a- Responsibilities of the Board of Directors

The Board of Directors represents all Shareholders, and shall exercise duty of care and loyalty in managing the Company and doing everything that may safeguard the Company's interests, and develop and maximize its value. The Board of Directors shall be responsible for the Company's business, even if it delegates committees, parties, or individuals to exercise some of its powers. In all cases, the Board of Directors may not issue a general or indefinite-term authorization within the scope of its powers.

#### b- Main Functions of the Board of Directors

Subject to the powers conferred on the General Assembly under the Companies Law, its implementing regulations, and the Bylaws, the Board of Directors shall be vested with the broadest powers to manage the Company and in order to achieve its objectives. The Board of Directors has the following responsibilities and powers:

- Developing the Company's main plans, policies, strategies, and objectives, supervising their implementation and reviewing them periodically, and ensuring that the human and financial resources required to fulfill them are available, including:
  - Develop, review, and guide the Company's comprehensive strategy, key business plans, and policies and mechanisms of the risk management;
  - Determine the Company's optimal capital structure, strategies, and financial objectives, and approve all types of estimated budgets;
  - Oversee the Company's main capital expenditures and the acquisition or disposal of assets;
  - Set, monitor, and implement the Company's performance indicators and overall performance;
  - Periodically review and approve the organizational and human resources structures of the Company; and
  - Ensure that the financial and human resources required for achieving the Company's objectives and main plans are available.
- Establish and oversee rules and procedures for internal control, including:
  - Develop a written policy to remedy actual and potential conflicts of interest scenarios for each of the Board members, the Executive Management, and the shareholders. This includes misuse of the Company's assets and facilities and the misconduct resulting from dealings with Related Parties;
  - Ensure the integrity of the financial and accounting rules, including rules relating to financial reporting;
  - Ensure the implementation of appropriate control procedures for risk assessment and management by generally forecasting the risks that the Company may encounter and creating an environment which is aware of the culture of risk management at the Company level and disclosing such risks transparently to the Company's stakeholders and Related Parties; and
- Annual review the effectiveness of the Company's internal control procedures. Develop specific and explicit policies, standards and procedures for membership in the Board, and implement the same following approval by the General Assembly;
- Develop a written policy that regulates the relationship with stakeholders;
- Develop policies and procedures to ensure the Company's compliance with the laws and regulations and the Company's obligation to disclose material information to Shareholders and stakeholders, and ensure the compliance of the Senior Management with such policies and procedures;
- Supervise the management of the Company's finances, its cash flows as well as its financial and credit relationships with third parties;

- Propose recommendations to the Extraordinary General Assembly as to what it deems appropriate regarding the following:
  - Increasing or decreasing the share capital of the Company; and
  - Dissolving the Company before the end of its term as specified in the Bylaws or determining its continuation.
- Propose recommendation to the Ordinary General Assembly as to what it deems appropriate regarding:
  - The use of the Company's contractual reserve, if formed by the Extraordinary General Assembly and is not allocated for a specific purpose;
  - The formation of additional financial allocations or reserves for the Company; and
  - The method of distributing the net profits of the Company.
- Prepare the Company's interim and annual financial statements and approve them before the publication thereof;
- Prepare the Board report and approve it before the publication thereof;
- Ensure the accuracy and integrity of the data and information which must be disclosed pursuant to the applicable policies and laws;
- Develop effective communication channels allowing Shareholders to continuously and periodically review the various aspects of the Company's businesses as well as any material developments;
- Form specialized committees of the Board pursuant to resolutions that shall specify the term, powers and responsibilities of such committees as well as the manner used by the Board to monitor such committees. Such resolutions shall also specify the names of the members and their duties, rights and obligations and shall evaluate the performance and activities of these committees and their members;
- Determine the types of remunerations granted to the Company's employees, such as fixed remunerations, performance-related bonuses, and remunerations in the form of shares, without prejudice to the Implementing Regulation of the Companies Law for Listed Joint-stock Companies;
- Notify the Ordinary General Assembly when convened of the businesses and contracts in which any Board member has a direct or indirect interest; the notification shall include the information provided by the member of the Board as per Article 28 (14) of the Corporate Governance Regulations, and shall be accompanied by a special report of the Company's external auditor; and
- Set the values and standards that govern the work at the Company.

The Company confirms that it has not concluded employment contracts with any of the Directors in their capacity, noting that, some Board members are Executive Directors and have previously entered into employment contracts with the Company in their capacity as members of the Company's Senior Management.

### 5.2.2.2 Chairman of the Board of Directors

The Chairman of the Board shall be responsible for representing the Company in its relations with third parties, before the judiciary, notary public, government departments and dispute settlement committees of all types and calibers, and all other bodies. The Chairman may also represent the Company in the purchase, sale, and title transfer of land and real estate, and sign the articles of association of any companies in which the Company is a shareholder as well as other contracts, all of which powers the Chairman may delegate to others.

Without prejudice to the powers of the Board, the Chairman shall be responsible for leading the Board as well as supervising its operations and ensuring effective performance of its duties. The competencies and duties of the Chairman shall in particular include the following:

- Ensure that the Board members receive timely, complete, clear, accurate and non-misleading information;
- Ensure that the Board effectively discusses all fundamental issues in a timely manner;
- Represent the Company before third parties in accordance with the Companies Law and its implementing regulations and the Bylaws;
- Encourage the Board members to effectively perform their duties effectively and in the interests of the Company;
- Ensure that there are communication channels with Shareholders and convey their opinions to the Board;

- Encourage constructive relationships and effective participation between the Board and the Executive Management, and the Executive, Non-Executive and Independent Directors, and create a culture that encourages constructive criticism;
- Prepare agendas of the Board meetings, taking into consideration any matters raised by Board members or the auditor and consult with the Board and the Chief Executive Officer upon preparing the Board's agenda;
- Convene periodic meetings with the Non-Executive Directors without the presence of any executive officers of the Company; and
- Other responsibilities include being the spokesperson of the Board, as well acting as the primary point of contact between the Management and the Board.

The Chairman also manages the annual general meetings and plays a key role in the Company's relationship with any of its stakeholders.

### **5.2.2.3 Vice Chairman of the Board of Directors**

The duties and powers of the Vice Chairman include the following:

- Assist the Chairman of the Board of Directors with regard to Board-related matters and issues;
- Convene the Board in the absence of the Chairman;
- Chair Board meetings in the absence of the Chairman;
- Chair General Assembly meetings in the absence of the Chairman; and
- Act in lieu of the Chairman in the absence thereof.

The Vice Chairman of the Board of Directors guides the Management and reviews important decisions before passing them to the Board Committees. The Vice Chairman shall have the broadest powers to represent the Company before various government bodies.

### **5.2.2.4 Secretary of the Board of Directors**

The Secretary of the Board of Directors shall be responsible for organizing the meetings of the Board. Under the Corporate Governance Manual, the main responsibilities of the Secretary of the Board of Directors include:

- a- Documenting the Board meetings and preparing minutes;
- b- Keeping the reports submitted to, and reports prepared by, the Board;
- c- Provide the Board members with the agenda of the Board meeting and related worksheets, documents and information and any additional documents or information, related to the topics included in the agenda items, requested by any Board member;
- d- Ensure that the Board members comply with the procedures approved by the Board;
- e- Notify the Board members of the dates of the Board's meetings within sufficient time prior to the date specified for the meeting;
- f- Present the draft minutes of meeting to the Board members to provide their opinions on them before signing the same;
- g- Ensure that the Board members receive promptly a complete a copy of the minutes of the Board's meetings as well as the information and documents related to the Company;
- h- Coordinate among the Board members;
- i- Organize the disclosure register of the Board and Executive Management; and
- j- Provide assistance and advice to the Board members.

### **5.2.2.5 Managing Director – Group President**

The Managing Director and Group President are responsible for the financial and operational performance of the Company, the development and implementation of the Company's strategy, and the implementation of the Company's Board-approved annual business plan. The Managing Director exercises his duties under the direct supervision of the Company's Board of Directors, and acts as a liaison between the Management and the Board of the Company, manages the Company's daily affairs, supervises the workflow in all departments and sections of the Company, oversees the performance of all activities, and takes the decisions deemed fit thereby to regulate Company's business, achieve goals, as well as work to increase customer satisfaction.

## 5.2.3 Biographies of the Members and Secretary of the Board

Overview of the experiences, qualifications, and current and previous positions of each member of the Board of Directors and the Secretary of the Board.

### 5.2.3.1 Ammar Soliman Abdel Kader Fakeeh

<b>Age:</b>	48 years
<b>Nationality:</b>	Saudi
<b>Current Position in the Company:</b>	Chairman of the Board of Directors
<b>Date of Appointment:</b>	20/06/2023G
<b>Academic Qualifications:</b>	<ul style="list-style-type: none"> <li>• Master's degree in world history studies from the University of Cambridge, UK, 2020G.</li> <li>• Master's degree in health policy from Columbia University, NY, USA, 2000G</li> <li>• Bachelor's degree in economics from Brown University, Rhode Island, USA, 1997G.</li> </ul>
<b>Current Executive Positions:</b>	<ul style="list-style-type: none"> <li>• Board Member, Dr. Soliman Abdel Kader Fakeeh Home Healthcare Company, a limited liability company engaging in the field of healthcare, from 2022G to date.</li> <li>• Board Member, Advanced Horizons Contracting Company, a limited liability company engaging in the field of contracting, from 2021G to date.</li> <li>• Board Member, Golden Union Medical Company, a limited liability company engaging in the field of healthcare, from 2021G to date.</li> <li>• Board Member, Dr. Soliman Abdel Kader Fakeeh Family Medicine Centers, a limited liability company engaging in the field of healthcare, from 2015G to date.</li> <li>• Board Member, Dr. Soliman Abdel Kader Fakeeh Information Technology Company, a limited liability company engaging in the field of information technology, from 2013G to date.</li> <li>• Board Member, Al-Farabi Special Health Care Company Limited, a limited liability company engaging in the field of healthcare, from 2010G to date.</li> <li>• Board Member, Soliman Abdel Kader Fakeeh Real Estate Limited Company, a limited liability company engaging in the field of real estate development, from 2009G to date.</li> <li>• Board Member, Dr. Mazen Fakeeh Complementary Healthcare Limited Company, a limited liability company engaging in the field of healthcare, from 2007G to date.</li> <li>• Board Member, Dr. Soliman Abdel Kader Fakeeh Medical Education Limited Company, from 2003G to date.</li> </ul>
<b>Current Memberships:</b>	<ul style="list-style-type: none"> <li>• Chairman of the Company's Board of Directors from 2017G to date.</li> </ul>
<b>Previous Executive Positions:</b>	<ul style="list-style-type: none"> <li>• Deputy CEO of the Company from 2012G until 2017G.</li> <li>• Deputy General Manager and Executive Director for Administrative Affairs in the Company from 2008G until 2012G.</li> <li>• Executive Department Chairman in the Company from 2002G until 2008G.</li> <li>• Performance Improvement Coordinator / Risk Manager in the Company from 2000G until 2002G.</li> <li>• Assistant Professor, Brown University, a university engaging in the field of education and research, from 1995G until 1997G.</li> <li>• Board Member, Al Reem Integrated Healthcare Center, an Emirati limited liability company engaging in the field of healthcare, from 2017G until 2022G.</li> </ul>

### 5.2.3.2 Manal Soliman Abdel Kader Fakeeh

<b>Age:</b>	57 years
<b>Nationality:</b>	Saudi
<b>Current Position in the Company:</b>	Vice Chairman
<b>Date of Appointment:</b>	20/06/2023G
<b>Academic Qualifications:</b>	<ul style="list-style-type: none"> <li>• PhD in Business Administration from the University of Glasgow, UK, 2010G.</li> <li>• Diploma in Interior Design from the Inchbald School of Design, London, UK, 1996G.</li> <li>• Bachelor's degree in Sociology from King Abdulaziz University in Jeddah, KSA, 1987G.</li> <li>• Bachelor's degree in General Education with Honors, from Dar Al-Hanan Schools in Jeddah, KSA, 1984G.</li> </ul>
<b>Current Executive Positions:</b>	<ul style="list-style-type: none"> <li>• CEO, Advisory Committee of Dr. Soliman Abdel Kader Fakeeh Medical Education Limited Company, from 2023G to date.</li> <li>• Executive Director, Strategic Planning in the Company from 2009G to date.</li> </ul>
<b>Current Memberships:</b>	<ul style="list-style-type: none"> <li>• Honorary Member, of the Board of Trustees at Effat University, a non-profit university engaging in the field of education, from 2012G to date.</li> <li>• Board Member, Mrs. Khadija bint Khuwailid Center, a business center engaging in the field of entrepreneurship, management, personal skills, and technical skills, from 2010G to date.</li> </ul>
<b>Previous Executive Positions:</b>	<ul style="list-style-type: none"> <li>• Chairman of the Board of Directors and CEO, Maabar Social Consultancy Center, a non-profit center engaging in the field of consulting, counseling and guidance services, training and rehabilitation services, from 2011G until 2020G.</li> <li>• Vice Chairman, of Human Resources at the Company from 1999G until 2006G.</li> </ul>

### 5.2.3.3 Mazen Soliman Abdel Kader Fakeeh

<b>Age:</b>	60 years
<b>Nationality:</b>	Saudi
<b>Current Position in the Company:</b>	Managing Director – Group President
<b>Date of Appointment:</b>	01/06/2017G
<b>Academic Qualifications:</b>	<ul style="list-style-type: none"> <li>• Fellowship, American College of Physicians, USA, 2010G</li> <li>• Fellowship, Royal College of Physicians, UK, 2001G</li> <li>• Member, Royal College of Physicians, 1991G</li> <li>• Bachelor's degree in Medicine and Surgery from King Abdulaziz University in Jeddah, KSA, 1986G</li> </ul>

<b>Current Executive Positions:</b>	<ul style="list-style-type: none"> <li>Board Member, Riyadh Hospital Company, a limited liability company, from 2022G to date.</li> <li>Board Member, Dr. Soliman Abdel Kader Fakeeh Home Healthcare Company, a limited liability company engaging in the field of healthcare, from 2022G to date.</li> <li>Board Member, Advanced Horizons Contracting Company, a limited liability company engaging in the field of contracting, from 2021G to date</li> <li>Board Member, White Lines Medical Company, a limited liability company engaging in the field of healthcare, from 2021G to date.</li> <li>Board Member, Golden Union Medical Company, a limited liability company engaging in the field of healthcare, from 2021G to date.</li> <li>Board Member, Al-Tor Medical Services Company, a limited liability company engaging in the field of healthcare, from 2019G to date.</li> <li>Board Member, Saudi Airlines Medical Services Company, a limited liability company engaging in the field of healthcare, from 2019G to date.</li> <li>Board Member, Al Faraj Pharmaceutical Medical Company, a limited liability company working in the field of healthcare, from 2018G to date.</li> <li>Board Member, Cold Sky Energy Company, a limited liability company engaging in the field of contracting, from 2017G to date.</li> <li>Board Member, Fakeeh Vision Limited Company, a limited liability company engaging in the field of healthcare, from 2017G to date.</li> <li>Board Member, Haala Energy Company, a limited liability company engaging in the field of contracting, from 2016G to date.</li> <li>Board Member, Dr. Soliman Abdel Kader Fakeeh Family Medicine Centers, a limited liability company engaging in the field of healthcare, from 2015G to date.</li> <li>Board Member, Al-Sulaymaniyah Al-Muttahida Company, a limited liability company engaging in the field of real estate development, from 2014G to date.</li> <li>Board Member, Dr. Soliman Abdel Kader Fakeeh Information Technology Company, a limited liability company engaging in the field of information technology, from 2013G to date.</li> <li>Board Member, Al-Farabi Special Health Care Company Limited, a limited liability company engaging in the field of healthcare, from 2010G to date.</li> <li>Board Member, Soliman Abdel Kader Fakeeh Real Estate Limited Company, a limited liability company engaging in the field of real estate development, from 2009G to date.</li> <li>Board Member, Dr. Mazen Fakeeh Complementary Healthcare Limited Company, a limited liability company engaging in the field of healthcare, from 2007G to date.</li> <li>Board Member, Dr. Soliman Abdel Kader Fakeeh Medical Education Limited Company, a limited liability company engaging in the field of higher medical education, from 2003G to date.</li> </ul>
<b>Current Memberships:</b>	<ul style="list-style-type: none"> <li>Chairman of the Board of Trustees, Fakeeh College of Medical Sciences, from 2007G to date.</li> </ul>
<b>Previous Executive Positions:</b>	<ul style="list-style-type: none"> <li>CEO of the Company from 2012G until 2017G.</li> <li>General Manager and Chairman of the Executive Committee of the Company from 2007G until 2012G.</li> </ul>
<b>Previous Memberships:</b>	<ul style="list-style-type: none"> <li>Chairman of the Company's Board of Directors from 2012G until 2017G.</li> </ul>

#### 5.2.3.4 Ayman Asaad Soliman Abdo

<b>Age:</b>	51 years
<b>Nationality:</b>	Saudi
<b>Current Position in the Company:</b>	Board Member
<b>Date of Appointment:</b>	20/06/2022G
<b>Academic Qualifications:</b>	<ul style="list-style-type: none"> <li>Fellowship, American College of Physicians, USA, 2010G</li> <li>Fellowship, Hepatology and Liver Transplantation from the University of Calgary, Canada, 2003G</li> <li>Canadian Board, of Gastroenterology and Hepatology, Canada, 2002G</li> <li>Canadian Board, of Internal Medicine, Canada, 2001G</li> <li>American Board, of Internal Medicine, USA, 2000G</li> <li>Bachelor's degree in Medicine and Surgery from King Saud University, Riyadh, KSA, 1995G.</li> </ul>

<b>Current Executive Positions:</b>	<ul style="list-style-type: none"> <li>• First Vice Chairman (Managing Director) of the Company from 2022G to date.</li> </ul>
<b>Previous Executive Positions:</b>	<ul style="list-style-type: none"> <li>• General Secretary, Saudi Commission for Health Specialties, a body engaging in the field of professional registration of health practitioners, from 2016G until 2022G.</li> <li>• Gastroenterology and Hepatology Consultant, King Khalid University Hospital, a hospital engaging in the field of providing healthcare, from 2003G until 2022G.</li> <li>• Professor, College of Medicine, King Saud University, a public university engaging in the field of teaching medicine, from 2014G until 2022G.</li> <li>• Director, Liver Disease Research Center, King Saud University from 2009G until 2020G.</li> <li>• Editor in Chief, the Saudi Journal of Gastroenterology, a bulletin specializing in the field of Gastroenterology, from 2011G until 2016G.</li> <li>• Part Time Consultant, Dallah hospital, a listed joint-stock company engaging in the field of healthcare, from 2011G until 2016G.</li> <li>• Executive Director, of Academic Affairs, King Saud University Medical City, a government hospital, from 2013G until 2016G.</li> <li>• Vice Dean, College of Graduate Studies and Research, College of Medicine, King Saud University from 2013G until 2016G.</li> <li>• Assistant Professor, College of Medicine, University of Calgary, a public university engaged in teaching several different fields such as arts, engineering, law, nursing and medicine, from 2011G until 2015G.</li> <li>• Assistant Professor, College of Medicine, King Saud University, from 2008G until 2014G.</li> <li>• Deputy Dean, College of Quality and Development, College of Medicine, King Saud University, from 2008G until 2012G.</li> <li>• Associate Editor, the Saudi Journal of Gastroenterology, from 2004G until 2011G.</li> <li>• Part Time Consultant, Liver Diseases in the Liver Transplantation Department, King Faisal Specialist Hospital, a hospital and research center engaging in the field of providing healthcare, from 2004G until 2010G</li> <li>• Chairman, Local Training Board of the Saudi Board of Gastroenterology, a program accredited by the Saudi Commission for Health Specialties engaging in the field of training, from 2006G until 2009G.</li> <li>• Vice Chairman, Medical Education Center, College of Medicine, King Saud University, from 2007G until 2008G.</li> <li>• Assistant Professor, College of Medicine, King Saud University, from 2003G until 2008G.</li> <li>• Chairman, of the Internship Affairs Committee, College of Medicine, King Saud University, from 2004G until 2007G.</li> <li>• Deputy Director, Internal Medicine Program, College of Medicine, King Saud University, from 2004G until 2005G.</li> <li>• Supervisor, of Academic Activities, College of Medicine, King Saud University, from 2004G until 2005G.</li> <li>• Part Time Consultant, Dr. Sulaiman Al-Habib Hospital, a listed joint-stock company engaging in the field of healthcare, from 2003G until 2004G.</li> </ul>
<b>Previous Memberships:</b>	<ul style="list-style-type: none"> <li>• Editorial Board Member, Liver International Journal, a bulletin specializing in the field of liver diseases, from 2008G until 2011G.</li> <li>• Member of the Saudi Board of the Scientific Committee of Gastroenterology, Saudi Commission for Health Specialties, a body engaging in the field of professional registration of health practitioners, from 2006G. until 2009G</li> <li>• Board Member, Medical Education Center, College of Medicine, King University from 2006G until 2008G.</li> </ul>

### 5.2.3.5 Noor AlRehman Abbas Ali Abid

<b>Age:</b>	71 years
<b>Nationality:</b>	Bahraini
<b>Current Position in the Company:</b>	Board Member
<b>Date of Appointment:</b>	20/06/2021G
<b>Academic Qualifications:</b>	<ul style="list-style-type: none"> <li>• Fellowship, Institute of Chartered Accountants in England and Wales, UK, 1986G</li> </ul>
<b>Current Executive Positions:</b>	<ul style="list-style-type: none"> <li>• N/A</li> </ul>



<b>Other Current Memberships:</b>	<ul style="list-style-type: none"> <li>• Chairman of the Audit Committee of the Company from 2014G to date.</li> <li>• Board Member and Chairman of the Audit and Compliance Committee, Kuwait Finance House, a closed Bahraini joint-stock company engaging in the field of finance, from 2014G to date.</li> <li>• Chairman of the Nomination and Remuneration Committee, Kuwait Finance House, a Bahraini closed joint-stock company engaging in the field of finance, from 2014G to date.</li> <li>• Board Member and Chairman of the Audit Committee of the Board of Directors, Arcapita Bahrain, a limited liability company engaging in the field of management of investments in private equity and real estate, from 2014G to date.</li> <li>• Board Member of the Company from 2012G to date.</li> <li>• Board Member, Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), an international non-profit organization engaging in the field of supporting Islamic financial institutions, from 2000G to date.</li> <li>• Member of the Audit committee and Human Resources Committee, Meezan Bank, a listed Pakistani joint-stock company engaging in the field of finance, from 2014G to date.</li> </ul>
<b>Previous Executive Positions:</b>	<ul style="list-style-type: none"> <li>• Managing Partner, Audit Department of Ernst &amp; Young for the Middle East and North Africa, a professional limited liability company engaging in the field of financial auditing, tax consulting, business transactions and consulting services, from 1999G until 2012G.</li> </ul>

### 5.2.3.6 Deborah Gill

<b>Age:</b>	57 years
<b>Nationality:</b>	British
<b>Current Position in the Company:</b>	Board Member
<b>Date of Appointment:</b>	20/06/2021G
<b>Academic Qualifications:</b>	<ul style="list-style-type: none"> <li>• PhD in Education, from the University College London, London, UK, 2013G.</li> <li>• Masters, in Medical Education, from the University of Dundee, Scotland, UK, 2000G</li> <li>• Bachelor's degree in Medicine and Surgery from the University of London, London, UK, 1990G.</li> </ul>
<b>Other Current Memberships:</b>	<ul style="list-style-type: none"> <li>• Deputy Dean, University of Southampton, a British university engaging in the field of research and teaching sector, from 2022G to date.</li> <li>• Board Member of the Company from 2019G to date.</li> <li>• Chairman of the Nomination and Remuneration Committee of the Company from 2019G to date.</li> </ul>
<b>Previous Executive Positions:</b>	<ul style="list-style-type: none"> <li>• Head of the Department of Medical Education, University College London, a British university engaging in the field of research and teaching sector, from 2015G until 2022G.</li> <li>• Deputy Vice Rector, for Education and Student Affairs, University College London, from 2019G until 2022G.</li> <li>• Deputy Director, College of Medicine, University College London, from 2010G until 2019G.</li> <li>• Interim Director, College of Medicine, University College London, from 2014G until 2015G.</li> <li>• Deputy Director, College of Medicine, University College London, from 2010G until 2015G.</li> <li>• Professor Lecturer, Medical Education, Academic Center for Medical Education, a non-profit organization engaging in the field of providing training courses, guidance instructions, seminars and conferences, from 2002G until 2010G.</li> <li>• Lecturer, Department of Primary Care and Population Sciences, Royal Free Medical School, a medical school run by University College London engaging in the field of medical education, from 1996G until 2002G.</li> </ul>

### 5.2.3.7 Aness Ahmed Mohamed Mounina

<b>Age:</b>	60 years
<b>Nationality:</b>	Saudi
<b>Current Position in the Company:</b>	Board Member
<b>Date of Appointment:</b>	20/06/2021G
<b>Academic Qualifications:</b>	<ul style="list-style-type: none"> <li>• Masters, in Science in Engineering Management, George Washington University, Washington, USA, 1985G.</li> <li>• Bachelor's degree in Science in Civil Engineering, George Washington University, Washington, USA, 1984G.</li> </ul>
<b>Other Current Memberships:</b>	<ul style="list-style-type: none"> <li>• Board Member, Halwani Brothers Company, a listed joint-stock company engaging in the field of food, from 2023G to date.</li> <li>• Board Member, Alinma Investment Company, a closed joint-stock company engaging in the field of financial investment, from 2023G to date.</li> <li>• Board Member, Executive Committee Member, Risk Committee at Alinma Bank Member, a listed joint-stock company engaging in the field of finance, from 2022G to date.</li> <li>• Board Member, Dr. Soliman Abdel Kader Fakeeh Hospital Company and Audit Committee Member, from 2019G to date.</li> <li>• Board Member and Executive Committee Member, Jeddah Development &amp; Urban Regeneration Company, a closed joint-stock company engaging in the field of real estate development, from 2021G to date.</li> <li>• Board Member and Chairman of the Remuneration and Nominations Committee and Risk Committee Member, Dar Al Tamleek Company, a closed joint-stock company engaging in the field of real estate development, from 2021G to date.</li> <li>• Board Member, Abdul Latif Jameel Projects Company, a limited liability company engaging in the field of selling goods intended for import and export wholesale, from 2022G to date.</li> <li>• Board Member, Dhahiat Murooj Jeddah Limited Company, a limited liability company engaging in the field of buying, selling and dividing land and real estate, off-plan sales activities, management and leasing of owned or leased real estate, from 2021G to date.</li> <li>• Executive Member, Advisory Board at Effat University, a non-profit university engaging in the field of education, from 2012G to date.</li> </ul>
<b>Previous Executive Positions:</b>	<ul style="list-style-type: none"> <li>• CEO, Savola Group, a listed joint-stock company engaging in the field of food and retail, from 2018G until 2020G.</li> <li>• CEO, SEDCO Holding Group, a closed joint-stock company engaging in the field of healthcare, education, asset management, hospitality and real estate, from 2013G until 2018G.</li> <li>• Regional General Manager and Senior Credit Officer, Samba Financial Group, a previously listed joint-stock company that was engaged in the field of finance, from 2000G until 2012G.</li> <li>• Deputy General Manager, Samba Financial Group from 1994G to 2000G.</li> <li>• Senior Relationship Manager, Samba Financial Group from 1990G until 1993G.</li> <li>• Deputy Trademark Manager, Procter &amp; Gamble Saudi Arabia, a limited liability company engaging in the field of consumables, from 1990G until 1990G.</li> </ul>

<b>Previous Memberships:</b>	<ul style="list-style-type: none"> <li>• Member of the Board of Trustees, Savola World Foundation, a private foundation engaging in the field of social responsibility and sustainability, from 2020G until 2022G.</li> <li>• Deputy Chairman, Herfy company, a listed joint-stock company engaging in the field of food services, from 2018G until 2021G.</li> <li>• Board Member and Risk Committee Member, at the Saudi National Bank, a listed joint-stock company engaging in the field of finance, from 2015G until 2021G.</li> <li>• Deputy Chairman, Savola Food Company from 2018G until 2020G.</li> <li>• Deputy Chairman, United Sugar Company, a closed joint-stock company engaging in the field of dry foodstuffs, from 2018G until 2020G.</li> <li>• Deputy Chairman, Afia International Company, a closed joint-stock company engaging in the field of foodstuffs, from 2018G until 2020G.</li> <li>• Deputy Chairman, Panda Retail Company, a closed joint-stock company engaging in the field of wholesale and retail, from 2018G until 2020G.</li> <li>• Vice Chairman, Diversified Food Company (Al Kabeer), a limited liability company engaging in the field of meat preservation and preparation, from 2018G until 2020G.</li> <li>• Board Member, King Abdullah Economic City, a government entity, from 2018G until 2020G.</li> <li>• Board Member and Risk Committee Chairman, Almarai Company, a listed joint-stock company engaging in the field of dairy, from 2018G until 2020G.</li> <li>• Remuneration and Nomination Committee Member, Savola Food Company, from 2018G until 2020G.</li> <li>• Board Member, Savola Food Egypt, a closed Egyptian joint-stock company engaging in the field of wholesale food and beverages, from 2018G until 2020G.</li> <li>• Remuneration and Nomination Committee Member and an Investment Committee Member, Panda Retail Company, a closed joint-stock company engaging in the field of retail, from 2018G until 2020G.</li> <li>• Board Member and Remuneration and Nomination Committee Chairman and an Investment Committee Member, at Kenan Real Estate Company, a limited liability company engaging in the field of residential real estate development, from 2018G until 2020G.</li> <li>• Executive Committee Member, of the Saudi-Egyptian Business Board, a non-profit organization engaging in the field of organizing conferences and joint events, from 2018G until 2019G.</li> <li>• Chairman, Dunia Al Aswaf Trading Company, a limited liability company engaging in the field of men and children ready-to-wear retail, from 2015G until 2018G.</li> <li>• Executive Committee Member, of the International Relations Committee at the Jeddah Chamber of Commerce and Industry, a Chamber of Commerce engaging in the field of training services, event management and trade fair services, from 2010G until 2019G.</li> <li>• Board Member, Elaf Group, a closed joint-stock company engaging in the field of hospitality and tourism, from 2013G until 2018G.</li> <li>• Investment Committee Member, SEDCO Holding Group, from 2013G until 2018G.</li> </ul>
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#### 5.2.3.8 Turbine Hilbertz

<b>Age:</b>	52 years
<b>Nationality:</b>	German
<b>Current Position in the Company:</b>	Board Member
<b>Date of Appointment:</b>	15 November 2023G
<b>Academic Qualifications:</b>	<ul style="list-style-type: none"> <li>• Certified Fraud Examiner Certificate from the Association of Certified Fraud Examiners, 2019G.</li> <li>• Certified Internal Auditor Certificate from the Institute of Internal Auditors, 2002G.</li> <li>• Joint Studies of Business Administration and Technology degree, from the University of Stuttgart, Germany, 1997G.</li> </ul>
<b>Current Executive Positions:</b>	<ul style="list-style-type: none"> <li>• Assistant Partner and Interim Director, Turbine Hilbertz Foundation, an individual foundation engaging in the field of consulting, from 2022G to date.</li> </ul>
<b>Current Memberships:</b>	<ul style="list-style-type: none"> <li>• Audit Committee Member, Flyadeal Company, a limited liability company engaging in the field of aviation, from 2018G to date.</li> <li>• Board Member, Flyadeal Company, from 2018G to date.</li> </ul>

<b>Previous Executive Positions:</b>	<ul style="list-style-type: none"> <li>• Head of the Internal Audit Department, Abu Dhabi Health Services Company, an Emirati listed joint-stock company engaging in the field of providing health services, from 2019G until 2022G.</li> <li>• Deputy Head of the Internal Audit Department, Abu Dhabi Airports Company, an Emirati listed joint-stock company engaging in the field of development of aviation infrastructure in the emirate of Abu Dhabi, from 2014G until 2019G.</li> <li>• Head of the Internal Audit Department, Swiss International Air Lines, a Swiss listed joint-stock company engaging in the field of aviation, from 2008G until 2014G.</li> <li>• Deputy Head of the Internal Audit Department, OC Oerlikon Group, A Swiss listed joint-stock company engaging in the field of industry, from 2006G until 2008G.</li> <li>• Head of the Audit Department, IVG Immobilien AG, a German listed limited company engaging in the field of real estate development, from 2005G until 2006G.</li> <li>• Management Adviser, Horvath &amp; Partners, a German professional company engaging in the field of consulting, during 2005G.</li> <li>• Business Operations Finance Expert, Alcatel Company, a French listed joint-stock company engaging in the field of telecommunications, from 2003G until 2005G.</li> <li>• Chief Internal Auditor and Corporate Accounts Audit, Alcatel Company, from 2001G until 2003G.</li> <li>• Head of the Industrial Business Control Unit, Elster Group Company, a German limited liability company engaging in the field of industry, during the year 2000G.</li> <li>• Chief Internal Auditor, Arthur Andersen Company, a German professional limited liability company engaging in the field of auditing, from 1997G until 2000G.</li> </ul>
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### 5.2.3.9 Ban Jamal Abdulsalam Yassin

<b>Age:</b>	35 years
<b>Nationality:</b>	Jordanian
<b>Current Position in the Company:</b>	Company Secretary
<b>Date of Appointment:</b>	03/11/2014G
<b>Academic Qualifications:</b>	<ul style="list-style-type: none"> <li>• Bachelor's degree in Banking and Finance, Dar Al-Hekma Private University, 2010G.</li> <li>• Diploma in Accounting of Government Units and Non-profit Organizations, Dar Al-Hekma Private University, 2020G.</li> <li>• Diploma in Audit and Assurance, Dar Al-Hekma Private University, 2021G.</li> <li>• Diploma in Zakat and Tax Accounting, Dar Al-Hekma Private University, 2022G.</li> </ul>
<b>Other Current Positions:</b>	<ul style="list-style-type: none"> <li>• Director, File Management Unit in the Company from 2015G to date.</li> </ul>
<b>Previous Non-Executive Positions:</b>	<ul style="list-style-type: none"> <li>• Chartered Accountant, Riyadh Hospital Company, a closed joint-stock company engaging in the field of healthcare, from 2011G until 2014G.</li> <li>• An employee in the Family Affairs and Financial Affairs Office, Riyadh Hospital Company, a closed joint-stock company engaging in the field of healthcare, from 2010G until 2014G.</li> </ul>

## 5.3 Board Committees

The Board of Directors shall form committees in order to boost the effectiveness and efficiency of the Company's management. Each Committee shall have its own charters which determine the Committee's roles, responsibilities, and powers. The Committees shall periodically hold meetings for the purpose of carrying out the tasks entrusted to them and minutes shall be prepared for each committee meeting (the Board of Directors shall review and approve such minutes).

The following is a summary of the structure, responsibilities and current members of each permanent Committee.

### 5.3.1 Nomination and Remuneration Committee

The main function of the Nomination and Remuneration Committee is to identify qualified individuals and candidates to be Directors, as well as to assist the Board in establishing a sound governance framework and developing the necessary policies and procedures. The Committee's scope of work includes all duties designed to enable it to fulfill its functions, including:

- 1- Prepare a clear policy for the remunerations of the Board members, its committees, and the Senior Management, present such policy to the Board in preparation for approval by the General Assembly, provided that such policy follows standards based on performance, disclose and ensure the implementation of such policy, and review the remunerations and make recommendations to the Board on an annual basis or at the request of the Board;
- 2- Clarify the relation between the paid remunerations and the adopted remuneration policy, and highlight any material deviation from that policy;
- 3- Determine the various bonus pools based on the performance of the Company and of each unit and department, and recommend such pool to the Board for review and approval;
- 4- Follow up on the disclosure of remuneration included in the annual report that is issued by the Board of Directors;
- 5- Periodically review the remuneration policy and assess its effectiveness in achieving its objectives;
- 6- Propose recommendations to the Board in respect of the remunerations of its members, committee members and Senior Executives, in accordance with the approved policy.
- 7- Prepare recommendations to the Board for determining the qualifications required in whoever fills the position of chief executive officer, recommend contract terms, prepare job descriptions, and nominate to the Board the candidates for the position of chief executive officer, chief financial officer and senior executives;
- 8- Propose clear policies and standards for membership of the Board and the Executive Management;
- 9- Propose recommendations to the Board for the nomination or re-nomination of its members in accordance with approved policies and standards, taking into account that nomination shall not include any person convicted of a crime involving moral turpitude or dishonesty;
- 10- Prepare a description of the capabilities and qualifications required for membership of the Board and Senior Management positions;
- 11- Determine the amount of time that the member shall allocate to the activities of the Board;
- 12- Annually review the skills and expertise required of the Board members and the Senior Management;
- 13- Review the structure of the Board and the Senior Management and provide recommendations regarding changes that may be made to such structure;
- 14- Annually ensure the independence of Independent Directors and the absence of any conflicts of interest if a Board member also acts as a member of the Board of directors of another company;
- 15- Provide job descriptions for the Executive, Non-Executive and Independent Directors and the Senior Executive Management;
- 16- Set procedures to be followed if the position of a member of the Board or a Senior Executive becomes vacant; and
- 17- Determine the strengths and weaknesses of the Board and recommend solutions that serve the Company's interests.

The Nomination and Remuneration Committee shall be composed of at least three (3) members to be appointed by the Company's Board of Directors for a period of four (4) years. The Board of Directors shall take the necessary measures to enable the Committee to carry out the tasks entrusted thereto, including informing the Committee, without any restrictions, of all data, information, reports, records, correspondence or other matters that the Committee deems important to have access to.

The following members were appointed to the Nomination and Remuneration Committee by the Board of Directors on 19/06/1445H (corresponding to 01/01/2024G).

**Table (40): Members of the Nomination and Remuneration Committee**

	Name	Position
1	Deborah Gill	Chairman of the Committee
2	Ammar Soliman Abdel Kader Fakeeh	Member
3	Manal Soliman Abdel Kader Fakeeh	Member
4	Noor AlRehman Abbas Ali Abid	Member

Source: the Company

The following is a brief overview of the Members of the Nomination and Remuneration Committee:

#### 5.3.1.1 Deborah Gill

Please refer to section 5.2.3.6 for more details about Deborah Gill.

#### 5.3.1.2 Ammar Soliman Abdel Kader Fakeeh

Please refer to section 5.2.3.1 for more details about Ammar Soliman Abdel Kader Fakeeh.

#### 5.3.1.3 Manal Soliman Abdel Kader Fakeeh

Please refer to section 5.2.3.2 for more details about Manal Soliman Abdel Kader Fakeeh.

#### 5.3.1.4 Noor AlRehman Abbas Ali Abid

Please refer to section 5.2.3.5 for more details about Noor AlRehman Abbas Ali Abid.

### 5.3.2 Audit Committee

Ensuring that an effective internal control system is in place is one of the responsibilities entrusted to the Board of Directors. The main task of the Audit Committee is to verify the adequacy and effective implementation of the internal control system and to make any recommendations to the Board of Directors that would actuate, develop the system to achieve the Company's objectives, and protect the interests of Shareholders and investors with high efficiency and at reasonable cost. The Committee is also responsible for reviewing risk management policies, annual risk reports, and risk-mitigation plans before presenting the same to the Board of Directors. The Committee is responsible for ensuring compliance with the Company's Corporate Governance Regulations and Practices issued by Capital Market Authority (CMA) and the Company's Corporate Governance Manual and Policy.

The Audit Committee shall be responsible for monitoring the Company's activities and ensuring the integrity and effectiveness of the reports, financial statements and internal control systems. The duties of the Audit Committee shall particularly include the following:

- 1- Monitor and oversee the performance and activities of the internal auditor and internal audit department of the Company to ensure their effectiveness in performing the assigned activities and duties specified by the Board of Directors;
- 2- Review the system of internal and financial control as well as risk management, and prepare a written report thereon, including its recommendations and opinion on the adequacy of such system and the work it has performed that fall under its purview, to be submitted to the General Assembly, if required by law;
- 3- Analyze the internal audit reports and follow up the implementation of the corrective measures in respect of the remarks made in such reports;
- 4- Review reports of regulatory authorities and verify that the Company has taken the necessary measures in that regard;

- 5- Verify the Company's compliance with the relevant laws, regulations, policies, and instructions, and review the effectiveness of the systems adopted in the Company in relation to ethical conduct;
- 6- Review proposed contracts and transactions between the Company and Related Parties, and submit its recommendations in that regard to the Board of Directors;
- 7- Submit to the Board of Directors the issues it may deem necessary to be addressed, and recommend the steps to be taken;
- 8- Monitor processes relating to management risks;
- 9- Assess the adequacy of the Company's internal control system, including the control devices of computer information and security system;
- 10- Make recommendations to the Board of Directors regarding the auditor's appointment, dismissal, and fees, and ensure the independence of the auditor before making any such recommendation, taking into account the relevant rules and standards;
- 11- Oversee the activities of the auditor and approve any activity that may fall beyond the scope of work assigned thereto during the implementation of the duties thereof;
- 12- Review the audit plan with the auditor, verify that the editor does not submit any technical or administrative work that may fall beyond the scope of work assigned thereto, and submit comments thereon;
- 13- Assess the auditor's reports, provide comments on the financial statements, and follow up on actions to be taken in that regard;
- 14- Answer the auditor's inquiries;
- 15- Analyze the Company's interim and annual financial statements before presenting them to the Board and providing its opinion and recommendations thereon to ensure their integrity, fairness and transparency;
- 16- Review the applicable accounting policies and make recommendations to the Board of Directors related thereto;
- 17- Provide its technical opinion, at the request of the Board, regarding whether the Board's report and the Company's financial statements are fair, balanced, understandable, and contain information that allows Shareholders and investors to assess the Company's financial position and performance;
- 18- Analyze any important or non-familiar issues contained in the financial reports and accounts, and carefully research any issues raised by the Company's CFO, compliance officer, or auditor; and
- 19- Examine accounting estimates in respect of material matters contained in the financial reports.

The Audit Committee shall consist of three (3) non-executive Board members appointed by the Board of Directors for a period of four (4) years, provided that the Committee shall include at least one (1) independent member, the Chairman of the Committee shall be an independent member, and a competent member in financial and accounting affairs.

The Board of Directors shall take the necessary measures to enable the Committee to carry out its functions, including informing the Committee, without any restrictions, of all data, information, reports, records, correspondence, or other matters which the Committee may deem necessary to have access to.

The following members were appointed to the Audit Committee by the Board of Directors on 19/06/1445H (corresponding to 01/01/2024G).

**Table (41): Members of the Audit Committee**

	Name	Position
1	Turbine Hilbertz	Chairman of the Committee
2	Noor AlRehman Abbas Ali Abid	Member
3	Aness Ahmed Mohamed Moumina	Member

Source: the Company

The following is a brief overview of the members of the Audit Committee:

### 5.3.2.1 Turbine Hilbertz

Please refer to section 5.2.3.8 for more details about Turbine Hilbertz.

### 5.3.2.2 Noor AlRehman Abbas Ali Abid

Please refer to section 5.2.3.5 for more details about Noor AlRehman Abbas Ali Abid.

### 5.3.2.3 Aness Ahmed Mohamed Moumina

Please refer to section 5.2.3.7 for more details about Aness Ahmed Mohamed Moumina.

## 5.4 Senior Management

### 5.4.1 Overview of the Senior Management

The Company's Senior Management is comprised of a team with the necessary experience and skills to manage the Company's business under the supervision of the Board of Directors, and the CEO conducts the daily business of the Company in accordance with the directives and policies set by the Board of Directors to ensure that the Company achieves its goals set by the Board of Directors.

The Senior Management team currently consists of eight (8) employees, as set out in the table below:

**Table (42): Senior Management Details**

No.	Name	Position	Appointment Date to the Current Position	Nationality	Age	Number of Shares held Pre-Offering	Number of Shares Post-Offering	Indirect Ownership Ratios*	
								Pre-Offering	Post-Offering
1.	Mazen Soliman Abdel Kader Fakeeh	Managing Director, Group President	01/06/2017G	Saudi	60	79,984,000	63,987,200	0.008%	0.0064%
2.	Ayman Asaad Abdo	Group Senior Vice President	25/08/2022G	Saudi	51	-	-	-	-
3.	Fatih Mehmet Gul	CEO of Jeddah Hospital Complex	12/07/2023G	Turkish	44	-	-	-	-
4.	Samar Assem Badreddine	Group Vice President for Quality, Standards and Compliance	01/01/2022G	Lebanese	59	-	-	-	-
5.	Panagiotis Chatziantoniou	Group Chief Financial Officer	08/12/2020G	Greek	58	-	-	-	-
6.	Tamer Said Abdelgawad	Group Vice President, Operations	11/01/2018G	Egyptian	43	-	-	-	-
7.	Ibrahim Nusrat Hayat	Group Chief Revenue Cycle Officer	24/05/2023G	Pakistani	45	-	-	-	-
8.	Othman Abdul Muti Amin	Group Internal Audit, Acting Chief Executive Officer	20/12/2021G	Egyptian	42	-	-	-	-

Source: The Company

\* Indirect ownership by Mazen Soliman Abdel Kader Fakeeh resulted from his ownership of shares in Al Sulaimania United Company and Soliman Abdel Kader Fakeeh Real Estate Company Limited, whereby each of them owns shares representing 0.01% of the Issuer's Pre-Offering capital, and Mazen Soliman Abdel Kader Fakeeh owns a 40% share of the capital of both Al Sulaimaniya United Company and Soliman Abdel Kader Fakeeh Real Estate Company Limited.



## 5.4.2 Biographies of Senior Executives

The following is a brief overview of the experiences, academic qualifications, as well as current and previous positions of each Member of Senior Management:

### 5.4.2.1 Mazen Soliman Abdel Kader Fakeeh

Please refer to Mazen Soliman Abdel Kader Fakeeh Biography in Section 5.2.3.3

### 5.4.2.2 Ayman Asaad Abdo

Please refer to Ayman Asaad Abdo Biography in Section 5.2.3.4

### 5.4.2.3 Dr. Fatih Mehmet Gul

<b>Age:</b>	44 years
<b>Nationality:</b>	Turkish
<b>Current Position:</b>	CEO Of Jeddah Hospital Complex
<b>Date of Appointment:</b>	24/12/1444H (corresponding to 12/07/2023G)
<b>Academic Qualifications:</b>	<ul style="list-style-type: none"> <li>Executive Program, in Strategy and Value Measurement for Global Health Care Delivery, from Harvard University, Massachusetts, USA, 2018G.</li> <li>Executive Program, in Healthcare Leadership, from Cornell University, NY, USA, 2015G.</li> <li>Bachelor's degree in Medicine from Erciyes University, Kayseri, Turkey, 2003G.</li> </ul>
<b>Previous Executive Positions:</b>	<ul style="list-style-type: none"> <li>CEO, Fakeeh University Hospital in Dubai, a limited liability company engaging in the field of healthcare, from 2020G until 2023G.</li> <li>Head of Operations, Fakeeh University Hospital in Dubai, from 2017G until 2020G.</li> <li>Executive Director of the Company from 2015G until 2017G.</li> </ul>

### 5.4.2.4 Samar Assem Baderddine

<b>Age:</b>	59 years
<b>Nationality:</b>	Lebanese
<b>Current Position:</b>	Vice President for Quality, Standards and Compliance
<b>Date of Appointment:</b>	01/01/2022G
<b>Academic Qualifications:</b>	<ul style="list-style-type: none"> <li>Fellowship in Infectious Diseases, Wayne State University, USA, 1996G.</li> <li>Medical Residency in Internal Medicine, Wayne State University, Detroit, USA, 1994G.</li> <li>Medical Residency in Internal Medicine, American University of Beirut, Lebanon, 1991G.</li> <li>PhD in Medicine from the American University of Beirut, Lebanon, 1989G.</li> <li>Bachelor of Science in Biology, American University of Beirut, Lebanon, 1985G.</li> </ul>
<b>Current Executive Positions:</b>	<ul style="list-style-type: none"> <li>Board Member, Riyadh Hospital Company from 2022G to date.</li> <li>Board Member, Saudi Airlines Medical Services Company from 2019G to date.</li> </ul>
<b>Previous Executive Positions:</b>	<ul style="list-style-type: none"> <li>Director, Medical and Clinical Affairs in the Company from 2014G until 2021G.</li> <li>Consultant for Infectious Diseases and Director of Infection Control in the Company from 2011G until 2021G.</li> <li>Consultant for Infectious Diseases and Director of Infection Control, Rashid Hospital in Dubai, an Emirati government hospital engaging in the field of medical services, from 2009G until 2011G.</li> <li>Consultant for Infectious Diseases and Director of Infection Control, King Faisal Specialist Hospital and Research Center, Jeddah, a government hospital and research center engaging in the field of providing health care, from 2001G until 2009G.</li> <li>Consultant for Infectious Diseases, Sahel Hospital and Hammoud Hospital, Lebanon, a Lebanese private hospital engaging in the field of providing medical services, from 1997G until 2000G.</li> </ul>

#### 5.4.2.5 Panagiotis Chatziantoniou

<b>Age:</b>	58 years
<b>Nationality:</b>	Greek
<b>Current Position:</b>	CFO of the Group
<b>Date of Appointment:</b>	23/04/1442H (corresponding to 08/12/2020G)
<b>Academic Qualifications:</b>	<ul style="list-style-type: none"> <li>• Fellowship, Institute of Life Management, UK, 2017G.</li> <li>• Certificate in Executive Leadership, Harvard University, USA, 2015G.</li> <li>• Chartered Accountant with fellowship degree, Association of Certified Public Accountants, UK, 2004G.</li> <li>• Chartered Accountant, Association of Certified Public Accountants, UK, 1999G.</li> <li>• Master's degree in Science in International Securities, Investment and Banking, ICMA Center, Reading, UK, 1996G.</li> <li>• Bachelor's degree in Accounting and Finance, London South Bank University, London, UK, 1994G.</li> </ul>
<b>Other Current Positions:</b>	<ul style="list-style-type: none"> <li>• Board Member, Reem Integrated Healthcare Company, from 2022G to date.</li> <li>• Board member, Riyadh Hospital Company, from December 2023 to date.</li> </ul>
<b>Previous Executive Positions:</b>	<ul style="list-style-type: none"> <li>• Regional CFO, MetLife Company, Dubai, an American listed joint-stock company engaging in the field of insurance, from 2017G until 2020G.</li> <li>• Regional Head, Financial Planning and Analysis, MetLife Company, Europe, the Middle East and Africa, Dubai, from 2017G until 2020G.</li> <li>• Regional CFO, MetLife Company, Eastern and South-Eastern Europe, from 2013 until 2017.</li> <li>• Deputy Group CFO, National Bank of Greece, a Greek listed joint-stock company engaging in the field of finance, from 2012G until 2013G.</li> <li>• Group Financial Controller, National Bank of Greece, from 2009G until 2012G.</li> <li>• Deputy Group Financial Controller, National Bank of Greece from 2003G until 2009G.</li> <li>• Group Finance Director, Piraeus Bank, a Greek listed joint-stock company engaging in the field of finance, from 2000G until 2003G.</li> <li>• Senior Assurance Manager, PwC Company, a professional limited liability company engaging in the field of audit, taxation, consulting, and consulting services, from 1996G until 2000G.</li> </ul>

#### 5.4.2.6 Tamer Abdelgawad

<b>Age:</b>	43 years
<b>Nationality:</b>	Egyptian
<b>Current Position:</b>	Group Vice President - Operations
<b>Date of Appointment:</b>	24/04/1439H (corresponding to 11/01/2018G)
<b>Academic Qualifications:</b>	<ul style="list-style-type: none"> <li>• Certified Auditor, Institute of Internal Auditors, USA, 2013G.</li> <li>• Diploma in Control Self-Assessment, Institute of Internal Auditors, Florida, USA, 2013G.</li> <li>• Bachelor's degree in Commerce and Business Administration, Helwan University, Egypt, 2001G.</li> </ul>
<b>Other Current Positions:</b>	<ul style="list-style-type: none"> <li>• Board Member, Saudi Airlines Medical Services Company.</li> </ul>
<b>Previous Executive Positions:</b>	<ul style="list-style-type: none"> <li>• CAE of the Group in the Company from 2018G until 2021G.</li> <li>• Head of the Group's Internal Auditors, Obeikan Investment Group, a closed joint-stock company engaging in the field of packaging, education and health, from 2018G until 2021G.</li> <li>• Director, Internal Audit, Obeikan Investment Group, from 2007G until 2012G.</li> <li>• Internal Audit Supervisor, Telecom Egypt Company, a closed Egyptian joint-stock company engaging in the field of telecommunications, fixed telephone services, mobile phone services, internet services, and video services, from 2002G until 2007G.</li> </ul>

#### 5.4.2.7 Ibrahim Nusrat Hayat

<b>Age:</b>	45 years
<b>Nationality:</b>	Pakistani
<b>Current Position:</b>	CEO - Revenue Cycle Department of the Group
<b>Date of Appointment:</b>	24/04/1439H (corresponding to 11/01/2018G) – 06/2023G
<b>Academic Qualifications:</b>	<ul style="list-style-type: none"> <li>PhD in Medicine from Grigore T. Popa University, Iasi, Romania, 2001G</li> </ul>
<b>Previous Executive Positions:</b>	<ul style="list-style-type: none"> <li>Group Manager, Right Health Group, an Emirati limited liability company engaging in the field of healthcare, from 2021G until 2023G.</li> <li>Senior Vice President, Sehtech TPA Company, an Emirati limited liability company engaging in the field of health insurance, from 2019G until 2021G.</li> <li>Senior Head of Business Management, Accumed Practice Management Company, an Emirati limited liability company engaging in the field of clinic management, from 2018G to 2019G.</li> <li>Department Manager, Amity Health Company, an Emirati limited liability company engaging in the field of health insurance, from 2018G until 2019G.</li> <li>Head of Operations, Saudi Enaya Cooperative Insurance Company, a listed joint-stock company engaging in the field of cooperative Insurance, from 2011G until 2018G.</li> <li>Director of Medical Services, MedNet Company, a limited liability company engaging in the field of healthcare, from 2008G until 2010G.</li> <li>Director of Medical Services, Neuron L Company, Dubai, an Emirati limited liability company engaging in the field of healthcare, from 2006G until 2008G.</li> <li>Senior Medical Officer, Nextcare Company, Dubai, an Emirati limited liability company engaging in the field of insurance, from 2002G until 2006G.</li> </ul>

#### 5.4.2.8 Othman Abdul Muti Amin

<b>Age:</b>	42 years
<b>Nationality:</b>	Egyptian
<b>Current Position in the Company:</b>	CEO in Charge of the Group's Internal Audit
<b>Date of Appointment:</b>	20/12/2021G
<b>Academic Qualifications:</b>	<ul style="list-style-type: none"> <li>Bachelor's degree in Accounting, Faculty of Business, Ain Shams University, Egypt, 2004G</li> <li>Certified Fraud Examiner Certificate, from the Chartered Fraud Institute, USA, 2023G</li> </ul>
<b>Previous Executive Positions:</b>	<ul style="list-style-type: none"> <li>Director of Internal Audit in the Company from 2013G to 2018G.</li> <li>Financial Auditor, Bajnied &amp; Partners Company, a professional company engaging in the field of accounting, from 2010G until 2013G.</li> <li>Financial Auditor, KPMG Company, Egypt, an international professional company engaging in the field of accounting, from 2006G until 2009G.</li> </ul>

### 5.4.3 Employment Contracts with Senior Executives

The Company has concluded employment contracts with all the senior Management members of the Company. These contracts stipulate their salaries and bonuses according to their qualifications and experience, and include a number of benefits such as a monthly transportation allowance, housing allowance, or both. These contracts are renewable and subject to the Saudi Labor Law.

On 2017G, Mazen Soliman Abdel Kader Fakeeh assumed the role of the Group President of the Company under an employment contract concluded therebetween. The responsibilities of the Group President include promoting and overseeing the general financial and operational performance of the Group, developing and implementing the strategy thereof, and implementing the Group's annual business plans approved by the Company's Board of Directors. The Group President carries out his functions under the direct supervision of the Board of Directors.

On 23/04/1442H (corresponding to 08/12/2020G), Panagiotis Chatziantoniou assumed the role of the Company Chief Financial Officer. An employment contract has been concluded between Mr. Chatziantoniou and the Company. The responsibilities of the Chief Financial Officer include assisting the Senior Management in formulating objectives, drawing up the strategic plan and general policies, submitting proposals aimed at enhancing the Company's financial and structural organization, and preparing the Company's draft annual budget.

The following is a summary of the employment contracts concluded with the Company's Senior Executives.

**Table (43): Summary of Employment Contracts Concluded with the Company's Senior Executives**

	Name	Position	Appointment Date	Contract Date	Contract Termination Date
1-	Mazen Soliman Abdel Kader Fakeeh	Managing Director, Group President	01/06/2017G	15/02/2015G	One calendar year, renewable for a similar period
2-	Ayman Asaad Abdo	Group Senior Vice President	25/08/2022G	25/08/2022G	One calendar year, renewable for a similar period
3-	Fatih Mehmet Gul	CEO of Jeddah Hospital Complex	12/07/2023G	12/07/2023G	One calendar year, renewable for a similar period
4-	Panagiotis Chatziantoniou	Group Chief Financial Officer	08/12/2020G	08/12/2020G	One calendar year, renewable for a similar period
5-	Samar Assem Badreddine	Group Vice President of Quality, Standards and Compliance	01/01/2022G	02/01/2018G	One calendar year, renewable for a similar period
6-	Tamer Saeed Abdelgawad	Group Vice President, Operations	11/01/2018G	11/01/2018G	One calendar year, renewable for a similar period
7-	Ibrahim Nusrat Hayat	Group Chief Revenue Cycle Officer	24/05/2023G	24/05/2023G	One calendar year, renewable for a similar period
8-	Othman Abdulmuti Amin	Group Internal Audit Acting Chief Executive Officer	20/12/2021G	02/01/2018G	One calendar year, renewable for a similar period

Source: the Company

## 5.5 Remuneration of Board Members and Senior Executives

Remunerations of the Board of Directors shall be determined in accordance with the Company's Bylaws, the Companies Law and its implementing regulations, official decisions and instructions issued by the Ministerial in this context, and any other relevant supplementary laws. The attendance and transportation allowances shall be determined by the Board according to the applicable laws, decisions, and directions issued by the competent entities in the Kingdom.

Pursuant to the Company's Bylaws, neither the Directors nor the Senior Executives have the authority to vote on their remuneration or indemnities. The remuneration of Senior Executives shall be determined by virtue of each respective employment contract in accordance with the Company's remuneration policy.

Furthermore, neither the Directors nor the Senior Executives have the power to borrow from the Company or vote on a contract or an arrangement in which they have a material interest.

It should be noted that no in-kind benefits have been paid to the Board members and Senior Management. The following table sets out the remunerations of the Board of Directors and the Senior Executives for the Financial Years ended 31 December 2020G, 2021G and 2022G and the nine-month period ended 30 September 2023G.

**Table (44): Remuneration of Board Members and Senior Executives**

(in SAR)	2020G	2021G	2022G	Nine-month period ended 30 September 2023G
Directors and Committees	1,276,500	1,261,500	1,237,000	950,344
Members of the Committees of the Board of Directors	0	0	0	0
Top Five Senior Executive*	7,747,662	12,281,028	8,019,832	7,646,465

Source: the Company

\* Five executives, including Managing Director – Group President, CEO of Jeddah Hospital Complex, and CFO.

## 5.6 Corporate Governance

### 5.6.1 Overview

The key sources of corporate governance for the Company are the Corporate Governance Regulations issued by the CMA, certain provisions of the Companies Law, and Implementing Regulation of the Companies Law for Listed Joint-stock Companies.

The framework under the Corporate Governance Regulations regulates the various relationships between the Board, Senior Executives, Shareholders, and other stakeholders, by establishing rules and procedures to facilitate decision-making processes with the objective of protecting the rights of Shareholders and other stakeholders and promoting the values of credibility, fairness, competitiveness, and transparency in the Company's conduct on the Exchange and in the business environment.

These regulations entail the implementation of a clear and transparent disclosure process, which ensures that the Board acts in the best interests of the Shareholders and presents a clear and fair view of the Company's financial condition and the results of operations.

The Company's policy is to adopt high standards of corporate governance. The Corporate Governance Regulations shall apply to the Company from the date of Listing. The Company presently adheres to the majority of Corporate Governance Regulations and pledges to achieve full compliance with these regulations effective from the date of Listing. The Company regards continual adherence to these regulations as a crucial element contributing to its sustained success.

## 5.6.2 Key Corporate Governance Requirements

The Corporate Governance Regulations outline the key governance requirements to which the Company adheres and will adhere. These requirements cover, but are not limited to, the following broad areas:

- General rights of shareholders (Articles 4 to 9);
- Rights relating to meetings of the General Assembly (Articles 10 to 15);
- Board of Directors: Composition, responsibilities, powers, procedures, and training of the Board (Articles 16 to 39);
- Cases of conflicts of interest (Articles 40 to 46); and
- Company Committees (Articles 47 to 69).

## 5.6.3 Company's Internal Corporate Governance Manual and Regulations

As part of the Company's preparations for the IPO, the Company's General Assembly and Board of Directors approved the Company's internal Corporate Governance Manual and regulations.

The Company's Corporate Governance Manual includes the following internal policies and charters:

### a- Charters and policies approved by the Company's General Assembly:

- Competition policy, approved on 24/04/1445H (corresponding to 08/11/2023G);
- Remuneration policy for the Board, Committees, and Executive Management, approved on 24/04/1445H (corresponding to 08/11/2023G), as amended on 05/08/1445H (corresponding to 15/02/2024G);
- Board membership policy and criteria, approved on 24/04/1445H (corresponding to 08/11/2023G);
- Remuneration and Nomination Committee charter, approved on 24/04/1445H (corresponding to 08/11/2023G); and
- Audit Committee charter, approved on 24/04/1445H (corresponding to 08/11/2023G), as amended on 05/08/1445H (corresponding to 15/02/2024G).

### b- Charters and policies approved by the Company's Board of Directors:

- The Company's corporate governance general framework, approved on 23/04/1445H (corresponding to 07/11/2023G);
- Board of Directors charter, approved on 23/04/1445H (corresponding to 07/11/2023G), as amended on 04/08/1445H (corresponding to 14/02/2024G);
- Board of Directors' code of conduct, approved on 23/04/1445H (corresponding to 07/11/2023G);
- Code of professional conduct, approved on 23/04/1445H (corresponding to 07/11/2023G), as amended on 04/08/1445H (corresponding to 14/02/2024G);
- Dividend distribution policy, approved on 23/04/1445H (corresponding to 07/11/2023G);
- Conflict of interest and Related Party transactions policy, approved on 23/04/1445H (corresponding to 07/11/2023G), as amended on 04/08/1445H (corresponding to 14/02/2024G);
- Risk management policy, approved on 23/04/1445H (corresponding to 07/11/2023G), as amended on 04/08/1445H (corresponding to 14/02/2024G);
- Internal control policy, approved on 23/04/1445H (corresponding to 07/11/2023G);
- Procedures for managing relationships with stakeholders, approved on 23/04/1445H (corresponding to 07/11/2023G);
- Whistleblower policy, approved on 23/04/1445H (corresponding to 07/11/2023G);
- Disclosure and Transparency policy, approved on 23/04/1445H (corresponding to 07/11/2023G), as amended on 04/08/1445H (corresponding to 14/02/2024G); and
- Corporate social responsibility policy, approved on 23/04/1445H (corresponding to 07/11/2023G).

#### 5.6.4 Compliance with the Corporate Governance Regulations

The Board of Directors declares that the Company presently adheres to the majority of Corporate Governance Regulations and pledges to achieve full compliance with these regulations effective from the date of Listing.

In particular, a majority of the Company's Board of Directors, which currently consists of seven (7) Directors, which are non-executive members, and amongst the Board members are three (3) independent Directors. Additionally, in accordance with the Bylaws, the Shareholders adopted the cumulative voting method in relation to the appointment of Directors, as of the Company's listing on the Exchange. This method of voting gives each Shareholder voting rights equivalent to the number of Shares held thereby. Each Shareholder has the right to use all of the voting rights thereof for one nominee or to divide their voting rights between their selected nominees without any duplication of votes. This method increases the chances of minority shareholders appointing their representatives to the Board by exercising their cumulative voting rights in favor of a single candidate.

On 23/04/1445H (corresponding to 07/11/2023G), pursuant to the Corporate Governance Regulations, the Board of Directors of the Company formed the Audit Committee, consisting of two (2) independent members. On 23/04/1445H (corresponding to 07/11/2023G), the Board of Directors formed the Remuneration and Nomination Committee. The Ordinary General Assembly of the Company approved the charters of both the Audit Committee and the Remuneration and Nomination Committee in its meeting held on 24/04/1445H (corresponding to 08/11/2023G), which were also approved by the Board during its session held on 23/04/1445H (corresponding to 07/11/2023G). The Audit Committee Charter was amended on 05/08/1445H (corresponding to 15/02/2024G).

Furthermore, the Company has put in place measures to comply with provisions that deal with conflicts of interest and engagement in competing activities (Article 27 of the Companies Law and Articles 41, 42, 43 and 44 of the Corporate Governance Regulations). The Company has obtained the approval of the General Assembly for transactions with Related Parties, as set out in Section 12.7 "**Related Party Transactions**" of this Prospectus.

Pursuant to the Corporate Governance Regulations, each Board member is prohibited from voting on a decision taken by the Board or the General Assembly with respect to transactions and contracts that are executed for the Company's account, if such member has a direct or indirect interest in those transactions or contracts (Article 44 (2)). The Companies Law sets out similar requirements to the effect that a Board member, without prior consent from the Ordinary General Assembly, may not have any direct or indirect interest in transactions or contracts made for the account of the Company. The Board member also has an obligation to inform the Board of Directors of any personal interest such member may have in such transactions or contracts and may not participate in voting on resolutions to be adopted in this respect by the Board of Directors or general assemblies. The Board of Directors must inform the General Assembly of any transactions and contracts in which any Board member has a direct or indirect personal interest and accompany that with a special report from the Company's external auditor (Article 71 (1) of the Companies Law).

The Corporate Governance Regulations also provide that if a member of the Board or a committee thereof wishes to engage in a business that may compete with the Company or any of its activities, the following must be observed:

- a- The Board member must notify the Board of any business that could compete with the Company's activities, and the notification shall be recorded in the minutes of the relevant Board meeting;
- b- The member must abstain from voting on the related decision in the Board meeting and Shareholder assemblies;
- c- The Chairman of the Board must inform the Ordinary General Assembly of the competing business that the Board member engages in once the Board confirms that the member's business competes with the Company's business or any of its activities, as per the standards issued by the Company's General Assembly at the Board's recommendation published on the Company's website, provided that the business must be examined on an annual basis; and
- d- The authorization of the Company's Ordinary General Assembly must be obtained for the Board member to engage in the competing business.

The Companies Law sets out similar requirements (namely, in Article 71 (1)).

The Company currently complies with the mandatory governance requirements that apply to Saudi joint-stock companies, excluding some provisions mandatory only with respect to listed companies, which the Company is not currently in compliance with as the Company's shares are not currently listed on the Exchange, as follows:

- a- Paragraph (a) of Article 8 providing that upon calling for the General Assembly, the Company shall announce on the Exchange's website information about the nominees for the membership of the Board;
- b- Paragraph (b) of Article 8 providing that voting in the General Assembly shall be confined to the Board nominees whose information has been announced as per paragraph (a) of Article 8;
- c- Paragraph (d) of Article 13 providing that the invitation to the General Assembly shall be published on the Exchange's and the Company's websites and in a daily newspaper published in the area where the Company's head office is located;
- d- Paragraph (c) of Article 14 providing that the shareholders shall be allowed through the Company's website and the Exchange's website to obtain the information related to the items of the General Assembly's agenda, and to obtain the information related to the items of the General Assembly's agenda, particularly the reports of the Board and the auditor, the financial statements and the Audit Committee's Report;
- e- Paragraph (e) of Article 15 providing that the Company shall announce to the public and inform the CMA and the Exchange of the results of a General Assembly meeting immediately following its conclusion;
- f- Paragraph (d) of Article 17 providing that the Company shall notify the CMA of the names of the Board members and description of their memberships, as well as any changes that may affect their membership, within 5 Business Days from such changes;
- g- Paragraphs (a) and (b) of Article 54 providing that the Audit Committee shall convene periodically, provided that at least four meetings are held during the Company's financial year, and shall meet periodically with the Company's external auditor and internal auditor (if any);
- h- Article 60 providing that the Remuneration Committee shall convene periodically at least once a year, and as may be necessary;
- i- Article 64 providing that the Nomination Committee shall convene periodically at least once a year, and as may be necessary; and
- j- Article 65 providing that the Company shall publish the nomination announcement on the websites of the Company and the Exchange to invite persons wishing to be nominated to the membership of the Board, provided that the nomination period shall remain open for at least a month from the date of the announcement.

## 5.7 Conflict of Interest

Neither the Company's Bylaws nor the Company's internal regulations and policies grant any Director the power to vote on any contract, transactions or offer in which he/she has a direct or indirect interest, in accordance with Article 71 of the Companies Law and Article 27 of the Companies Law which states that a member of the Board of Directors may not have any interest whether directly or indirectly, in the transactions or contracts made for the account of the Company, except with an authorization from the Ordinary General Assembly, the Shareholders or their delegates. Pursuant to Article 27 of the Companies Law, a Director must not engage in any business that competes with the Company or any of the activities carried out by the Company, except with an authorization from the Ordinary General Assembly, the Shareholders or their delegates.

Pursuant to Article 71 of the Companies Law, a Director must inform the Board of Directors of any personal interest he/she may have in the transactions and contracts made for the account of the Company or any interest that competes with the Company. Such declaration must be recorded in the minutes of the Board meeting. Therefore, the Board shall inform the Ordinary General Assembly when convened of all transactions and contracts in which any Director has a direct or indirect interest. Such communication shall be accompanied by a special report from the auditor prepared based on the auditing principles approved in the Kingdom.

The Director who has any direct or indirect interest in the transactions and contracts made for the account of the Company may not participate in deliberating or voting on the resolution to be adopted in this respect.



The Company drafted and applied a clear written policy to deal with the cases of conflict of interests and transactions with Related Parties, which takes into account the size of the Company, nature of its business and its organizational structure, with the aim of ensuring the use of a clear mechanism to identify the cases of conflict of interests, the Company's competition standards and the cases requiring the approval of the General Assembly. Such conflict of interests and transactions with Related Parties policy provides for strict measures ensuring compliance with the general rules in accordance with the Companies Laws, the Company's Governance Regulations and regulatory controls for listed companies, as well as other relevant requirements. The Board of Directors approved the conflict of interest and Related Party transactions policy by virtue of the Company's Board of Directors Resolution dated 23/04/1445H corresponding to 07/11/2023G, as amended on 04/08/1445H (corresponding to 14/02/2024G).

## 5.8 Direct and Indirect Interest of Directors, Board Secretary, and Senior Executives

The Board of Directors declares that none of the Board Members, Senior Executives, Board Secretary, nor any of their Relatives hold direct or indirect interests in the shares and debt instruments of the Company or otherwise any interest in another matter that may affect the operations of the Company, except as disclosed in Section 5.2 ("**Board Members and Board Secretary**"), Section 2 ("**Senior Management**"), Section 12.7 ("**Related Party Transactions**"), of this Prospectus. All of the Company's transactions concluded with Related Parties in which Board Directors have interests were approved at the Ordinary General Assembly Meeting held on 24/04/1445H (corresponding to 08/11/2024G).

Additionally, as at the date of this Prospectus, the Directors declare that they are not engaging in any competing activities to the Company's, in accordance with Articles 27 and 71 of the Companies Law.

The Board of Directors also declares that, as at the date of this Prospectus, there is no conflict of interest for any of its members, Senior Executives, Board Secretary, or any of their Relatives in relation to any agreements or contracts entered into (or are to be entered into) by the Company, except as disclosed in Section 12.7 ("**Related Party Transactions**"), of this Prospectus.

With the exception of the applicable laws (especially the Companies Law, the Corporate Governance Regulations, and the Labor Law), and the Company's Bylaws and the General Framework of the Company's Governance Rules, none of the Directors, Senior Executives, or Current Shareholders is subject to any agreement, arrangement, or understanding that prevents them from competing with the Company or subjects them to a similar obligation in relation to the Company's business.

The following table sets out the details of the direct and indirect interests of Directors, Board Secretary, and Senior Executives.

**Table (45): Direct and Indirect Interests of Ammar Soliman Abdel Kader Fakeeh**

	Related Company	Nature of Relationship	Direct Ownership in the Related Company	Indirect Ownership in the Related Company	Interested Party's Position in the Related Company	Description of the Related Company's Business
1-	Al-Farabi Special Health Care Company Limited	<p>Direct shareholder in Al-Farabi Special Health Care Company Limited, with a stake of 12%.</p> <p>Shareholder in Dr. Soliman Abdel Kader Fakeeh Hospital Company which owns 70% of Al-Farabi Special Health Care Company Limited.</p> <p>Two (2) Service Agreements were entered into between the Company and Al-Farabi Special Health Care Company Limited.</p> <p>A Service Agreement was entered into between Riyadh Hospital Company and Al-Farabi Special Health Care Company Limited.</p>	12%	28%	Shareholder and Board Member	Administrative and support services

	Related Company	Nature of Relationship	Direct Ownership in the Related Company	Indirect Ownership in the Related Company	Interested Party's Position in the Related Company	Description of the Related Company's Business
2-	Dr. Soliman Abdel Kader Fakeeh Medical Education Co.	<p>Direct shareholder in Dr. Soliman Abdel Kader Fakeeh Medical Education Co., with a stake of 8%.</p> <p>Shareholder in Dr. Soliman Abdel Kader Fakeeh Hospital Company which owns 80% of Dr. Soliman Abdel Kader Fakeeh Medical Education Co.</p> <p>A Service Agreement was entered into between Riyadh Hospital Company and Dr. Soliman Abdel Kader Fakeeh Medical Education Co.</p>	8%	32%	Shareholder and Board Member	Faculties of health
3-	Cold Sky Energy Company	Direct shareholder in Cold Sky Energy Company, with a stake of 7.9%.	7.9%	-	Shareholder	Provision of renewable energy services
4-	HAALA Energy	Direct shareholder in HAALA Energy, with a stake of 6%.	6%	-	Shareholder	Provision of renewable energy services
5-	Al Sulaimania United Company	Direct shareholder in Al Sulaimania United Company, with a stake of 40%.	40%	-	Shareholder	Construction of buildings
6-	Soliman Abdel Kader Fakeeh Real Estate Company Limited	Direct shareholder in Soliman Abdel Kader Fakeeh Real Estate Company Limited, with a stake of 40%.	40%	-	Shareholder and Board Member	Real estate activities
7-	Al Faraj Pharmaceutical Medical Company	Shareholder in Dr. Soliman Abdel Kader Fakeeh Family Medicine Centers which owns 99% of Al Faraj Pharmaceutical Medical Company.	-	35.6354%	Shareholder	Human health and social work activities
8-	Dr. Soliman Abdul Kader Fakeeh Information Technology Co. ("Fakeeh Tech") (formerly known as "Kameda Arabia")	<p>Direct shareholder in Dr. Soliman Abdul Kader Fakeeh Information Technology Co., with a stake of 12%.</p> <p>Shareholder in Dr. Soliman Abdel Kader Fakeeh Hospital Company which owns 70% of Dr. Soliman Abdul Kader Fakeeh Information Technology Co.</p> <p>A Service Agreement was entered into between the Company and Dr. Soliman Abdul Kader Fakeeh Information Technology Co.</p>	12%	28%	Shareholder and Board Member	Provision of information and communications services
9-	Fakeeh Academic Medical Center FZCO	<p>Direct shareholder in Fakeeh Academic Medical Center FZCO, with a stake of 40%.</p> <p>A Service Agreement was entered into between the Company and Fakeeh Academic Medical Center FZCO.</p>	40%	-	Shareholder	University and general hospital
10-	Mr. Ammar Soliman Abdel Kader Fakeeh	Owner of properties rented to the Company	-	-	Owner	Rents to the Heirs of Dr. Soliman Fakeeh
11-	Dr. Soliman Abdel Kader Fakeeh Family Medicine Center	<p>Shareholder in Dr. Soliman Abdel Kader Fakeeh Hospital Company which owns 90% of Dr. Soliman Abdel Kader Fakeeh Family Medicine Center.</p> <p>Shareholder in Soliman Abdel Kader Fakeeh Real Estate Company Limited which owns 10% of Dr. Soliman Abdel Kader Fakeeh Family Medicine Center.</p>	-	39.9929%	Shareholder and Board Member	Human health and social work activities

Source: the Company

**Table (46): Direct and Indirect Interests of Manal Soliman Abdel Kader Fakeeh**

	Related Company	Nature of Relationship	Direct Ownership in the Related Company	Indirect Ownership in the Related Company	Interested Party's Position in the Related Company	Description of the Related Company's Business
1-	Al-Farabi Special Health Care Company Limited	<p>Direct shareholder in Al-Farabi Special Health Care Company Limited, with a stake of 12%.</p> <p>Shareholder in Dr. Soliman Abdel Kader Fakeeh Hospital Company which owns 70% of Al-Farabi Special Health Care Company Limited.</p> <p>Two (2) Service Agreements were entered into between the Company and Al-Farabi Special Health Care Company Limited.</p> <p>A Service Agreement was entered into between Riyadh Hospital Company and Al-Farabi Special Health Care Company Limited.</p>	6%	28%	Shareholder	Administrative and support services
2-	Dr. Soliman Abdel Kader Fakeeh Medical Education Co.	<p>Direct shareholder in Dr. Soliman Abdel Kader Fakeeh Medical Education Co., with a stake of 4%.</p> <p>Shareholder in Dr. Soliman Abdel Kader Fakeeh Hospital Company which owns 80% of Dr. Soliman Abdel Kader Fakeeh Medical Education Co.</p> <p>A Service Agreement was entered into between Riyadh Hospital Company and Dr. Soliman Abdel Kader Fakeeh Medical Education Co.</p>	4%	16%	Shareholder	Faculties of health
3-	Cold Sky Energy Company	Direct shareholder in Cold Sky Energy Company, with a stake of 7.9%.	7.9%	-	Shareholder	Provision of renewable energy services
4-	HAALA Energy	Direct shareholder in HAALA Energy, with a stake of 6%.	6%	-	Shareholder	Provision of renewable energy services
5-	Al Sulaimania United Company	Direct shareholder in Al Sulaimania United Company, with a stake of 40%.	20%	-	Shareholder	Construction of buildings
6-	Soliman Abdel Kader Fakeeh Real Estate Company Limited	Direct shareholder in Soliman Abdel Kader Fakeeh Real Estate Company Limited, with a stake of 40%.	20%	-	Shareholder	Real estate activities
7-	Al Faraj Pharmaceutical Medical Company	Shareholder in Dr. Soliman Abdel Kader Fakeeh Family Medicine Centers which owns 99% of Al Faraj Pharmaceutical Medical Company.	-	17.8170%	Shareholder	Human health and social work activities
8-	Dr. Soliman Abdul Kader Fakeeh Information Technology Co. ("Fakeeh Tech") (formerly known as "Kameda Arabia")	<p>Direct shareholder in Dr. Soliman Abdul Kader Fakeeh Information Technology Co., with a stake of 6%.</p> <p>Shareholder in Dr. Soliman Abdel Kader Fakeeh Hospital Company which owns 70% of Dr. Soliman Abdul Kader Fakeeh Information Technology Co.</p> <p>A Service Agreement was entered into between the Company and Dr. Soliman Abdul Kader Fakeeh Information Technology Co.</p>	6%	14%	Shareholder and manager	Provision of information and communications services.

	Related Company	Nature of Relationship	Direct Ownership in the Related Company	Indirect Ownership in the Related Company	Interested Party's Position in the Related Company	Description of the Related Company's Business
9-	Fakeeh Academic Medical Center FZCO	Direct shareholder in Fakeeh Academic Medical Center FZCO, with a stake of 20%. A Service Agreement was entered into between the Company and Fakeeh Academic Medical Center FZCO.	20%	-	Shareholder	University and general hospital
10-	Dr. Manal Soliman Abdel Kader Fakeeh	Owner of properties rented to the Company	-	-	Owner	Rents to the Heirs of Dr. Soliman Fakeeh
11-	Dr. Soliman Abdel Kader Fakeeh Family Medicine Center	Shareholder in Dr. Soliman Abdel Kader Fakeeh Hospital Company which owns 90% of Dr. Soliman Abdel Kader Fakeeh Family Medicine Center. Shareholder in Soliman Abdel Kader Fakeeh Real Estate Company Limited which owns 10% of Dr. Soliman Abdel Kader Fakeeh Family Medicine Center.	-	18.3570%	Shareholder	Human health and social work activities

Source: the Company

**Table (47): Direct and Indirect Interests of Dr. Mazen Soliman Abdel Kader Fakeeh**

	Related Company	Nature of Relationship	Direct Ownership in the Related Company	Indirect Ownership in the Related Company	Interested Party's Position in the Related Company	Description of the Related Company's Business
1-	Al-Farabi Special Health Care Company Limited	Direct shareholder in Al-Farabi Special Health Care Company Limited, with a stake of 12%. Shareholder in Dr. Soliman Abdel Kader Fakeeh Hospital Company which owns 70% of Al-Farabi Special Health Care Company Limited. Two (2) Service Agreements were entered into between the Company and Al-Farabi Special Health Care Company Limited. A Service Agreement was entered into between Riyadh Hospital Company and Al-Farabi Special Health Care Company Limited.	12%	28%	Shareholder and Board Member	Administrative and support services
2-	Dr. Soliman Abdel Kader Fakeeh Medical Education Co.	Direct shareholder in Dr. Soliman Abdel Kader Fakeeh Medical Education Co., with a stake of 8%. Shareholder in Dr. Soliman Abdel Kader Fakeeh Hospital Company which owns 80% of Dr. Soliman Abdel Kader Fakeeh Medical Education Co. A Service Agreement was entered into between Riyadh Hospital Company and Dr. Soliman Abdel Kader Fakeeh Medical Education Co.	8%	32%	Shareholder and Board Member	Faculties of health
3-	Cold Sky Energy Company	Direct shareholder in Cold Sky Energy Company, with a stake of 7.9%.	7.9%	-	Shareholder and Board Member	Provision of renewable energy services

	Related Company	Nature of Relationship	Direct Ownership in the Related Company	Indirect Ownership in the Related Company	Interested Party's Position in the Related Company	Description of the Related Company's Business
4-	HAALA Energy	Direct shareholder in HAALA Energy, with a stake of 6%.	6%	-	Shareholder and Board Member	Provision of renewable energy services
5-	Al Sulaimania United Company	Direct shareholder in Al Sulaimania United Company, with a stake of 40%.	40%	-	Shareholder and Board Member	Construction of buildings
6-	Soliman Abdel Kader Fakeeh Real Estate Company Limited	Direct shareholder in Soliman Abdel Kader Fakeeh Real Estate Company Limited, with a stake of 40%.	40%	-	Shareholder and Board Member	Real estate activities
7-	Al Faraj Pharmaceutical Medical Company	Shareholder in Dr. Soliman Abdel Kader Fakeeh Family Medicine Centers which owns 99% of Al Faraj Pharmaceutical Medical Company.	-	35.6354%	Shareholder and Board Member	Human health and social work activities
8-	Dr. Soliman Abdel Kader Fakeeh Information Technology Co. ("Fakeeh Tech") (formerly known as "Kameda Arabia")	Direct shareholder in Dr. Soliman Abdel Kader Fakeeh Information Technology Co., with a stake of 12%. Shareholder in Dr. Soliman Abdel Kader Fakeeh Hospital Company which owns 70% of Dr. Soliman Abdel Kader Fakeeh Information Technology Co. A Service Agreement was entered into between the Company and Dr. Soliman Abdel Kader Fakeeh Information Technology Co.	12%	28%	Shareholder and Board Member	Provision of information and communications services
9-	Fakeeh Academic Medical Center FZCO	Direct shareholder in Fakeeh Academic Medical Center FZCO, with a stake of 40%. A Service Agreement was entered into between the Company and Fakeeh Academic Medical Center FZCO.	40%	-	Shareholder and Board Member	University and general hospital
10-	Dr. Mazen Soliman Abdel Kader Fakeeh	Owner of properties rented to the Company	-	-	Owner	Rents to the Heirs of Dr. Soliman Fakeeh
11-	Soliman Mazen Soliman Fakeeh Catering Company	Direct shareholder in Soliman Mazen Soliman Fakeeh Catering Company, with a stake of 70%	70%	-	Shareholder	Accommodation and catering services
12-	Dr. Soliman Abdel Kader Fakeeh Family Medicine Center	Shareholder in Dr. Soliman Abdel Kader Fakeeh Hospital Company which owns 90% of Dr. Soliman Abdel Kader Fakeeh Family Medicine Center. Shareholder in Soliman Abdel Kader Fakeeh Real Estate Company Limited which owns 10% of Dr. Soliman Abdel Kader Fakeeh Family Medicine Center.	-	39.9929%	Shareholder and Board Member	Human health and social work activities

Source: the Company

## 5.9 Employees

As at 30 September 2023G, the Company had 2,672 employees, of whom 68.71% are Saudi nationals. The below table sets out the number of employees per division.

The MHRSD Certificate No. 36874726-176293 dated 19/03/2023G states that the Company has observed the required Saudization (“Saudization”) rates. According to Nitaqat website, the Company is classified under the Platinum category.

The Company concluded employment contracts with all the Senior Management members of the Company. These contracts stipulate their salaries and bonuses according to their qualifications and experience, and include a number of benefits such as a monthly transportation allowance, housing allowance, or both. These contracts are renewable and subject to the Saudi Labor Law (for further information, please refer to Section 5.4.3 (“Employment Contracts with Senior Management”) of this Prospectus).

The table below sets out the number of employees at the Company, Riyadh Hospital Company since 2019G, the Saudi Airlines Medical Services Company, and Fakeeh Medical Education Co., per division, as at 31 December 2020G, 2021G, 2022G and the nine-month period ended 30 September 2023G.

**Table (48): The Company’s Employees, per division, as at 31 December 2020G, 2021G, 2022G and the nine-month period ended 30 September 2023G**

#	Division	Financial Year Ended 31 December									As at 30 September		
		2020G			2021G			2022G			2023G		
		Saudi	Non-Saudi	Total	Saudi	Non-Saudi	Total	Saudi	Non-Saudi	Total	Saudi	Non-Saudi	Total
1-	Administration	356	468	824	350	439	789	358	469	827	350	469	819
2-	Clinical	240	225	465	254	188	442	240	225	465	231	231	462
3-	Executive	5	5	10	5	5	10	5	6	11	8	4	12
4-	Medical	296	34	330	299	31	330	296	34	330	303	39	342
5-	Nursing	892	69	961	928	50	978	892	69	961	944	93	1,037
	<b>Total</b>	<b>1,789</b>	<b>801</b>	<b>2,590</b>	<b>1,836</b>	<b>713</b>	<b>2,549</b>	<b>1,791</b>	<b>803</b>	<b>2,594</b>	<b>1,836</b>	<b>836</b>	<b>2,672</b>

Source: the Company

**Table (49): Riyadh Hospital Company’s Employees, per division, as at 31 December 2020G, 2021G, 2022G and the nine-month period ended 30 September 2023G**

#	Division	Financial Year Ended 31 December									As at 30 September		
		2020G			2021G			2022G			2023G		
		Saudi	Non-Saudi	Total	Saudi	Non-Saudi	Total	Saudi	Non-Saudi	Total	Saudi	Non-Saudi	Total
1-	Medical	1	1	2	9	47	56	6	45	51	7	50	57
2-	Clinical	14	5	19	45	15	60	38	14	52	43	17	60
3-	Nursing	3	13	16	16	98	114	8	102	110	9	152	161
4-	Support	48	22	70	88	33	121	94	37	131	98	51	149
	<b>Total</b>	<b>66</b>	<b>41</b>	<b>107</b>	<b>158</b>	<b>193</b>	<b>351</b>	<b>146</b>	<b>198</b>	<b>344</b>	<b>157</b>	<b>270</b>	<b>427</b>

Source: the Company

**Table (50): Saudi Airlines Medical Services Company's Employees, per division, as at 31 December 2020G, 2021G, 2022G and the nine -month period ended 30 September 2023G**

#	Division	Financial Year Ended 31 December									As at 30 September		
		2020G			2021G			2022G			2023G		
		Saudi	Non-Saudi	Total	Saudi	Non-Saudi	Total	Saudi	Non-Saudi	Total	Saudi	Non-Saudi	Total
1-	Administration	86	17	103	119	21	140	122	19	141	130	19	149
2-	Clinical	64	47	111	85	42	127	98	41	139	102	38	140
3-	Executive	5	0	5	4	0	4	4	0	4	4	0	4
4-	Medical	5	90	95	10	89	99	8	89	97	9	89	98
5-	Nursing	2	101	103	7	90	97	4	88	92	4	88	92
	<b>Total</b>	<b>162</b>	<b>255</b>	<b>417</b>	<b>225</b>	<b>242</b>	<b>467</b>	<b>236</b>	<b>237</b>	<b>473</b>	<b>249</b>	<b>234</b>	<b>483</b>

Source: the Company

**Table (51): Fakeeh Medical Education Co.'s Employees, per division, as at 31 December 2020G, 2021G, 2022G and the nine-month period ended 30 September 2023G**

#	Division	Financial Year Ended 31 December									As at 30 September		
		2020G			2021G			2022G			2023G		
		Saudi	Non-Saudi	Total	Saudi	Non-Saudi	Total	Saudi	Non-Saudi	Total	Saudi	Non-Saudi	Total
1-	Executive	1	0	1	1	0	1	1	0	1	1	0	1
2-	Academic	26	46	72	26	58	84	43	66	109	41	58	99
3-	Administration	18	21	39	18	19	37	20	19	39	20	19	39
	<b>Total</b>	<b>45</b>	<b>67</b>	<b>112</b>	<b>45</b>	<b>77</b>	<b>122</b>	<b>64</b>	<b>85</b>	<b>149</b>	<b>62</b>	<b>77</b>	<b>139</b>

Source: the Company

## 5.10 Saudization

The Saudization "Nitaqat" program was approved by virtue of the Minister of Labor's resolution number 4040 issued on 12/10/1432H (corresponding to 10/09/2011G), pursuant to Council of Ministers' resolution number 50 dated 21/05/1415H (corresponding to 27/10/1994G). The "Nitaqat" program was implemented on 12/10/1432H (corresponding to 10/09/2011G), with the Ministry of Human Resources and Social Development implementing the program with an aim to encourage business enterprises to employ Saudi nationals. The "Nitaqat" program evaluates companies' compliance with the Saudization requirements based on specific color-coded categories (Nitaqat), being the platinum category, green category (subdivided into low, middle and high) and red category. A company designated in the platinum category or any of the green categories is deemed to have met Saudization requirements and would therefore be entitled to several benefits, including the ability to obtain and renew work visas or otherwise changing the occupations of its foreign employees (except for professions exclusively reserved for Saudi nationals). Companies in the red category are deemed to be non-compliant with the Saudization requirements and may consequently be subject to administrative measures, including restriction on their ability to renew foreign employees' work visas or completely prohibiting foreign employees from obtaining or renewing work visas.

For further information about the Company's classification under Nitaqat program, please refer to Section 5.9 ("Employees") of this Prospectus.

### 5.11 Bankruptcy and Insolvency Proceedings for Directors and Senior Management

As at the date of this Prospectus, the Directors and Senior Management, as well as the Board Secretary have not been subject to any bankruptcy proceedings. In addition, there have been no cases of bankruptcy in the last five (5) years of a company, in which any of the Directors and Senior Management, or Board Secretary was appointed by a bankrupt company to an administrative or supervisory position. (please see Declaration No. 6 in Section 11 "**Declarations**" of this Prospectus).

### 5.12 Employee Share Program

On 09/05/1445H (corresponding to 23/11/2023G), the Company's Extraordinary General Assembly approved the issuance of two million (2,000,000) Shares through the capitalization of two million Saudi Riyals (SAR 2,000,000), (representing 0.86% of the issued capital after the increase) of retained earnings - in conjunction with the Offering - and retain them as Treasury Shares, which were allocated to the Company's Employee Share Program. and its subsidiaries in accordance with the terms and conditions of this Program, which aims to provide incentives to the Group's outstanding employees to attract and retain them in order to achieve the Group's objectives and strategy.

The Extraordinary General Assembly also authorized the Board of Directors to implement the Incentive Plan, subject to the related laws.

### 5.13 Shares Available for Subscription by the Group Employees

The Company has allocated one million six hundred thousand (1,600,000) Ordinary Shares (representing 0.69% of the Company's capital after the increase) ("**Shares Allocated to the Employees Investment Fund**"). The Employee Investment Fund purchases Shares from Selling Shareholders by participating in the Book Building process through the Participating Parties. The Fund will determine the number of Shares to be purchased by submitting a request by the Participating Parties during the book building process. It is worth noting that the Employee Investment Fund was established to purchase Offer Shares with a maximum limit of up to one million six hundred thousand (1,600,000) ordinary shares based on the final Offering price on behalf of authorized employees wishing to invest in the Offering Shares. The Fund units will be allocated successively to the authorized employees on a pro-rata basis, based on the amounts invested by such employees in the Employee Investment Fund. If the Employee Investment Fund does not purchase all the Shares allocated to the Employee Investment Fund, the unsold shares shall be refunded to the Selling Shareholders.

Except as disclosed above, the Company does not have any Employee Share Program in place prior to the date of submitting the application for registration and offering of securities subject to this Prospectus. In addition, as at the date of this Prospectus, none of the Company's employees own shares in the Company, and the Company does not have any other arrangements involving employees in the Company's capital.





مستشفى فقيه  
Dr. Soliman Fakeeh Hospital

## 6. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATIONS

### 6.1 Introduction

The Management's Discussion and Analysis of the Group's Financial Position section of this Prospectus provides an analysis of the Group's operating performance and its financial position as at and for the Financial Years ended 31 December 2020G, 2021G and 2022G and the nine-month periods ended 30 September 2022G and 2023G.

This section and the accompanying notes have been prepared on the basis of the consolidated financial statements of the Group ("**Consolidated Financial Statements**") for the Financial Years ended 31 December 2020G, 2021G and 2022G and the nine-month periods ended 30 September 2022G and 2023G.

The consolidated financial statements for the Financial Years ended 31 December 2020G, 2021G and 2022G were audited by KPMG Professional Services ("**KPMG**") and the reviewed financial statements for the nine-month periods ended 30 September 2022G and 2023G were reviewed by KPMG Professional Services ("**KPMG**") in accordance with the International Standards on Auditing that are endorsed SOCPA.

The Group has applied the International Financial Reporting Standards ("**IFRS**") that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by the Saudi Organization for Chartered and Professional Accountants (together referred to as "**IFRS as endorsed in KSA**") in preparing its consolidated financial statements for the Financial Years ended 31 December 2020G, 2021G and 2022G, and applied International Accounting Standards (IAS) 34 "**Interim Financial Reporting**" that is endorsed in Kingdom of Saudi Arabia and other standards and pronouncements that are issued by the Saudi Organization for Chartered and Professional Accountants for the nine-month periods ended 30 September 2022G and 2023G.

Neither KPMG nor any of its subsidiaries, employees (who form part of the team responsible for providing services to the Group) or their relatives own any shares or interest of any kind in the Group that would affect their independence as on the date of the audit report on the consolidated financial statements of the Group. KPMG has provided its written consent to refer in this Prospectus to its role as the independent auditor for the Group's consolidated financial statements for the Financial Years ended 31 December 2020G, 2021G and 2022G, and the nine-month periods ended 30 September 2022G and 2023G and they have not withdrawn that approval as of the date of issuance of this Prospectus.

The above-mentioned consolidated financial statements also form an integral part of this Prospectus, and this section must be read along with these financial statements and the accompanying notes. These financial statements have been included in the section 19 ("**Financial Statements and the Auditor's Report**") of this Prospectus.

All amounts in this section have been rounded to the nearest thousand Saudi Arabian Riyal unless otherwise indicated. The "**CAGR**" refers to the compound annual growth rate over the period. The numbers and percentages have been rounded to the nearest decimal place. Therefore, the total of these numbers may differ from what is shown in the tables.

The financial information of the Group for the Financial Years ended 31 December 2020G, 2021G and 2022G and the nine-month periods ended 30 September 2022G and 2023G presented in this Prospectus, is derived from the consolidated financial statements of the Group for the Financial Years ended 31 December 2020G, 2021G and 2022G and the nine-month periods ended 30 September 2022G and 2023G.

This section may include statements of a forward-looking nature related to the future capabilities of the Group, based on management's plans and expectations regarding the Group's growth, results of operations and financial position, as well as the risks and uncertainties associated with it. The Group's actual results may differ materially from anticipated as a result of numerous factors, risks and future events, including those discussed in this section of the Prospectus or elsewhere thereof, particularly in the section 2 ("**Risk Factors**") of this Prospectus.

## 6.2 Directors' Declaration of the Financial Statements

- 1- The Board Members acknowledge that the financial information contained in this section has been extracted without material change and is presented in accordance with the consolidated financial statements of the Group for the Financial Years ended 31 December 2020G, 2021G and 2022G, and the reviewed financial statements for the nine-month periods ended 30 September 2022G and 2023G, which were prepared by the Group in accordance with IFRS as endorsed in KSA.
- 2- The Board Members also declare that the Company, individually or jointly with its subsidiaries, has sufficient working capital for 12 months from the date of publication of this Prospectus.
- 3- The Board Members declare that there has been no material changes in the financial or commercial position of the Company or any of its Material Subsidiaries in the three years immediately preceding the date of submission of its application for the registration and offering of the securities that are subject to this Prospectus, except for what is mentioned in this section or any other section in this Prospectus, especially the factors mentioned in section 2 "**Risk Factors**" of this Prospectus.
- 4- The Board Members declare that all material facts related to the Group and its financial performance have been disclosed in this Prospectus, and that there are no information, documents, or other facts that, not including them, would make any statement misleading.
- 5- The Board Members declare that the Company and any of its Material Subsidiaries does not have any property, including contractual securities or other assets whose value is subject to fluctuations or whose value is difficult to ascertain, which significantly affects the evaluation of the financial position, except for what has been disclosed in section 6 "**Management Discussion and Analysis of Financial Position and Operating Results**" of this Prospectus.
- 6- The Board Members declare that the Company or its Subsidiaries did not provide any commissions, discounts, brokerages or other non-cash compensation the three years immediately preceding the date of submission of its application for the registration and offering of the securities that are subject to this Prospectus in connection with the issuance or offering of any securities to any of the current or proposed Board Members, Senior Executives, officials in charge of the offering or issuance of securities or experts who received any such amounts or benefits.
- 7- The Board Members declare that the Group does not have any loans or any other liabilities including overdraft balance and declare that there are no guarantee liability (either covered by personal guarantee or non-personal guarantee), liabilities under acceptances, credits or any hire purchase commitments except what has been disclosed in section 12.8 ("**Financing Agreements**"), section 2 ("**Risk Factors**"), section 12 ("**Legal Information**") and section 6 ("**Management Discussion and Analysis of Financial Position and Operating Results**") of this Prospectus.
- 8- The Board Members declare that the Group does not have any mortgages, rights, or any encumbrances or costs on its properties - individually or jointly with its subsidiaries - as of the date of this Prospectus, except for what was disclosed in section 12 ("**Legal Information**") and in other sections of this Prospectus.
- 9- The Board Members acknowledge that the Group does not have any potential obligations, guarantees, or any significant fixed assets to be purchased or leased other than what was disclosed in section 2 ("**Risk Factors**"), section 6 ("**Management Discussion and Analysis of Financial Position and Operating Results**"), section 8 ("**Using the Offering Proceeds**"), and section 12 ("**Legal Information**") of this Prospectus.
- 10- The Board Members declare that the Company and its Material Subsidiaries are not aware of any information related to governmental, economic, financial, monetary, or political policies, or any other factors that may affect or have a material impact (directly or indirectly) on its operations.
- 11- The Board Members declare that the Company and its Material Subsidiaries are not aware of any seasonal factors or economic cycles related to the activities that may have an impact on the Group's business or its financial position.
- 12- The Board Members declare that the Company and its Material Subsidiaries' capital is not subject to any option, except as mentioned in Section 1.5.6.12 of this Prospectus.
- 13- The Board Members declare that the Group has no intention of making any fundamental change in its activities.
- 14- The Board Members acknowledge that the Group has provided comprehensive details in this section of any potential liabilities and has accounted for and recorded a provision for the liabilities included in Section 6 ("**Management Discussion and Analysis of Financial Position and Results of Operations**").
- 15- The Board Members acknowledge that the Group has provided comprehensive details in this section on all fixed assets and investments, including contractual securities and other assets whose value is volatile or difficult to estimate.

### 6.3 Company Overview

Dr. Soliman Abdel Kader Fakeeh Hospital Company (the “**Parent Company**”) is a Saudi Closed Joint-stock Company formed under the laws of the Kingdom of Saudi Arabia and is registered in the Commercial Registry in Jeddah under No. 4030014511 on 11 Rabi II 1398H (March 20, 1978). The Company was converted from a Sole Proprietorship to a Closed Saudi Joint-stock Company under the Ministerial Decision No. 28 dated 1 Safar 1433H (corresponding to 26 December 2011G) approving the announcement of the establishment of Dr. Soliman Abdel Kader Fakeeh Hospital Company (A Saudi “**Closed Joint-stock Company**”).

The effective activity of the Group is managing, establishing and operating hospitals, clinics, medical, educational and training centers. In addition to the above, the Group is also managing and operating medical services, analysis and radiology laboratory and managing and establishing pharmacies, wholesale and retail of medical equipment, maintenance of IT equipment and software related services.

The Group’s registered office and principal place of business is Jeddah.

These interim condensed consolidated financial statements include the assets, liabilities and results of operations of the Parent Company and its Subsidiaries, referred to as the (“**Group**”).The interim condensed financial statements of the Subsidiaries are prepared during the same period as the Financial Report, using the same accounting policies as the Parent Company.

The Company has three reported activity segments. i.e.: the medical services, education and commerce and retail.

Moreover, during the nine-month period ended 30 September 2023G, the Shareholders of the Parent Company decided to list the Parent Company on the Saudi Stock Exchange, Tadawul. Accordingly, the Shareholders issued on 20 June 2023G the relevant resolution along with all due legal procedures to timely complete this process. However, as at the date of approval of these financial statements, the process was still underway.

As at 30 September 2023, the Group has investments in the following subsidiaries:

**Table (52): List of subsidiaries**

Name of subsidiaries	Place of incorporation	Effective Ownership		Principal Activities
		2022G	2023G	
Al-Farabi Special Health Care Company Limited (“ <b>Farabi</b> ”)	Kingdom of Saudi Arabia	70%	70%	Healthcare service provider
Dr. Soliman Abdel Kader Fakeeh Information Technology Company (Formerly, Kameda Arabia Company Limited) (“ <b>Kameda</b> ”)	Kingdom of Saudi Arabia	70%	70%	IT equipment and software services
Dr. Soliman Abdel Kader Fakeeh Family Medicine Centers (“ <b>FMH</b> ”)	Kingdom of Saudi Arabia	90%	90%	Healthcare service provider
Dr. Soliman Abdel Kader Fakeeh Medical Education Company Limited (“ <b>FMCS</b> ”)	Kingdom of Saudi Arabia	80%	80%	Medical education service provider
Saudi Airlines Medical Services Company (“ <b>Medical Fakeeh</b> ”)	Kingdom of Saudi Arabia	75%	75%	Healthcare service provider
Dr. Mazen Fakeeh Complementary Health Care Company Limited (“ <b>FCHC</b> ”)	Kingdom of Saudi Arabia	100%	100%	Wholesale and retail of medical equipment
Al Toor Medical Services Company (Al Toor”)	Kingdom of Saudi Arabia	51%	51%	Healthcare service provider
Al-Faraj Pharmaceutical Medical Company (“ <b>Al-Faraj</b> ”)	Kingdom of Saudi Arabia	89.82%	89.82%	Trading in pharmaceutical products

Name of subsidiaries	Place of incorporation	Effective Ownership		Principal Activities
		2022G	2023G	
Advanced Horizon Contracting Company ("AHC")	Kingdom of Saudi Arabia	100%	100%	Construction and contracting
Golden Union Medical Company ("EMS")	Kingdom of Saudi Arabia	100%	100%	Emergency medical services
Riyadh Hospital Company (Formerly, Rana Medical Services Company) ("Riyadh Hospital")	Kingdom of Saudi Arabia	60.56%	60.56%	Healthcare service provider
White Lines Medical Company ("WLMC")	Kingdom of Saudi Arabia	74.25%	74.25%	Trading in pharmaceutical products
Fakeeh Vision Company Limited ("FVCL")	Kingdom of Saudi Arabia	100%	100%	Trading of spectacles and cosmetics
Dr. Soliman Abdel Kader Fakeeh Home Health Care Company ("FHHC")	Kingdom of Saudi Arabia	-	100%	Home health care

## 6.4 Key Factors Affecting the Company's Performance

### Macro drivers impacting healthcare market growth

The Kingdom of Saudi Arabia (KSA), with its current population of approx. 35 million, is poised for a transformation of its healthcare sector. The KSA's population has been growing at an annual rate of nearly 1.8% and is expected to reach 40 million by 2030G. The GDP per capita is expected to increase to SAR150,806 by 2030G, up from approx. SAR129,154 in 2022G, at a CAGR of 8.3%. Significant efforts on part of the government to diversify the oil-based economy as a part of Vision 2030 have led to non-oil sectors contributing to 59% of the GDP in 2022G.

The private sector has been actively playing its part in the execution of pro-growth policies of the government, including privatisation through asset sales and implementation of other key policies favouring investments, such as the facilitation of foreign investments in securities.

Several such initiatives, both in the public and private domain, are expected to increase the number of white-collar jobs in the country. This will create demand across the entire spectrum of healthcare services, from primary to tertiary, including day care services.

The Fakeeh Care Group is strategically placed to leverage this surge of demand by offering services that range from general health checkups to specialised tertiary care and ambulatory treatments; the group ensures continuous care as patients remain in Fakeeh Care's network throughout their healthcare journey. This continuity fosters trust and increases patient retention, a critical factor in ensuring long-term profitability in an industry that will witness the addition of new service recipients over the next decade.

Fakeeh's focus on leveraging the attention given to day care services as part of Vision 2030 also outlines its intent to provide high-quality care without the need for extended hospital stays. This increases patient turnover, optimises bed occupancy rate and caters for a growing segment of the market of white-collar workers demanding convenient but effective healthcare solutions. For patients, a holistic healthcare system offered by Fakeeh Care Group ensures uninterrupted, consistent care, while for the group, it translates to diversified revenue streams, thus hedging risks and amplifying returns.

### Demographic and disease drivers further impacting healthcare market growth

The KSA's population is expected to reach c. 40 million by 2030G, driven by economic initiatives and a high birth rate. The population is unequally distributed geographically, with 74% of the Kingdom's population being located in four provinces, namely Riyadh, Makkah (including Jeddah), Madinah and the Eastern Region, which are therefore expected to witness higher demand for healthcare services.



Fakeeh Care Group has astutely established a strong presence across these four historical and cultural hubs of KSA. These regions not only boast high population densities and affluent families but also ensure a steady influx of patients seeking premium healthcare services. These cities are continuously evolving through urban development, infrastructure enhancement and pioneering projects, especially under Vision 2030, which ensures that the group will play a pivotal part in the region's transformative journey. The group's upcoming projects, such as the development of a 50-bed and a 200-bed multispeciality hospital in Jeddah (expected to be operational in 2027G and 2028G, respectively), a 200-bed hospital in Makkah, a 200-bed hospital in Madinah and a recently established 200-bed hospital in Riyadh, showcase the group's continuous efforts to strategically elevate patient care and its deep understanding of the market dynamics.

The country is expected to experience substantial economic growth due to the introduction of mega-infrastructure and development projects, investments which will support strong non-oil GDP growth. The development of large-scale projects will also bring economic prosperity as businesses flourish and employment opportunities multiply, driving up demand for enhanced social services, including healthcare.

The effect will be compounded by the growing segment of the ageing population in the KSA and the increased burden of NCDs. As a result, primary care and preventive healthcare are gaining more significance in the KSA. The government has rolled out initiatives (e.g., Quality of Life Program 2020G) which focus on fitness and preventive care. Moreover, the KSA is aiming for a 3% reduction in obesity and a 10% decrease in diabetes prevalence by 2030G.

Due to increasing demand, many players are establishing general and specialised medical centers with a better service mix. Organised healthcare groups with such service mix offerings are poised for robust growth in the coming years. With its unique offerings focused on this segment, Fakeeh Care Group can transition from a reactive healthcare provider to a proactive healthcare partner, guiding individuals through healthcare journeys and emphasising holistic care through the entire value chain, rather than merely offering treatment.

The KSA healthcare market is expected to reach around SAR324 billion by 2030, driven by both public and private sectors. The Ministry of Health (MOH) will become the sole regulator of the healthcare sector, detaching from its previous role as a provider. Hence, a major share of the growth is expected to be driven by the growth in the private sector, and private sector expenditure is expected to increase from SAR68 billion in 2022G to an estimated SAR113 billion by 2030.

The growth in the healthcare market will be further driven by adding adequate capacity for hospital beds and upgrading existing infrastructure to specialised care. In 2021G, the KSA had approximately 3,800 primary care clinics, which have grown at a CAGR of 8.3% since 2018G, indicating an increasing role of primary care infrastructure in healthcare delivery services. At present, the Kingdom has 497 hospitals, with 68% being in the public sector and accounting for 77,224 hospital beds; however, there is a lack of adequate specialised and dedicated beds for tertiary care specialities such as cardiac sciences, neurosciences, oncology, long-term care and rehabilitation. In 2021G, the percentage of intensive care beds in the private sector amounted to only 18% of the total intensive care beds in the Kingdom, which in turn constituted about 14% of the total hospital beds in the Kingdom.

With Fakeeh Care Group's strong focus on tertiary care and 25% of total beds being ICU beds, the group is well placed to cater for the rising demand of the tertiary care segment in the coming years. As the need for specialised healthcare rises, the group's establishments would be the go-to destination for high-precision, intensive treatments.

### **Insurance penetration**

The KSA healthcare market is expected to see growth due to mandatory health insurance as part of Vision 2030 and the National Health Policy (NTP). The National Health Holding Company and the National Center for Health Insurance were launched to improve the overall performance of the Saudi healthcare system. Private health insurance has undergone numerous revisions since its introduction in 1999G, providing coverage for expat and national workers and their dependents. The Council of Health Insurance (CHI) targets to cover c. 54% of the country's population under mandatory health insurance by 2030G. This will lead to an increased demand for specialised and premium healthcare services.

Fakeeh Care Group has been able to differentiate itself in a consolidated market through its specialised and premium positioning. With the group's focus on high-risk and specialised medical services for networks 6 and 7, it is strategically positioned to leverage its existing brand recognition to greater heights, serving a growing demographic that demands and appreciates excellence, thus fuelling unrivalled growth in the coming years.

### **Government transformation initiatives**

The government is working on addressing the increasing disease burden through transformation initiatives and establishing centers of excellence to meet the requirements associated with this burden. The Health Sector Transformation Program (HSTP) in Saudi Arabia aims to develop health services in line with the country's Vision 2030. Key objectives include raising the average life expectancy from 75 to 80 years and reducing road deaths to 10 per 100,000 people. The program is implemented through strategic reform initiatives, including health sector governance, modern care model, institutional transformation of healthcare facilities, national health insurance and new financing models, e-health, workforce initiatives and private sector participation.

The Saudi government approved the Private Sector Participation (PSP) Law in March 2021G to encourage private sector investment in the healthcare sector. The initiative focuses on nine key areas for private sector engagement in delivering health services in the Kingdom. Three PPP projects are currently in the tender stage for extended care, medical rehabilitation and home care services in the second health cluster of Riyadh and the first health cluster in the Eastern Region for extended care, medical rehabilitation, and home care services. Around 14 projects are in the pipeline, including Al Yamama Women and Children Hospital, Al Masadiyah Women and Children Hospital, Al Ahsa Women and Children Hospital, Al Iman Hospital staff accommodation, rehabilitation hospitals, long-term care and skilled nursing homes, primary health centers, medical laboratories, home healthcare, virtual care, dialysis services, telemedicine network, and digital blueprint. These are expected to provide ample opportunities for private healthcare facilities in the Kingdom.

Fakeeh Care Group has established various ambulatory care facilities along with integrated healthcare services such as home healthcare, emergency medical services, medical supplies, and pharmaceuticals (Fakeeh Complementary Healthcare Company, FCHCO); optical services (Fakeeh Vision); and healthcare technology (Fakeeh Tech), which are aligned to the future direction of the healthcare market in the country and thus can be further leveraged to fuel growth for the group.

### **PPP and the Neom frontier**

Vision 2030 underscores the importance of PPPs as an instrument to achieve the nation's developmental objectives through strategic partnerships with the private sector. With the private sector's contribution targeted to rise from 40% to 65% of GDP, this provides organized healthcare groups like Fakeeh organized healthcare groups, such as Fakeeh Care Group, have access to strategic projects, fostering expansion and growth. With Medical Fakeeh being the first healthcare PPP project in the KSA, it gives the group an unparalleled opportunity to anchor their presence in NEOM. As Neom's population grows, so will the need for cutting edgecutting-edge healthcare facilities, placing Fakeeh the group at the epicenter of healthcare demand in a futuristic city.

### **Availability of doctors and nurses**

Despite being poised for unprecedented growth, the KSA healthcare market still faces challenges such as limited availability of skilled manpower, particularly nurses and tertiary care specialists. The government plans to build a more resilient workforce with less reliance on foreign health workers through the Saudisation initiative.

In this regard, by shaping the next generation of healthcare professionals, Fakeeh College of Medical Sciences ensures a consistent influx of medical professionals. This reflects the group's long-term commitment to the strategic vision of the Kingdom and mitigates the risk of its premium services being affected by the shortage of skilled manpower.

## 6.5 Significant Accounting Policies

### 6.5.1 Basis of Preparation

#### Statement of Compliance

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

#### Accounting convention / Basis of Measurement

The consolidated financial statements have been prepared under the historical cost basis, unless otherwise stated.

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

The subsidiaries applied the same accounting policies as applied by Company in these financial statements. Also, the reporting period of the 31 December 2022G and 30 September 2023G.

Certain comparative figures have been reclassified to conform to the current year's presentation.

#### Functional and presentation currency

The consolidated financial statements are presented in Saudi Arabian Riyals ("SAR "), which is the Group's functional currency. All amounts have been expressed in SAR, unless otherwise indicated.

#### Critical accounting estimates and judgments

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

#### Useful lives and residual value of property and equipment, intangible assets and investment properties

The Group's management determines the estimated useful lives of its property and equipment, intangible assets and investment properties with finite useful lives for calculating depreciation and amortization. These estimates are determined after considering the expected usage of the assets or physical wear and tear. Management reviews the residual value, depreciation and amortization methods and useful lives annually and future depreciation and amortization charges would be adjusted where the management believes the useful lives differ from previous estimates and to ensure that the methods and period of depreciation and amortization are consistent with the expected pattern of economic benefits from these assets.

#### Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount which is the higher of an asset's fair value less cost to sell and value in use.



### **Provision for slow moving and obsolete inventory items**

The management makes a provision for slow moving and obsolete inventory items. Estimates of net realizable value of inventories are based on the most reliable evidence at the time the estimates are made. These estimates take into consideration fluctuations of price or cost directly related to events occurring subsequent to the balance sheet date to the extent that such events confirm conditions existing at the end of year.

### **Allowance for expected credit losses (ECLs) of accounts receivables**

The measurement of the expected credit loss allowance for financial assets measured at amortized cost is an area that requires the use of Complex models and significant assumptions about future economic conditions and credit behavior.

The Group assesses on a forward-looking basis, the expected credit losses ("ECL") associated with its financial assets carried at amortized cost. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Fund expects to receive). The Group recognizes a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of resources; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Group measures loss allowances at an amount equal to lifetime ECL.

### **Employee benefits – defined benefit plan**

The cost of employees' end of service benefits are determined using actuarial valuation. Certain actuarial assumptions have been adopted as disclosed in the financial statements for valuation of present value of defined benefit obligations. Any changes in these assumptions in future years might affect gains and losses in those years.

### **Determining the lease term of contracts with renewal and termination options – Group as lessee**

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

### **Leases - Estimating the incremental borrowing rate**

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates. The application of IFRS 15 has required management to make the following judgments:

Satisfaction of performance obligations - The Group is required to assess each of its contracts with patients to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method of recognizing revenue.

### Revenue recognition estimating variable consideration

The application of IFRS 15 has required management to make the following judgments:

- Determination of transaction prices - The Group is required to determine the transaction price in respect of each of its agreements with customers. In making such judgment the Group assess the impact of any variable consideration in the contract, due to insurance claims rejection or any other variable items, the existence of any significant financing component in the contract and any non-cash consideration in the contracts

### Determination of discount rate for present value calculations

Discount rates represent the current market assessment of the risks specific to each cash flow stream, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and is derived from recent market transactions and a market yields overview.

### Going concern

The Group's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the consolidated financial statements continue to be prepared on going concern basis.

## 6.5.2 Changes in the Accounting Policies and Disclosures

### New standards and amendments to standards

The following amendments to existing standards and framework have been applied by the Group in preparation of these consolidated financial statements. The adoption of the below did not result in changes to the previously reported consolidated net profit or equity of the Group.

Standard / Interpretation	Description	Effective date
IFRS 8	Definition to accounting estimates	01 January 2023G
IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	01 January 2023G
IFRS 17	Annual improvements to IFRS standards 2018G – 2020G	01 January 2023G
IAS 16	Insurance contracts	01 January 2023G
IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies	01 January 2023G
IAS 12	International Tax Reform - Pillar Two Model Rules	23 May 2023G

The management has assessed that the amendments have no significant impact on the Group's financial statements.

### Standards issued but not yet effective

The standards, interpretations and amendments issued, but not yet effective up to the date of issuance of the consolidated financial statements are disclosed below. The Group intends to adopt these standards, where applicable, when they become effective.

Standard / Interpretation	Description	Effective from periods beginning on or after the following date
Amendments to IFRS 16	Lease Liability in a Sales and Leaseback	01 January 2024G
IAS 1	Classification of liabilities as current or non-current (amendments to IAS 1) and Non-current liabilities with covenants (amendments to IAS 1)	01 January 2024G
IAS 7 and IFRS 7	Supplier Finance Arrangements	01 January 2024G
IAS 21	Lack of Exchangeability	01 January 2025G
IFRS 10 and IAS 28	Sale or contribution of assets between investor and its associate or joint venture (amendments to IFRS 10 and IAS 28)	Available for optional adoption / effective date deferred indefinitely

### 6.5.3 Summary of Significant Accounting Policies

The accounting policies set out below have been applied consistently in the preparation of these financial statements, unless otherwise stated.

#### Financial instruments

##### Financial Assets

##### Recognition and initial measurement

The Group's financial assets comprise of cash and cash equivalents, accounts and other receivables (current), other long-term receivables (non-current), margin against letter of credits and guarantees and due from Related Parties.

Financial assets are initially recognized when the Group becomes a party to the contractual provisions of the instrument.

A financial asset is initially measured at fair value plus, for an item not at fair value through profit and loss, transaction costs that are directly attributable to its acquisition or issue.

##### Classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at:

- Amortized cost;
- Fair value through other comprehensive income (FVOCI) – debt investment;
- FVOCI – equity investment; or
- Fair value through profit or loss (FVTPL)

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Group changes its business model for managing financial assets.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as measured at FVTPL:

- the 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 financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVOCI – equity investment). This election is made on an investment by investment basis.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

#### **Financial assets: Business model assessment**

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management.

#### **Subsequent measurement and gains and losses**

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on de-recognition is recognized in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income under the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On de-recognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are not reclassified to profit or loss.

#### **Financial liabilities: Classification, subsequent measurement and gains and losses**

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held for trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on de-recognition is also recognized in statement of profit or loss and other comprehensive income.

Significant financial liabilities include accounts payables, accrued expenses and other current liabilities and short term borrowings.

#### **Financial assets**

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

#### **Financial liabilities**

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Group also derecognizes a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognized at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognized in the statement of profit or loss and other comprehensive income.

### **Offsetting of financial instruments**

Financial asset and financial liability are offset and the net amount presented in the statement of financial position when, and only when the Group:

- currently has a legally enforceable right to set off the recognized amounts; and
- intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

### **Business combinations**

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the fair value of the assets given, equity instrument issued and liabilities incurred or assumed at the date of exchange, and includes costs directly attributable to the acquisition. Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured initially at fair values at the date of acquisition. The excess of the cost of the business combination over the Group's share in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities is classified as goodwill. When the excess is negative, a bargain purchase gain is recognized immediately in profit or loss. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

If the business combination is achieved in stages, any previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognized in profit or loss.

### **Subsidiaries**

Subsidiaries are entities controlled by the Group. The Group 'controls' an entity when it is exposed to or has rights to, variable return from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are consolidated in the financial statements from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

All intra-group balances, transactions, income and expenses resulting from intra-group transactions, are eliminated in full. Also, any unrealized gains and losses arising from intra-group transactions are eliminated on consolidation.

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related non-controlling interest (NCI) and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Changes in a Group's ownership interest in a subsidiary that does not result in a change in control, is accounted as equity transaction and the carrying amounts of the non-controlling interests is adjusted against the fair value of the consideration paid and any difference is recognized directly in equity under "**Effect of transactions with non- controlling interest without change in control**".

### **Goodwill**

Goodwill represents the difference between the cost of businesses acquired and the Group's share in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities at the date of acquisition. Goodwill arising on acquisitions is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Impairment losses on goodwill are not reversed. Subsequent to initial recognition, goodwill is measured at cost less accumulated losses.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments.

### **Non-controlling interests**

Non-controlling interest represents the interest in subsidiary companies, not held by the Group which are measured at their proportionate share in the subsidiary's identifiable net assets. Transactions with non-controlling interest parties are treated as transactions with parties external to the Group.

Changes in Group's interest in a subsidiary as a result of transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions, i.e. as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid / received and the relevant share acquired / disposed of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals / acquisition of non-controlling interests are also recorded in equity.

## **Impairment**

### **Financial assets (including receivables)**

IFRS 9 requires to follow an expected credit loss model for the impairment of financial assets. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized. Instead, an entity always accounts for expected credit losses and changes in those expected credit losses. Consequently, more timely information is provided about expected credit losses.

Expected loss shall be measured and provided either at an amount equal to (a) 12 month expected losses; or (b) lifetime expected losses. If the credit risk of the financial instrument has not increased significantly since inception, then an amount equal to 12 month expected loss is provided. In other cases, lifetime credit losses shall be provided. For accounts receivables with a significant financing component a simplified approach is available, where by an assessment of increase in credit risk need not be performed at each reporting date. Instead, an entity can choose to provide for expected losses based on lifetime expected losses.

### **Non-financial assets**

The carrying amounts of the Group's non-financial assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

Impairment exists when the carrying value of an asset or cash generating unit ("CGU") exceeds the recoverable amount, which is the higher of the fair value less costs to sell and value in use. The fair value less costs to sell is arrived based on available data from binding sales transactions at arm's length, for similar assets. The value in use is based on a discounted cash flow (DCF) model, whereby the future expected cash flows discounted using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGUs, and then to reduce the carrying amounts of the other assets in the CGUs on a pro rata basis.

An impairment loss on intangible assets with indefinite useful lives including goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

## **Foreign currency**

### **Foreign currency transactions**

Transactions in foreign currencies are translated to functional currency at exchange rates at the dates of the transactions.

Monetary assets and liabilities (which are not covered by a forward foreign exchange contract) denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined except for those which are covered by forward exchange contracts. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. The foreign currency gains or loss on monetary items from settlement and translation of foreign currency transactions are generally recognized in profit or loss.

### Investment properties

Properties held to earn rentals or held for capital appreciation or held for unspecified future purposes or is being constructed or developed for such use are classified as investment properties and stated at cost less accumulated depreciation and impairment in value. Depreciation is provided on investment properties, on straight-line basis over a period of ten years. Cost includes all direct and indirect costs necessary to bring the property to working condition for its intended use.

Any gain or loss on disposal of investment properties (calculated as the difference between the net proceeds from disposal and carrying amount of the item) is recognized in the statement of profit or loss and other comprehensive income.

### Property and equipment

Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses except land which is carried at cost. Cost includes expenditure that is directly attributable to the acquisition of the asset including any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located.

If significant parts of an item of property and equipment have different useful lives, they are accounted for as consolidated items (major components) of property and equipment.

Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment, and are recognized in statement of profit or loss and other comprehensive income.

### Subsequent costs

The cost of replacing a part of an item of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property and equipment are recognized in statement of profit or loss and other comprehensive income as incurred.

### Depreciation

Depreciation is calculated to write off the cost of items of property and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is recognized in statement of profit or loss and other comprehensive income. Depreciation represents the systematic allocation of the depreciable amount of an asset over its estimated useful life. Depreciable amount represents the cost of an asset, or other amount substituted for cost, less its residual

**Table (53): The estimated useful lives for the current and comparative periods are as follows**

Asset category	Years
Buildings	33 or shorter of lease term,
Medical and support equipment	4-7
Furniture and fixtures	3-7
Motor vehicles	7
Office equipment	5
Computers	5

Source: Consolidated financial statements for the Financial Years ended 31 December 2020G, 2021G and 2022G

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

### Intangible assets

The intangible assets that the Group holds consists of customer relationships and software which have finite useful lives and are measured at cost less accumulated amortization and any accumulated impairment losses.

### Subsequent costs

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures, is recognize in profit or loss as incurred.

### Amortization

Amortization is calculated to write off, over their estimated useful lives, the cost of intangible assets less estimated residual values using the straight-line method for software and reducing balance method for customer relationships. Amortization is generally recognized in profit or loss.

**Table (54): The estimated useful lives for the current and comparative periods are as follows**

Category	Years
Customer relationships	25
Software	3-7

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

### Capital work-in-progress

Capital work-in-progress represents all costs relating directly to the on-going projects in progress and are capitalized as property and equipment when the project is completed.

### Inventories

Inventories, which comprise of medicines, various medical supplies and consumables are measured at the lower of cost and net realizable value. Cost is determined using the weighted average method. Cost includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition.

Goods-in-transit include costs and related expenses of goods shipped by the year-end.

Net realizable value comprises estimated selling price in the ordinary course of business, less appropriate selling and distribution costs. Provision is made, where necessary, for obsolete, slow moving, defective and expired stocks. The amount of any write-down of inventories to net realizable value and all losses of inventories are recognized as an expense in the period the write-down or loss occurs.

### Employee Benefits

#### Defined unfunded benefit plans

The Group operates an employees' end of service benefits scheme. End of service benefits, as required by Saudi Arabia Labor Law, are required to be provided based on the employees' length of service.

The Group's net obligations in respect of defined unfunded benefit plans ("the obligations") is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return of their service in the current and prior periods. The benefit is discounted to determine its present value, and any unrecognized past service costs.

The discount rate used is the market yield on government bonds at the reporting date that has maturity dates approximating the terms of the Group's obligations. The cost of providing benefits under the defined benefit plans is determined using the projected unit credit method to determine the Group's present value of the obligation, with actuarial valuations to be carried out every third year and updated for the following two years for material changes, if any.

The defined benefit liability comprises the present value of defined benefit obligation as adjusted for any past service cost not yet recognized. Currently there are no past service costs. Actuarial gains and losses are recognized in OCI immediately.



## Leases

### Right-of-use assets

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

### Lease liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

### Provisions

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are reviewed and adjusted at each reporting date. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost. Expected future operating losses are not provided for. If outflows to settle the provisions are no longer probable, reversal of the provision is recorded as income.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation.

### Zakat

Zakat is provided for in the financial statements in accordance with Zakat, Tax and Customs Authority (formerly known as "the General Authority of Zakat and Income Tax") ("Authority" or "ZATCA") regulations. Zakat is charged to profit and loss. Additional zakat liabilities, if any, related to prior years' assessments arising from ZATCA are accounted for in the period in which the final assessments are finalized. The Group withholds taxes on transactions with non-resident parties in accordance with zakat and income tax regulations.

### Value Added Tax

The Group is subject to Value Added Tax ("VAT") for services except exempt supplies in accordance with the VAT regulations prevailing in the Kingdom of Saudi Arabia. The amount of VAT liability is determined by applying the applicable tax rate to the value of supply ("Output VAT") less VAT paid on purchases/services obtained ("Input VAT"). The Group reports revenue and purchases net of VAT for all the periods presented in the consolidated statement of profit or loss.

## Revenue

Revenue is the gross inflow of economic benefits arising from the ordinary operating activities of the Group when those inflows result in increase in equity, other than increases relating to contributions from equity participants. Revenue is measured at fair value of consideration received or receivable. Revenue is recognized to the extent that it is probable that any future economic benefit associated with the item of revenue will flow to the Group, the revenue can be reliably measured, regardless of when the payment is being made and the costs are identifiable and can be measured reliably.

The Group has applied IFRS 15 Revenue from contracts with customers for accounting of revenue. The core principle of the IFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. IFRS 15 requires that entities apply a five-step to determine when to recognize revenue and at what amount.

- Step:1 Identify the contract with the customer
- Step:2 Identify the performance obligations in the contract
- Step:3 Determine the transaction price
- Step:4 Allocate the transaction price to the performance obligations in the contract
- Step:5 Recognize revenue when or as the entity satisfies a performance obligation

Under IFRS 15, an entity recognizes revenue when or as a performance obligation is satisfied. i.e. when control of the goods or services pertaining to the respective performance obligation is transferred to the customer.

### Sale of goods

The Group dispenses medication and medical supplies as part of the provision of its healthcare services. Sales of goods are recognized when the Group dispenses the products to its patients.

### Provision of services

The Group provides healthcare services. The revenue is recognized when the treatment is provided and the invoice is generated (i.e. after satisfaction of performance obligation). Some contracts include variable considerations such as discounts and rejections of claims. Management estimates variable consideration using the expected value method for rejections. Management has applied one method consistently throughout the contract when estimating the effect of an uncertainty on an amount of variable consideration to which the Group will be entitled. In addition, management has considered all the information (historical, current and forecast) that is reasonably available to the Group and has identified a reasonable number of possible consideration amounts.

Health Care center services revenue is recognized over the subscription period.

Revenue primarily comprises fees charged under contract for inpatient and outpatient hospital services and also includes the sale of medical and non-medical items. Hospital services include charges for accommodation, professional medical services, equipment, radiology, laboratory and pharmaceutical goods used in treatments given to patients.

### Medical related services

The Group has agreement with affiliates and other external parties for provision of medical and other related services which include maintenance of AED and DEK kits, safety and occupation services program, medical test, certification and vaccination. These are recognized as revenue agreed under Service Level Agreement (SLA) when the services are provided except provision of AED and DEK kits and safety occupation service program which are recognized on straight line basis over the period of time.

### Revenue from educational services

Tuition and other fees are recognized as income over the academic year (i.e. over the satisfaction of performance obligation).

### Revenue from other services

Revenue from other services is recognized when the services are rendered to the customers.

**Other income**

Other income that are incidental to the Group's business model are recognized as income as they are earned or accrued.

Rental income from investment properties are recognized on a straight-line basis over the term of the lease.

Interest income is recognized using the effective interest method.

**Expenses**

All expenses, excluding direct costs of revenue are classified as general and administrative expenses. General and administrative expenses include direct and indirect costs not specifically part of the trading activity. Allocations between cost of revenues and general and administrative expenses, when required, are made on a consistent basis.

**Finance costs**

Finance costs comprises of bank charges and financing charges as and when incurred by the Group.

**Current versus non – current**

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

**Assets**

An asset as current when it is:

- Expected to be realized or intended to sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

**Liabilities**

A liability is current when:

- Expected to be settled in normal operating cycle;
- Held primarily for the purpose of trading;
- Due to be settled within twelve months after the reporting period; or
- No unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

**Fair value measurement**

The Group measures financial instruments at fair value at each statement of financial position date. 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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes 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 the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

### Contingent liabilities

All possible obligations arising from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly with the control of the Group; or all present obligations arising from past events but not recognized because: (i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or (ii) the amount of the obligation cannot be measured with sufficient reliability; all should be assessed at each balance sheet date and disclosed in the Group's financial statements under contingent liabilities.

Contingent assets are not recognized in the financial statements but are disclosed when an inflow of economic benefits is probable.

## 6.5.4 Acquisition of a Subsidiary

### Riyadh Hospital Company (Formerly, Rana Medical Services Company) (“DSFH Riyadh Hospital Company Hospital Company”)

On 8 August 2022G, the Company entered into a Share Purchase and Subscription Agreement (“SPSA”) with the shareholders of the Rana Medical Services Company (subsequently renamed as Dr. Soliman Abdel Kader Fakeeh Medical Hospital Company), to acquire 60.56% shareholding. The Company has made payments aggregating to SAR 151.5 million to the shareholders of Rana Medical Services Company and has placed an amount of SAR 34 million in escrow against subsequent payments. The Company further subscribed to new shares of Rana Medical Services Company, at par for amount of SAR 200 million. The acquisition was formalized on 29 October 2022G, after requisite regulatory approvals. During the nine-month period ended 30 September 2023G, the aforementioned consideration was fully settled between the Shareholders of the Parent Company and the Selling Shareholders, as a result of which the Company earned an amount of SAR 18,3 million from the escrow account, reducing therefore the total purchase consideration.

The acquisition has been accounted for using the acquisition method under IFRS 3 – Business Combinations. The Group is currently in the process of finalizing and allocating the purchase consideration to the identifiable assets, liabilities and contingent liabilities acquired. Accordingly, the Group has provisionally accounted for the transaction based on the provisional fair values of the acquired identified assets and liabilities as of the acquisition date.

**Table (55): The recognized provisional amounts of assets acquired and liabilities assumed at the date of acquisition**

SAR in 000s	29 October 2022G
Right-of-Use Property, equipment and Assets	695,527
Inventories	5,692
Prepayments and other non-current assets	14,492
Cash and cash equivalents	89,704

SAR in 000s	29 October 2022G
Lease liabilities	(40,295)
EOS Indemnity Reserve	(4,790)
Contractors Payables	(12,420)
Account Payables	(34,092)
Loans and borrowings	(374,987)
Retention payable	(18,232)
Accrued and other current liabilities	(3,300)
Due to Related Parties	(1,125)
<b>Total interim acquired assets</b>	<b>316,174</b>
<b>Adjustment upon finalization of allocation of the purchase price:</b>	
Intangible Assets	26,697
<b>Total final acquired assets</b>	<b>342,871</b>

Source: Reviewed consolidated financial statements for the nine-month period ended 30 September 2023G

#### Finalization of the Purchase Price Provision

The purchase price distribution was finalized and the assessment was carried out within one year of the date of acquisition, resulting in the following adjustments of the previously accounted amounts. These amounts were also adjusted in the interim condensed financial statements for the current period as follows:

**Table (56): The provisional goodwill and intangible assets arising from the acquisition have been recognized as follows**

SAR in 000s	Interim Purchase Price Distribution	Adjustment	Final Purchase Price Distribution
Total consideration transferred	351,472	(18,332)	333,140
NCI, based on their proportionate interest in the recognized amounts of the assets and liabilities	124,699	-	124,699
Provisional fair value of identifiable net assets at acquisition date	(316,174)	(26,697)	(342,871)
<b>Goodwill</b>	<b>159,997</b>	<b>(45,029)</b>	<b>114,968</b>

Source: Reviewed consolidated financial statements for the nine-month period ended 30 September 2023G.

#### Adjustment of the Total Consideration Transferred

As part of the consideration transferred, an amount of SAR 34 million was deposited in the escrow account, to be deducted from the transaction value. During the nine-month period ended 30 September 2023G, the aforementioned consideration was settled between the Shareholders of the Parent Company and the Selling Shareholders, as a result of which the Group earned an amount of SAR 18.3 million from such escrow amount, reducing therefore the overall purchase consideration. This resulted in the decrease of the goodwill balance by SAR 45 million, and the increase in the cash and cash equivalents balance by SAR 18 million. The increase in the value of the customer relationships and medical licenses under the intangible assets by SAR 27 million was due to reclassification from goodwill to customer relationships.

## 6.6 Summary of Financial Information and Key Performance Indicators

**Table (57): Statement of profit or loss and other comprehensive income for the Financial Years ended 31 December 2020G, 2021G and 2022G**

SAR in 000s	FY 2020G (Audited)	FY2021G (Audited)	FY2022G (Audited)	Annual Variance 2020G - 2021G	Annual Variance 2021G - 2022G	CAGR 2020G - 2022G
Revenue	1,715,426	1,964,684	2,012,391	14.5%	2.4%	8.3%
Cost of revenue	(1,273,053)	(1,326,602)	(1,409,944)	4.2%	6.3%	5.2%
<b>Gross profit</b>	<b>442,373</b>	<b>638,082</b>	<b>602,446</b>	<b>44.2%</b>	<b>(5.6%)</b>	<b>16.7%</b>
Other income, net	17,567	23,713	37,369	35.0%	57.6%	45.9%
Administrative expenses	(157,763)	(204,124)	(211,789)	29.4%	3.8%	15.9%
Expected credit loss on accounts receivables	(4,528)	(57,544)	(20,964)	1170.8%	(63.6%)	115.2%
<b>Operating profit</b>	<b>297,650</b>	<b>400,127</b>	<b>407,063</b>	<b>34.4%</b>	<b>1.7%</b>	<b>16.9%</b>
Finance costs	(46,163)	(34,785)	(55,939)	(24.6%)	60.8%	10.1%
<b>Profit before zakat</b>	<b>251,488</b>	<b>365,342</b>	<b>351,123</b>	<b>45.3%</b>	<b>(3.9%)</b>	<b>18.2%</b>
Zakat	(26,645)	(4,563)	(20,440)	(82.9%)	348.0%	(12.4%)
<b>Profit for the year</b>	<b>224,843</b>	<b>360,778</b>	<b>330,684</b>	<b>60.5%</b>	<b>(8.3%)</b>	<b>21.3%</b>
<b>Profit for the year attributable to:</b>						
Owners of the parent company	203,178	334,282	326,316	64.5%	(2.4%)	26.7%
Non-controlling interests	21,664	26,496	4,367	22.3%	(83.5%)	(55.1%)
<b>Profit of the year</b>	<b>224,843</b>	<b>360,778</b>	<b>330,684</b>	<b>60.5%</b>	<b>(8.3%)</b>	<b>21.3%</b>
<b>EBITDA</b>	<b>401,438</b>	<b>505,250</b>	<b>516,456</b>	<b>25.9%</b>	<b>2.2%</b>	<b>13.4%</b>
<b>KPIs</b>						
Number of patients	1,174,561	1,379,025	1,432,159	17.4%	3.9%	10.4%
Number of beds (DSFH Hospital)	404	404	379	10.0%	(6.2%)	(3.1%)
<b>As a % of revenue</b>						
Gross profit %	25.8%	32.5%	29.9%	6.7	(2.5)	4.1
Operating profit %	17.4%	20.4%	20.2%	3.0	(0.1)	2.9
Profit for the year %	13.1%	18.4%	16.4%	5.3	(1.9)	3.3
EBITDA %	23.4%	25.7%	25.7%	2.3	(0.1)	2.3

Source: audited consolidated financial statements for the Financial Years ended 31 December 2020G, 2021G and 2022G

KPIs: Management information for the Financial Years ended 31 December 2020G, 2021G and 2022G

**Table (58): Statement of financial position for the years ended 31 December 2020G, 2021G, and 2022G**

SAR in 000s	Financial Year as at 31 December		
	2020G (Audited)	2021G (Audited)	2022G (Audited)
Total non-current assets	2,181,489	2,473,667	3,682,799
Total current assets	1,004,628	990,751	1,387,630
<b>Total assets</b>	<b>3,186,117</b>	<b>3,464,418</b>	<b>5,070,429</b>
Total equity	1,391,942	1,723,438	2,157,244
Total non-current liabilities	1,247,549	1,299,888	1,748,396
Total current liabilities	546,625	441,092	1,164,789
<b>Total liabilities</b>	<b>1,794,174</b>	<b>1,740,980</b>	<b>2,913,185</b>
<b>Total equity and liabilities</b>	<b>3,186,117</b>	<b>3,464,418</b>	<b>5,070,429</b>
<b>KPIs</b>			
DSO (no. of days)	126	109	121
DIO (no. of days)	33	33	34
DPO (no. of days)	39	39	64
CCC (no. of days)	120	102	91
WC as a % of revenue	30.2%	23.1%	31.3%
ROA	7.1%	10.8%	7.7%
ROE	16.2%	23.2%	17.0%
Debt to equity ratio	67.4%	51.5%	85.7%

Source: audited consolidated financial statements for the Financial Years ended 31 December 2020G, 2021G and 2022G

KPIs: Management information for the Financial Years ended 31 December 2020G, 2021G and 2022G

**Table (59): Statement of cash flows for the years ended 31 December 2020G, 2021G and 2022G**

SAR in 000s	Financial Year as at 31 December		
	2020G (Audited)	2021G (Audited)	2022G (Audited)
Net cash generated from / (used in) operating activities	3,585	254,678	(14,629)
Net cash used in investing activities	(72,620)	(100,670)	(384,342)
Net cash generated from/ (used in) financing activities	119,361	(149,542)	524,077
<b>Net increase in cash and cash equivalents</b>	<b>50,327</b>	<b>4,466</b>	<b>125,106</b>
Cash and cash equivalents at beginning of the year	136,863	187,190	191,656
<b>Cash and cash equivalents at the end of the year</b>	<b>187,190</b>	<b>191,656</b>	<b>316,762</b>

Source: audited consolidated financial statements for the Financial Years ended 31 December 2020G, 2021G and 2022G

## 6.7 Results of Operations for the Financial Years Ended 31 December 2020G, 2021G and 2022G

### 6.7.1 Consolidated Statement of Comprehensive Income for Financial Years Ended 31 December 2020G, 2021G and 2022G

**Table (60): Statement of comprehensive income for the Financial Years ended 31 December 2020G, 2021G and 2022G**

SAR in 000s	FY 2020G (Audited)	FY2021G (Audited)	FY2022G (Audited)	Annual Variance 2020G - 2021G	Annual Variance 2021G - 2022G	CAGR 2020G - 2022G
Revenue	1,715,426	1,964,684	2,012,391	14.5%	2.4%	8.3%
Cost of revenue	(1,273,053)	(1,326,602)	(1,409,944)	4.2%	6.3%	5.2%
<b>Gross profit</b>	<b>442,373</b>	<b>638,082</b>	<b>602,446</b>	<b>44.2%</b>	<b>(5.6%)</b>	<b>16.7%</b>
Other income, net	17,567	23,713	37,369	35.0%	57.6%	45.9%
Administrative expenses	(157,763)	(204,124)	(211,789)	29.4%	3.8%	15.9%
Expected credit loss on accounts receivables	(4,528)	(57,544)	(20,964)	1170.8%	(63.6%)	115.2%
<b>Operating profit</b>	<b>297,650</b>	<b>400,127</b>	<b>407,063</b>	<b>34.4%</b>	<b>1.7%</b>	<b>16.9%</b>
Finance costs	(46,163)	(34,785)	(55,939)	(24.6%)	60.8%	10.1%
<b>Profit before zakat</b>	<b>251,488</b>	<b>365,342</b>	<b>351,123</b>	<b>45.3%</b>	<b>(3.9%)</b>	<b>18.2%</b>
Zakat	(26,645)	(4,563)	(20,440)	(82.9%)	348.0%	(12.4%)
<b>Profit for the year</b>	<b>224,843</b>	<b>360,778</b>	<b>330,684</b>	<b>60.5%</b>	<b>(8.3%)</b>	<b>21.3%</b>
<b>EBITDA</b>	<b>401,438</b>	<b>505,250</b>	<b>516,456</b>	<b>25.9%</b>	<b>2.2%</b>	<b>13.4%</b>
<b>KPIs</b>						
Number of patients	1,174,561	1,379,025	1,432,159	17.4%	3.9%	10.4%
Number of beds (DSFH Hospital)	404	404	379	0.0%	(6.2%)	(3.1%)
<b>As a % of revenue</b>						
Gross profit (%)	25.8%	32.5%	29.9%	6.7	(2.5)	4.1
Operating profit (%)	17.4%	20.4%	20.2%	3.0	(0.1)	2.9
Profit for the year (%)	13.1%	18.4%	16.4%	5.3	(1.9)	3.3
EBITDA %	23.4%	25.7%	25.7%	2.3	(0.1)	2.3

Source: Audited consolidated financial statements for the Financial Years ended 31 December 2020G, 2021G and 2022G

KPIs: Management information for the Financial Years ended 31 December 2020G, 2021G and 2022G

The Company uses financial performance indicators that are in line with the International Financial Reporting Standards. The Company also uses Adjusted EBITDA as a percentage of revenue as financial performance indicators for the purpose of financial comparison and analysis, which may not be consistent with the International Financial Reporting Standards. Financial performance indicators that do not comply with IFRS do not have a uniform definition, and may be calculated differently by other companies.



## Revenue

Revenue was predominantly comprised of healthcare services revenue (c. 92.5% of total revenue) during the period from 2020G to 2022G, mainly from DSF Hospital along with the satellite medical centers and clinics, Saudi Airlines Medical Services Company (“**Medical Fakeeh**”), Riyadh Hospital Company (“**Riyadh Hospital**”) and other medical related projects. Other services under the Group’s offering include medical educational services through FMCS which contributed to c. 4.4% of revenues and other services comprising of contact lenses, frames and eyewear, wholesale and retail sales of medical supplies, and provision of Health Care IT software and maintenance services (contributing to c. 3.2% of revenue).

Revenue increased by 14.5% from SAR 1.72 billion in the FY2020G to SAR 1.96 billion in the FY2021G mainly due to:

- the increase in healthcare services revenue by 16.3% driven by the increase in both outpatient and inpatient revenues (due to price and volume growth) coupled with revenue growth from Medical Fakeeh, clinics and medical related projects. Moreover, growth was attributable to revenue generated from administering of PCR tests during COVID-19 in many cities across the Western region and on the inbound Saudia passengers through Medical Fakeeh; and
- the increase in education revenue by 28.9% mainly driven by the increase in the number of students enrolled across the several programs offered by FMCS.

Revenue increased by 2.4% to reach SAR 2.01 billion in the FY2022G mainly due to:

- the increase in healthcare revenue by 1.9% driven by the increase in the number of hospital patients coupled with the increase in prices, partly offset by the completion of COVID-19 related projects along with the abolition of PCR testing required for inbound passengers with Saudia during the FY2022G; and
- the increase in education revenue by 11.9% mainly due to the increase in student enrolments.

## Cost of revenue

Cost of revenue mainly related to costs in connection with salaries and employee related benefits (c. 47.5% of total cost of revenue over the period between the FY2020G and the FY2022G), consumption of materials and consumables (c. 36.8%), depreciation of property and equipment (c. 3.4%), insurance expenses (c. 1.9%), among other operating expenses (c. 10.3%).

Cost of revenue increased by 4.2% from SAR 1.27 billion in the FY2020G to SAR 1.33 billion in the FY2021G mainly due to:

- the increase in staff costs by 1.4%, in line with the increase in headcount from 2,154 employees to 2,263 employees;
- the increase in materials and consumables expense by 7.8%, mainly driven by the increase in number of inpatients;
- the increase in depreciation of equipment by 6.6%, in line with the property and equipment additions over the period;
- the increase in insurance expense by 23.6% in line with the increase in number of employees over the period; and
- the increase in other costs of revenue mainly due to an increase in advertising expenses driven by the increase in sponsorship expenses.

Cost of revenue increased by 6.3% from SAR 1.33 billion in the FY2021G to SAR 1.41 billion in the FY2022G mainly due to:

- the increase in staff costs by 7.0%, mainly driven by the increase in headcount from 2,263 employees in the FY2021G to 2,597 employees in the FY2022G as a result of operations growth coupled with the acquisition of Riyadh Hospital;
- the increase in materials and consumables expense by 0.9% mainly driven by the increase in number of inpatients;
- the increase in depreciation of equipment by 1.0% in line with the property and equipment additions over the period; and
- the increase in other costs of revenues mainly due to an increase in advertising expenses driven by the increase in sponsorship expenses along with the write-off of property and equipment relating to the demolition of Thager clinic (SAR 14.4 million) and closure of Olympia gym (SAR 11.5 million), among others.

## Gross profit

Gross profit increased by 44.2% from SAR 442.4 million in the FY2020G to SAR 638.1 million in the FY2021G in line with the corresponding revenue growth over the same period. Gross profit slightly decreased by 5.6% between the FY2021G and FY2022G, reaching SAR 602.4 million despite revenue growth over the same period. This was due to the increase in cost of revenue which outpaced revenue growth primarily attributable to the write-off of property and equipment during the FY2022G (SAR 27.4 million).

### Administrative expenses

Administrative expenses related to salaries and related benefits for administrative staff (c. 58.0% of total administrative expenses over the period from the FY2020G to the FY2022G), depreciation of property and equipment (c. 6.7%), depreciation of right-of-use assets (c. 8.4%), repairs and maintenance (c. 3.9%), insurance expenses (c. 2.4%), among others (c. 24.5%).

Administrative expenses increased by 29.4% from SAR 157.8 million in the FY2020G to SAR 204.1 million in the FY2021G mainly due to:

- the increase in salaries and employee related benefits by 61.6% in line with the increase in headcount from 1,327 employees in the FY2020G to 1,440 employees in the FY2021G mainly driven by phasing out of COVID-19 restrictions leading to certain vacancies being filled namely in DSFH and Medical Fakeeh. Additionally, operations ramp up in AHC and Al Toor led to gradual additions to the workforce (accounted for as part of administrative expenses) coupled with an increase in average monthly cost per employee from SAR 4.9 thousand to SAR 7.3 thousand as a result of discontinuation of the SANID program during the year which was introduced by the government to support on the salaries of local employees during the COVID-19 pandemic; partly offset by
- the decrease in insurance expenses by 34.3% due to the reclassification of insurance expenses to cost of revenue.

Administrative expenses increased by 3.8% from SAR 204.1 million in the FY2021G to SAR 211.8 million in the FY2022G mainly due to:

- the increase in salaries and employee related benefits by 3.5% in line with the increase in headcount from 1,440 employees in the FY2021G to 1,627 employees in the FY2022G;
- the increase in insurance expenses by 10.5% mainly attributable to the increase in headcount; and
- the increase in other administrative expenses such as advertising expenses and rental charges.

### Expected credit loss on accounts receivables

Expected credit loss on accounts receivables pertain to provisions taken as per IFRS 9 for doubtful trade receivables. The increase from SAR 4.5 million in the FY2020G to SAR 57.5 million in the FY2021G was mainly driven by additional provisions taken on long outstanding MoH receivables. Expected credit losses decreased to SAR 21.0 million in the FY2022G and was based on regular provisions take as per the accounting standards.

### Other income, net

Other income net relates to (i) interest income on loan given to Fakeeh Academic Medical Center – Dubai based in UAE (an affiliate of the issuer), (ii) gains / losses on disposal of fixed assets, (iii) rental income, (iv) training fees, and (v) other miscellaneous income. Other income increased by 35.0% from SAR 17.6 million in the FY2020G to SAR 23.7 million in the FY2021G mainly due to the cyber risk claim which was collected during the year. Other income increased further in the FY2022G to reach SAR 37.4 million due to the increase in interest income in line with the increase in the SIBOR.

### Finance costs

Finance costs relate to the Group's short and long-term borrowings and lease liabilities. Finance costs decreased throughout the historical period from SAR 46.2 million in FY2020G to SAR 34.8 million in FY2021G as a result of the decrease of SIBOR rates in the FY2021G compared to the FY2020G, and then increased to SAR 55.9 million in 2022G in line with the increase of SIBOR rate during the period.

### Zakat expenses

Zakat expenses decreased from SAR 26.6 million in the FY2020G to SAR 4.6 million in the FY2021G and subsequently increased to SAR 20.4 million in the FY2022G, mainly due to the change of the pattern of submitting Zakat declarations after obtaining the approval of The General Authority of Zakat, Tax, and Customs (ZATCA) in the FY2021G, including a refund amount related to the Zakat year for the FY2020G.

### Profit for the year

Profit for the year increased by 60.5% from SAR 224.8 million in the FY2020G to SAR 360.8 million in the FY2021G in line with gross profit growth (+SAR 195.7 million) coupled with the decrease in finance costs (-SAR 11.4 million) and zakat expenses (-SAR 22.1 million) over the same period. Profit for the year decreased by 8.3% from SAR 360.8 million in the FY2021G to SAR 330.7 million in the FY2022G mainly due to the decline in gross profit (-SAR 30.1 million) coupled with higher finance costs (+SAR 21.2 million) and zakat expenses (+SAR 15.9 million).

#### 6.7.1.1 Revenue by Major Service

**Table (61): Revenue by major service for the Financial Years ended 31 December 2020G, 2021G and 2022G**

SAR in 000s	FY 2020G (Audited)	FY2021G (Audited)	FY2022G (Audited)	Annual Variance 2020G - 2021G	Annual Variance 2021G - 2022G	CAGR 2020G - 2022G
Outpatient	1,094,843	1,243,092	1,263,662	13.5%	1.7%	7.4%
Inpatient	689,430	723,578	741,044	5.0%	2.4%	3.7%
Medical related services	73,187	137,283	96,595	87.6%	(29.6%)	14.9%
<b>Gross revenue from healthcare services</b>	<b>1,857,460</b>	<b>2,103,953</b>	<b>2,101,301</b>	<b>13.3%</b>	<b>(0.1%)</b>	<b>6.4%</b>
Discounts and rejections from healthcare services	(213,164)	(229,827)	(188,888)	7.8%	(17.8%)	(5.9%)
<b>Net revenue from healthcare services</b>	<b>1,644,296</b>	<b>1,874,126</b>	<b>1,912,413</b>	<b>14.0%</b>	<b>2.0%</b>	<b>7.8%</b>
Health Club	3,570	3,485	2,597	(2.4%)	(25.5%)	(14.7%)
Education	60,787	78,358	87,692	28.9%	11.9%	20.1%
Healthcare IT services	6,331	6,422	8,404	1.4%	30.9%	15.2%
Others	442	2,291	1,285	418.3%	(43.9%)	70.5%
<b>Total</b>	<b>1,715,426</b>	<b>1,964,684</b>	<b>2,012,391</b>	<b>14.5%</b>	<b>2.4%</b>	<b>8.3%</b>
<b>KPIs</b>						
Total number of outpatients	1,137,638	1,340,137	1,393,122	17.8%	4.0%	10.7%
Total number of inpatients	36,923	38,888	39,037	5.3%	0.4%	2.8%

Source: Audited consolidated financial statements for the Financial Years ended 31 December 2020G, 2021G and 2022G

KPIs: Management information for the Financial Years ended 31 December 2020G, 2021G and 2022G

Note: The total outpatient revenue for the Financial Years ended 31 December 2020G, 2021G and 2022G includes revenue from the operating contracts, while the same contracts are included as part of medical related services in the nine-month period ended 30 September 2022G and 2023G.

The revenue from healthcare services does not include the discounts and rejections related to Fakeeh Medical Company amounting to SAR 14.8 million, SAR 24.2 million and SAR 27.1 million for 2020G, 2021G and 2022G, respectively. For the nine-month period ended 30 September 2023G, the discounts and rejections of Saudi Airlines Medical Services Company were included in the item "Discounts and Rejections from healthcare services".

### **Outpatient revenue**

Outpatient revenue increased by 13.5% from SAR 1.1 billion in 2020G to SAR 1.2 billion in 2021G due to annual price increases coupled with the increase in the number of outpatients from 1.1 million in 2020G to 1.3 million in 2021G. Revenue during 2020G was impacted by the COVID-19 lockdown and restrictions which were imposed by the government between March and May of that year. The increase in the number of outpatients was mainly observed in the DSF Hospital across the obstetrics and gynecology, adult emergency, pediatrics, dermatology, physical medicine and rehabilitation, and internal medicine departments.

Outpatient revenue increased by 1.7% from SAR 1.2 billion in 2021G to SAR 1.3 billion in 2022G due to annual price increases coupled with the increase in the number of outpatients from 1.3 million in 2021G to 1.4 million in 2022G. The growth in outpatients was mainly driven by clinics (namely DSFMC) and the increase in DSF Hospital outpatients across the pediatrics, orthopedics and adult emergency departments.

### **Inpatient revenue**

Inpatient revenue increased by 5.0% from SAR 689.4 million in the FY2020G to SAR 723.6 million in the FY2021G mainly driven by the increase in number of inpatients from 37 thousand in the FY2020G to 39 thousand in the FY2021G as more patients underwent elective surgeries in the FY2021G after the lifting of COVID-19 restrictions coupled with the contractual annual price increase in the DSF Hospital affecting several departments such as neurosciences, cardiothoracic and vascular diseases and hematology and oncology department.

Inpatient revenue increased by 2.4% from SAR 723.6 million in the FY2021G to SAR 741.0 million in the FY2022G mainly driven by the slight increase in average revenue per inpatient from SAR 18.6 thousand in the FY2021G to SAR 19.0 thousand in the FY2022G due to change in the mix of revenue and price increase. The increase was mainly observed across the neurosciences, pathology and laboratory medicine, and the pediatrics departments.

### **Medical related services**

Medical related services revenue increased by 87.6% from SAR 73.2 million in the FY2020G to SAR 137.3 million in the FY2021G mainly driven by the increase in medical related services revenue generated from FC (+SAR 57.1 million) and Saudi Airlines Medical Services Company (+SAR 42.4 million). Medical related services revenue decreased by 29.6% from SAR 137.3 million in the FY2021G to SAR 96.6 million in the FY2022G mainly driven by the decrease in medical services revenue generated from Saudi Airlines Medical Services Company (-SAR 37.8 million).

### **Discounts and rejections from healthcare services**

Discounts and rejections are mainly related to (1) discounts that are given to insurance companies for early payments and revenue volumes (level of discounts differ by each insurer), and (2) rejections which are made based on historical rates to be confirmed with the insurance company through final reconciliation for past billing periods. Rejections differ between insurance companies and the hospital and medical centers. Discounts and rejections for DSFH increased by 7.8% from SAR 213.2 million in the FY2020G to SAR 229.8 million mainly driven by the increase in revenue, in particular from insurance companies (from SAR 1.3 billion in the FY2020G to SAR 1.5 billion in the FY2021G). Discounts and rejections from DSFH decreased by 17.8% from SAR 229.8 million in the FY2021G to SAR 188.9 million in the FY2022G mainly driven by the change in VAT accrual methodology applicable to rejections in the FY2022G that was partially offset by the higher discounts due to higher revenue from insurance volumes.

### **Education**

Education revenue was recorded under FMCS, the Group's medical education service provider, and related to the different medical programs offered by the latter which included the Bachelor of Medicine and Surgery program (contributing to c.51.4% of education revenue in the period between the FY2020G and the FY2022G), Nursing program (c.33.8%) and Pharmacy program (c.4.9%), amongst others. Education revenue from FMCS increased from SAR 60.8 million in the FY2020G to SAR 78.4 million in the FY2021G driven by the increase in revenue from the Bachelor of Medicine and Surgery programs and the Nursing programs in line with the increase in the corresponding number of student enrolments. FMCS revenue increased by 11.9% from SAR 78.4 million in the FY2021G to SAR 87.7 million in the FY2022G mainly driven by the increase in revenue from the nursing program in line with the corresponding increase in student enrolments coupled with the slight increase in revenue from the Bachelor of Medicine program.

### Healthcare IT services

Healthcare IT services revenue derived from the Group's Hospital Information System software and maintenance services provider, Dr. Soliman Abdel Kader Fakeeh Information Technology Company, recorded an average of SAR 6.4 million over the period between 2020G and 2021G then increased to SAR 8.4 million in the FY2022G as a result of new license sale of Yasasii software for one of the hospitals.

### Health club

Health club revenue was generated from Olympia Gym which is a gym, fitness center, health club and personal training studio located in Jeddah. Revenue from the health club remained stable at an average of SAR 3.5 million from the FY2020G and the FY2021G despite the COVID-19 impact as revenues were based on yearly subscriptions. Revenues subsequently declined by 25.5% to SAR 2.6 million in the FY2022G driven by its final closure during the third quarter of the FY2022G.

### Others

Others pertained to cafeteria and other miscellaneous revenue fully generated from DSFH in the FY2020G and the FY2021G, and DSFH and AHC in the FY2022G.

**Table (62): Revenue by major service for the Financial Years ended 31 December 2020G, 2021G and 2022G**

SAR in 000s	FY2020G (Management)	FY2021G (Management)	FY2022G (Management)	Annual Variance 2020G - 2021G	Annual Variance 2021G - 2022G	CAGR 2020G - 2022G
Healthcare services	650,271	721,469	728,971	10.9%	1.0%	5.9%
Laboratory Services	309,639	349,313	346,734	12.8%	(0.7%)	5.8%
Pharmacy Services	502,353	521,901	591,228	3.9%	13.3%	8.5%
Radiology Services	139,342	152,681	163,311	9.6%	7.0%	8.3%
Others	182,669	221,306	174,462	21.2%	(21.2%)	(2.3%)
Medical related services	73,187	137,283	96,595	87.6%	(29.6%)	14.9%
Gross revenue from healthcare services	1,857,460	2,103,953	2,101,301	13.3%	(0.1%)	6.4%
<b>KPIs – As a percentage of gross revenue from healthcare services</b>						
Healthcare services	35.0%	34.3%	34.7%	(0.7)	0.4	(0.3)
Laboratory Services	16.7%	16.6%	16.5%	(0.1)	(0.1)	(0.2)
Pharmacy Services	27.0%	24.8%	28.1%	(2.2)	3.3	1.1
Radiology Services	7.5%	7.3%	7.8%	(0.2)	0.5	0.3
Others	9.8%	10.5%	8.3%	0.7	(2.2)	(1.5)
Medical related services	3.9%	6.5%	4.6%	2.6	(1.9)	0.7

Source: Management information for the Financial Years ended 31 December 2020G, 2021G and 2022G

KPIs: Management information for the Financial Years ended 31 December 2020G, 2021G and 2022G

Gross revenue from healthcare services increased from SAR 1.9 billion in FY2020G to SAR 2.1 billion in FY2021G due to an increase in revenue from healthcare services by 10.9% and an increase in revenue from laboratory services by 12.8%, in addition to an increase in medical related services. Despite the increase in revenue from healthcare services during FY2022G compared to FY2021G, gross revenue from healthcare services decreased slightly due to a decrease in other services and medical related services.

**Table (63): Net revenue by geographic region for the Financial Years ended 31 December 2020G, 2021G and 2022G**

SAR in 000s	FY2020G (Management)	FY2021G (Management)	FY2022G (Management)	Annual Variance 2020G - 2021G	Annual Variance 2021G - 2022G	CAGR 2020G - 2022G
Western Region	1,715,426	1,964,684	2,010,151	14.5%	2.3%	8.3%
Central Region	-	-	2,240	n.a.	n.a.	n.a.
Total Net Revenues	1,715,426	1,964,684	2,012,391	14.5%	2.4%	8.3%
<b>KPIs – As a percentage total</b>						
Western Region	100.0%	100.0%	99.9%	-	(0.1)	(0.1)
Central Region	0.0%	0.0%	0.1%	-	0.1	0.1

Source: Management information for the Financial Years ended 31 December 2020G, 2021G and 2022G

### 6.7.1.2 Cost of Revenue

**Table (64): Costs of revenue for the Financial Years ended 31 December 2020G, 2021G and 2022G**

SAR in 000s	FY2020G (Audited)	FY2021G (Audited)	FY2022G (Audited)	Annual Variance 2020G - 2021G	Annual Variance 2021G - 2022G	CAGR 2020G - 2022G
Salaries and employee related benefits	614,429	622,845	666,322	1.4%	7.0%	4.1%
Materials and consumables	466,354	503,302	507,630	7.9%	0.9%	4.3%
Depreciation on property and equipment	43,605	46,481	46,926	6.6%	1.0%	3.7%
Insurance expenses	21,311	26,350	29,262	23.6%	11.1%	17.2%
Property and equipment written-off	-	-	27,361	n.a.	n.a.	n.a.
Depreciation on right- of-use assets	24,449	22,873	25,153	(6.4%)	10.0%	1.4%
Repairs and maintenance	24,995	24,650	22,977	(1.4%)	(6.8%)	(4.1%)
Food and beverages	16,833	18,015	18,400	7.0%	2.1%	4.6%
Utilities charges	9,790	11,886	10,751	21.4%	(9.5%)	4.8%
Advertising and publicity	5,144	8,137	10,540	58.2%	29.5%	43.1%
Rental charges	13,779	10,809	9,822	(21.6%)	(9.1%)	(15.6%)
Amortization	7,031	5,258	4,846	(25.2%)	(7.8%)	(17.0%)
Others	25,333	25,997	29,953	2.6%	15.2%	8.7%
<b>Total</b>	<b>1,273,053</b>	<b>1,326,602</b>	<b>1,409,944</b>	<b>4.2%</b>	<b>6.3%</b>	<b>5.2%</b>
<b>KPIs</b>						
Average monthly employee headcount	2,154	2,263	2,597	5.0%	14.8%	9.8%

Source: Audited consolidated financial statements for the Financial Years ended 31 December 2020G, 2021G and 2022G

KPIs: Management information for the Financial Years ended 31 December 2020G, 2021G and 2022G

### **Salaries and employee related benefits**

Salaries and employee related benefits mainly related to basic salaries, allowances, and other employee related expenses for hospital, clinical and healthcare services staff (e.g. doctors, nurses, technicians, and pharmacists).

Salaries and employee related benefits increased by 1.4% from SAR 614.4 million in the FY2020G to SAR 622.8 million in the FY2021G mainly in line with the increase in headcount from 2,154 employees in the FY2020G to 2,263 in the FY2021G. The latter is due to increased hiring as a result of post pandemic normalizations which also catered to the increased activities coupled with increased outsourced labor costs pertaining to projects. Salaries and employee related benefits increased by 7.0% from SAR 622.8 million in the FY2021G to SAR 666.3 million in the FY2022G mainly driven by the increase in headcount from 2,263 employees in the FY2021G to 2,597 employees in the FY2022G. The latter is due to the ramping up of center activities, enhancing services in line with continuous growth in healthcare demands and incremental adjustments to nursing and allied staff salaries that were introduced to standardize payroll costs.

### **Materials and consumables**

Materials and consumables mainly related to pharmaceutical items and medical supplies. Materials and consumables expense increased by 7.9% from SAR 466.4 million in the FY2020G to SAR 503.3 million in the FY2021G mainly in line with the increase in pharmaceutical medicine and consumables revenue. Materials and consumables expense slightly increased by 0.9% from SAR 503.3 million in the FY2021G to SAR 507.6 million in the FY2022G.

### **Depreciation on property and equipment**

Depreciation on property and equipment mainly related to depreciation charges and averaged SAR 46.0 million during FY2020G and FY2022G.

### **Insurance expenses**

Insurance expenses mainly related to staff medical insurance, life insurance, building insurance, among other insurance expenses. Insurance expenses increased by 23.6% from SAR 21.3 million in the FY2020G to SAR 26.4 million in the FY2021G in line with the increase in headcount. Insurance expenses increased by 11.1% from SAR 26.4 million in the FY2021G to SAR 29.3 million in the FY2022G driven by the increase in headcount and inclusion of dependents as part of the employees' insurance coverage.

### **Property and equipment written off**

Property and equipment written off in the FY2022G amounted to SAR 27.4 million and mainly related to (i) Thager clinic (SAR 14.4 million) building and fitting costs and (ii) Olympia gym (SAR 11.5 million) leasehold improvement costs, as the gym premises were vacated and the operations were discontinued.

### **Depreciation on right-of-use assets**

Depreciation on right-of-use assets fluctuated over the period between the FY2020G and FY2022G ranging between SAR 23 million and SAR 25 million.

### **Repairs and maintenance**

Repairs and maintenance mainly related to repair and maintenance expenses on medical equipment, buildings, offices, vehicles, among others. Repairs and maintenance expense decreased by 1.4% from SAR 25.0 million in the FY2020G to SAR 24.7 million in the FY2021G mainly driven by expensing items formally classified as assets which did not meet the criteria for capitalization.

### **Food and beverages**

Food and beverages mainly related to the expenses related to DSFH inpatient meals and the hospital cafeteria. Food and beverages expense increased by 7.0% from SAR 16.8 million in the FY2020G to SAR 18.0 million in the FY2021G and further by 2.1% from SAR 18.0 million in the FY2021G to SAR 18.4 million in the FY2022G mainly driven by the increase in the number of inpatients throughout the same period.

### Utilities charges

Utilities charges mainly related to electricity and water expenses which were expensed based on actual billed amounts on a monthly basis. Utilities charges increased by 21.0% from SAR 9.8 million in the FY2020G to SAR 11.9 million in the FY2021G as a result of resumption in activities following the lifting of COVID-19 restrictions coupled with the reclassification of electricity charges of FMCS (in the FY2020G, FMCS electricity charges were booked under other cost of revenue). Utilities charges decreased by 9.5% from SAR 11.9 million in the FY2021G to SAR 10.8 million in the FY2022G mainly driven by the reclassification of the electricity expenses related to FMCS under "other costs of revenue".

### Advertising and publicity

Advertising and publicity mainly related to costs of promoting the Company's brands including advertising and sponsorships, market-related research, public relations and other similar costs. Advertising and publicity expenses increased by 58.2% from SAR 5.1 million in the FY2020G to SAR 8.1 million in the FY2021G and further by 29.5% from SAR 8.1 million in the FY2021G to SAR 10.5 million in the FY2022G mainly driven by the football club sponsorship expenses throughout the same period.

### Rental charges

Rental charges mainly related to the rent of staff housing accommodations. Rental charges decreased by 21.6% from SAR 13.8 million in the FY2020G to SAR 10.8 million in the FY2021G mainly due to a rent charge for accommodation in Makkah which was recognized as a lease during the FY2021G rather than rent expense. Rental charges decreased by 9.1% from SAR 10.8 million in the FY2021G to SAR 9.8 million in the FY2022G mainly driven by reduction in staff accommodation provided by Saudi Airlines Medical Services Company.

### Amortization

Amortization charges decreased by 25.2% from SAR 7.0 million in the FY2020G to SAR 5.3 million in the FY2021G and further by 7.8% to SAR 4.8 million in the FY2022G mainly driven by the decrease in customer relationship amortization throughout the same period.

### Others

Others mainly related to miscellaneous expenses such as computer expenses, non-medical consumable supplies, housekeeping expenses, consultancy fees, telephone and fax, transportation, travelling, among other expenses. Other expenses increased by 2.6% from SAR 25.3 million in the FY2020G to SAR 26.0 million in the FY2021G mainly driven by the increase in payments related to patient and commercial claims. Other expenses increased by 15.2% from SAR 26.0 million in the FY2021G to SAR 30.0 million in the FY2022G mainly driven by consultancy and diligence costs related to the acquisition of Riyadh Hospital.

#### 6.7.1.3 Administrative Expenses

**Table (65): Administrative expenses for the Financial Years ended 31 December 2020G, 2021G and 2022G**

SAR in 000s	FY2020G (Audited)	FY2021G (Audited)	FY2022G (Audited)	Annual Variance 2020G - 2021G	Annual Variance 2021G - 2022G	CAGR 2020G - 2022G
Salaries and employee related benefits	77,549	125,296	129,625	61.6%	3.5%	29.3%
Depreciation on property and equipment	10,858	11,611	15,707	6.9%	35.3%	20.3%
Depreciation on right-of-use assets	16,211	17,112	14,985	5.6%	(12.4%)	(3.9%)
Advertising and publicity	670	3,519	5,739	425.2%	63.1%	192.7%
Insurance expenses	5,879	3,865	4,273	(34.3%)	10.5%	(14.7%)



SAR in 000s	FY2020G (Audited)	FY2021G (Audited)	FY2022G (Audited)	Annual Variance 2020G - 2021G	Annual Variance 2021G - 2022G	CAGR 2020G - 2022G
Utilities charges	5,343	4,377	3,677	(18.1%)	(16.0%)	(17.0%)
Rental charges	827	1,204	2,852	45.6%	136.9%	85.7%
Repairs and maintenance	12,022	8,402	2,096	(30.1%)	(75.1%)	(58.2%)
Amortization	1,614	1,768	1,735	9.5%	(1.9%)	3.7%
Printing and stationery	2,304	1,305	1,514	(43.4%)	16.0%	(18.9%)
Depreciation on investment properties	21	21	41	0.0%	95.2%	39.7%
Others	24,466	25,645	29,546	4.8%	15.2%	9.9%
<b>Total</b>	<b>157,763</b>	<b>204,124</b>	<b>211,789</b>	<b>29.4%</b>	<b>3.8%</b>	<b>15.9%</b>
<b>KPIs</b>						
Average monthly employee headcount	1,327	1,440	1,627	8.5%	13.0%	10.7%

Source: Audited consolidated financial statements for the Financial Years ended 31 December 2020G, 2021G and 2022G

KPIs: Management information for the Financial Years ended 31 December 2020G, 2021G and 2022G

### Salaries and employee related benefits

Salaries and employee related benefits mainly related to basic salaries, allowances, and other employee related expenses for administrative staff. The increase in salaries and employee related benefits by 61.6% was in line with the increase in headcount from 1,327 employees in 2020G to 1,440 employees in 2021G mainly driven by the phasing out of COVID-19 restrictions leading to certain vacancies being filled namely in DSFH and Medical Fakeeh. Additionally, operations ramp up in AHC and Al Toor led to gradual additions to the workforce (accounted for as part of administrative expenses) coupled with an increase in the average monthly cost per employee from SAR 4.9 thousand to SAR 7.3 thousand as a result of the discontinuation of the SANID program during the year which was introduced by the government to support on the salaries of local employees during the COVID-19 pandemic.

Salaries and employee related benefits increased by 3.5% from SAR 125.3 million in the FY2021G to SAR 129.6 million in the FY2022G mainly driven by the increase in headcount from 1,440 in the FY2021G to 1,627 in the FY2022G due to the inclusion of Riyadh Hospital's workforce post-acquisition alongside routine additions across the Group to cater to the growing operations.

### Depreciation on property and equipment

Depreciation on property and equipment increased at a CAGR of 20.3% in line with the additions made over the period between the Financial Years 2020G and 2022G.

### Depreciation on right-of-use assets

Depreciation on right-of-use assets ranged between SAR 15-17 million over the period between the Financial Years 2020G and 2022G.

### Advertising and publicity

Advertising and publicity expenses mainly related to market research, hotel expenses, conference expenses and other advertising related expenses for the Group. Advertising and publicity expenses increased by 425.3% from SAR 670 thousand in the FY2020G to SAR 3.5 million in the FY2021G mainly driven by the promotional costs of FC which mainly included marketing costs, advertising costs and prompt discounts. Advertising and publicity increased by 63.1% from SAR 3.5 million in the FY2021G to SAR 5.7 million in the FY2022G mainly driven by the continued momentum in marketing of FC.

### **Insurance expenses**

Insurance expenses mainly related to administrative staff medical insurance, administrative staff medical expenses and cyber insurance among others. Insurance expenses decreased by 34.3% from SAR 5.9 million in the FY2020G to SAR 3.9 million in the FY2021G driven by the reclassification of insurance expenses under administrative expenses. Insurance expenses increased by 10.5% from SAR 3.9 million in the FY2021G to SAR 4.3 million in the FY2022G driven by increases in medical and staff insurance in line with the increase in headcount coupled with the inclusion of dependents under the medical insurance coverage of the employees.

### **Utilities charges**

Utilities charges mainly related to utilities and water supply to the administrative buildings. Utilities charges decreased by 18.1% from SAR 5.3 million in the FY2020G to SAR 4.4 million in the FY2021G mainly driven by the allocation of electricity expenses for FMCS to cost of revenue which also resulted in the decrease in utilities charges by 16.0% from SAR 4.4 million in the FY2021G to SAR 3.7 million in the FY2022G.

### **Rental charges**

Rental charges mainly related to administrative staff housing and increased from SAR 827 thousand in the FY2020G to SAR 2.9 million in the FY2022G mainly driven by additional leased parking facilities in 2021G and new FC head office in 2022G.

### **Repairs and maintenance**

Repairs and maintenance mainly related to buildings, medical equipment, offices, vehicles and other maintenance expenses and decreased over the period between FY2020G and FY2022G from SAR 12.0 million in the FY2020G to SAR 2.1 million in the FY2022G mainly driven by maintenance costs incurred during the pandemic, reclassification of certain costs under cost of revenue, and the write off of certain costs that were previously capitalized.

### **Amortization**

Amortization mainly related to customer relationships and computer software and remained relatively stable at SAR 1.7 million over the historical period.

### **Printing and stationery**

Printing and stationery mainly related to printing, postage and stationery expenses. Printing and stationery expenses decreased by 43.4% from SAR 2.3 million in the FY2020G to SAR 1.3 million in the FY2021G mainly driven by the initiatives taken by the Group to reduce controllable costs and move towards a paperless environment saving on printing and stationery expenditures. Printing and stationery subsequently increased by 16.1% from SAR 1.3 million in the FY2021G to SAR 1.5 million in the FY2022G driven by in-person education services post lifting of COVID-19 restrictions.

### **Depreciation on investment properties**

Depreciation on investment properties mainly related to the investment property in buildings 1, 2 and 7 within the hospital that are let out to third parties.

### **Others**

Others mainly related to board of directors' remuneration, charity and donations, consultancy fees, governmental penalties, license fees and telephone and fax expenses among other miscellaneous expenses. Other expenses increased by 4.8% from SAR 24.5 million in the FY2020G to SAR 25.6 million in the FY2021G mainly driven by license fee related expenses for systems including Oracle and Yasasii. Other expenses increased by 15.2% from SAR 25.6 million in the FY2021G to SAR 29.5 million in the FY2022G mainly driven by the expansion of manpower contracts through service agreements in Medical Fakeeh and software licensing in DSFH.

#### 6.7.1.4 Other Income, Net

**Table (66): Other Income, net for the Financial Years ended 31 December 2020G, 2021G and 2022G**

SAR in 000s	FY2020G (Audited)	FY2021G (Audited)	FY2022G (Audited)	Annual Variance 2020G - 2021G	Annual Variance 2021G - 2022G	CAGR 2020G - 2022G
Interest income	8,491	6,168	24,881	(27.4%)	303.4%	71.2%
Rental income	1,827	1,344	1,922	(26.4%)	43.0%	2.6%
Training fees	128	1,154	718	801.6%	(37.8%)	136.8%
Parking fees	221	189	181	(14.5%)	(4.2%)	(9.5%)
Gain on disposal of assets	-	-	128	n.a.	n.a.	n.a.
Others	6,900	14,859	9,540	115.3%	(35.8%)	17.6%
<b>Total</b>	<b>17,567</b>	<b>23,713</b>	<b>37,369</b>	<b>35.0%</b>	<b>57.6%</b>	<b>45.9%</b>

Source: audited consolidated financial statements for the Financial Years ended 31 December 2020G, 2021G and 2022G

##### Interest income

Interest income represented income on interest charged to Fakeeh Academic Medical Center – Dubai based in UAE (an affiliate company) for funds given and secured from borrowings in KSA. Interest income decreased by 27.4% from SAR 8.5 million in the FY2020G to SAR 6.2 million in the FY2021G and increased by 303.4% reaching SAR 24.9 million mainly driven by the increase in SAIBOR rates.

##### Rental income

Rental income represented income on rental of spaces within DSFH's premises that are rented out to cafés, shops, vending machines and other external occupants. Rental income decreased by 26.4% from SAR 1.8 million in the FY2020G to SAR 1.3 million in the FY2021G mainly driven by the renovation of a particular café during the FY2021G and as such the café was not charged rent for the renovation period. Rental income increased by 43.0% from SAR 1.3 million in the FY2021G to SAR 1.9 million in the FY2022G mainly driven by the increases as per the contracts.

##### Training fees

Training fees represented external and internal group trainings which are charged based on attendance. During 2020G, training fees were low due to the COVID-19 pandemic however such fees increased during 2021G and 2022G as restrictions were eased and lockdowns were lifted.

##### Parking fees

Parking fees represented revenue generated from fees charged on DSFH's Hospital parking lot and remained relatively stable throughout the historical period.

##### Others

Others mainly related to miscellaneous income such are foreign exchange gains / losses, credit notes, reversal of accruals, unidentified deposits, among others. Others increased from SAR 6.9 million in the FY2020G to SAR 14.9 million in the FY2021G mainly driven by the cyber risk claim which was collected during the year. Others decreased from SAR 14.9 million in the FY2021G to SAR 9.5 million in the FY2022G mainly due to a cyber-risk insurance claim that was recognized during the FY2021G. During FY2020G, the Company faced a cyber-security threat that affected its operations. In FY2021G, the Company filed a SAR 12.7 million insurance claim related to the previously mentioned threat.

## 6.7.2 Statement of Financial Position as at 31 December 2020G, 2021G and 2022G

**Table (67): Statement of financial position for the years ended 31 December 2020G, 2021G, and 2022G**

SAR in 000s	As at 31 December		
	2020G (Audited)	2021G (Audited)	2022G (Audited)
<b>Assets</b>			
<b>Non-current assets</b>			
Property and equipment	611,059	639,857	1,303,085
Right-of-use assets	303,761	271,157	391,974
Intangible assets and goodwill	418,901	414,847	567,800
Investment properties	562	541	500
Prepayments and other non-current assets	3,053	2,765	2,486
Other long-term receivables	844,152	1,144,501	1,416,955
<b>Total non-current assets</b>	<b>2,181,489</b>	<b>2,473,667</b>	<b>3,682,799</b>
<b>Current assets</b>			
Inventories	115,624	119,465	131,463
Accounts and other receivables	590,379	582,396	746,932
Due from Related Parties	40,083	38,627	39,322
Prepayments and other current assets	71,352	58,607	153,151
Cash and cash equivalents	187,190	191,656	316,762
<b>Total current assets</b>	<b>1,004,628</b>	<b>990,751</b>	<b>1,387,630</b>
<b>Total assets</b>	<b>3,186,117</b>	<b>3,464,418</b>	<b>5,070,429</b>
<b>Equity</b>			
Share capital	100,000	100,000	100,000
Statutory reserve	50,000	50,000	50,000
Retained earnings	1,157,281	1,463,232	1,747,639
<b>Equity attributable to owners of the Company</b>	<b>1,307,281</b>	<b>1,613,232</b>	<b>1,897,639</b>
Non-controlling interests	84,662	110,206	259,606
Total equity	1,391,942	1,723,438	2,157,244
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Long-term loans	779,301	838,207	1,252,133
Lease liabilities	295,021	272,519	290,504
Employees' end of service benefits	173,227	189,162	205,759
<b>Total non-current liabilities</b>	<b>1,247,549</b>	<b>1,299,888</b>	<b>1,748,396</b>
<b>Current liabilities</b>			
Short-term loans	159,336	50,012	554,020
Current portion of long-term loans	-	-	41,850

SAR in 000s	As at 31 December		
	2020G (Audited)	2021G (Audited)	2022G (Audited)
Current portion of lease liabilities	60,165	33,203	110,981
Accounts payables	134,291	142,903	247,369
Due to Related Parties	10,842	15,086	18,700
Accrued and other current liabilities	154,547	187,486	174,693
Accrued Zakat	27,444	12,403	17,176
<b>Total current liabilities</b>	<b>546,625</b>	<b>441,092</b>	<b>1,164,789</b>
<b>Total liabilities</b>	<b>1,794,174</b>	<b>1,740,980</b>	<b>2,913,185</b>
<b>Total equity and liabilities</b>	<b>3,186,117</b>	<b>3,464,418</b>	<b>5,070,429</b>
<b>KPIs</b>			
DSO (no. of days)	126	109	121
DIO (no. of days)	33	33	34
DPO (no. of days)	39	39	64
<b>CCC (no. of days)</b>	<b>120</b>	<b>102</b>	<b>91</b>
WC as a % of revenue	30.2%	23.1%	31.3%
ROA	7.1%	10.8%	7.7%
ROE	16.2%	23.2%	17.0%
Debt to equity ratio	67.4%	51.5%	85.7%

Source: audited consolidated financial statements for the Financial Years ended 31 December 2020G, 2021G and 2022G

KPIs: Management information for the Financial Years ended 31 December 2020G, 2021G and 2022G

### Non-current assets

Non-current assets amounted to SAR 3.7 billion as at 31 December 2022G and mainly consisted of other long term receivables (SAR 1.4 billion), property and equipment (SAR 1.3 billion), intangible assets and goodwill (SAR 567.8 million) and right of use assets (SAR 392.0 million). Non-current assets increased from SAR 2.2 billion as at 31 December 2020G to SAR 2.5b as at 31 December 2021G mainly due to the increase in other long term receivables by SAR 300.3 million. Non-current assets increased to SAR 3.7 billion as at 31 December 2022G mainly on the back of the increase in property and equipment by SAR 663.2 million, other long term receivables by SAR 272.5 million and intangible assets and goodwill by SAR 153.0 million.

### Current assets

Current assets amounted to SAR 1.4 billion as at 31 December 2022G and mainly comprised accounts and other receivables (SAR 747.0 million), cash and cash equivalents (SAR 316.8 million) and prepayments and other current assets (SAR 153.2 million). Current assets decreased from SAR 1.0 billion as at 31 December 2020G to SAR 990.8 million as at 31 December 2021G mainly driven by the decrease in prepayments and other current assets by SAR 12.7 million. Current assets increased to SAR 1.4 billion as at 31 December 2022G mainly on the back of the increase in accounts and other receivables by SAR 164.5 million and cash and cash equivalents by SAR 125.1 million.

### Equity

As at 31 December 2022G, shareholders' equity amounted to SAR 2.2 billion and mainly comprised retained earnings (SAR 1.7 billion), non-controlling interests (SAR 259.6 million) and share capital (SAR 100.0 million). Shareholders' equity increased from SAR 1.4 billion as at 31 December 2020G to SAR 2.2 billion as at 31 December 2022G mainly driven by the increase in retained earnings by SAR 590.4 million.

### Non-current liabilities

Non-current liabilities amounted to SAR 1.7 billion as at 31 December 2022G and mainly included long-term loans (SAR 1.3 billion) and the non-current portion of lease liabilities (SAR 290.5 million). Non-current liabilities increased from SAR 1.2 billion as at 31 December 2020G to SAR 1.3 billion as at 31 December 2021G mainly on the back of the increase in long term loans by SAR 58.9 million. Non-current liabilities increased to SAR 1.7 billion as at 31 December 2022G mainly due to the increase in long term loans by SAR 413.9 million and lease liabilities by SAR 18.0 million.

### Current liabilities

Current liabilities amounted to SAR 1.2 billion as at 31 December 2022G and mainly comprised short term loans (SAR 554.0 million) and accounts payable (SAR 247.4 million). Current liabilities decreased from SAR 546.6 million as at 31 December 2020G to SAR 441.1 million as at 31 December 2021G mainly driven by the decrease in short term loans by SAR 109.3 million. Current liabilities increased to SAR 1.2 billion as at 31 December 2022G mainly due to the increase in short term loans by SAR 448.5 million and accounts payable by SAR 104.5 million.

#### 6.7.2.1 Non-current Assets

**Table (68): Non-current assets for the years ended 31 December 2020G, 2021G, and 2022G**

SAR in 000s	As at 31 December		
	2020G (Audited)	2021G (Audited)	2022G (Audited)
Property and equipment	611,059	639,857	1,303,085
Right-of-use assets	303,761	271,157	391,974
Intangible assets and goodwill	418,901	414,847	567,800
Investment properties	562	541	500
Prepayments and other non-current assets	3,053	2,765	2,486
Other long-term receivables	844,152	1,144,501	1,416,955
<b>Total non-current assets</b>	<b>2,181,489</b>	<b>2,473,667</b>	<b>3,682,799</b>

Source: audited consolidated financial statements for the Financial Years ended 31 December 2020G, 2021G and 2022G

#### 6.7.2.2 Property and Equipment

**Table (69): Property and equipment for the years ended 31 December 2020G, 2021G, and 2022G**

SAR in 000s	As at 31 December		
	2020G (Audited)	2021G (Audited)	2022G (Audited)
Land	6,400	25,750	114,762
Buildings and leasehold improvements	271,749	276,841	763,657
Medical and support equipment	150,724	146,577	191,509
Furniture and Fixtures	15,685	13,583	35,382
Motor vehicles	2,918	1,417	4,827
Office equipment	13,582	11,261	9,838
Computers	25,353	24,345	25,717
Capital work-in-progress	124,648	140,083	157,393
<b>Total</b>	<b>611,059</b>	<b>639,857</b>	<b>1,303,085</b>

Source: audited consolidated financial statements for the Financial Years ended 31 December 2020G, 2021G and 2022G

### **Buildings and leasehold improvements**

Buildings and leasehold improvements as at 31 December 2022G included the Jeddah main hospital and clinics and the Riyadh Hospital.

The net book value of buildings and leasehold improvements increased from SAR 271.7 million as at 31 December 2020G to SAR 276.8 million as at 31 December 2021G, mainly on the back of the transfers from capital work in progress which amounted to SAR 14.8 million and additions amounting to SAR 60.5 thousand. This was partially offset by the depreciation charge of SAR 10.6 million.

The net book value of buildings and leasehold improvements increased from SAR 277.0 million as at 31 December 2021G to SAR 764.0 million as at 31 December 2022G mainly driven by the acquisition of Riyadh Hospital.

### **Medical and support equipment**

Medical and support equipment as at 31 December 2022G mainly included medical equipment such as inpatient beds, medical devices for pathology and laboratory, radiology and imaging, and robotics pharmacy.

The net book value of medical and support equipment decreased from SAR 150.7 million as at 31 December 2020G to SAR 146.6 million as at 31 December 2021G mainly on the back of the depreciation charge of SAR 26.0 million, partially offset by additions amounting to SAR 18.2 million and transfers from capital work in progress amounting to SAR 5.3 million.

The net book value of medical and support equipment increased from SAR 146.6 million as at 31 December 2021G to SAR 191.6 million as at 31 December 2022G driven by the acquisition of the Riyadh Hospital during the FY2022G which contributed SAR 53.9 million to additions alongside other additions of SAR 15.6 million during the period.

### **Land**

Land as at 31 December 2022G included two land plots in Jeddah and one plot in Riyadh.

The net book value of land increased from SAR 6.4 million as at 31 December 2020G to SAR 25.8 million as at 31 December 2021G mainly driven by the additions of SAR 19.4 million following the purchase of a land in Obhur, Jeddah during the FY2021G.

The book value increased to SAR 114.8 million as at 31 December 2022G mainly driven by the acquisition of the Riyadh Hospital and its corresponding land plot during the FY2022G.

### **Computers**

Computers' net book value remained rather stable at around SAR 25.0 million as at 31 December 2020G, 31 December 2021G and 31 December 2022G.

### **Furniture and fixtures**

The net book value of furniture and fixtures decreased from SAR 15.7 million as at 31 December 2020G to SAR 13.6 million as at 31 December 2021G mainly due to the depreciation charge of SAR 7.1 million, partially offset by the additions amounting to SAR 3.2 million.

The net book value of furniture and fixtures increased to SAR 35.4 million as at 31 December 2022G mainly driven by the acquisition of the Riyadh Hospital (+SAR 20.5 million) and other additions amounting to SAR 9.5 million. This was partially offset by the decrease resulting from the depreciation charges and disposals together amounting to a total of SAR 10.7 million.

### **Office equipment**

Office equipment's net book value decreased from SAR 13.6 million as at 31 December 2020G to SAR 11.3 million as at 31 December 2021G driven by the depreciation charge of SAR 4.2 million, partially offset by additions amounting to SAR 1.4 million.

The net book value of office equipment further decreased to SAR 9.8 million as at 31 December 2022G mainly due to the depreciation charge of SAR 4.5 million, partially offset by additions amounting to SAR 2.7 million.

### Motor vehicles

Motor vehicles mainly include ambulances, home healthcare services and cars for the use of hospital operations.

Motor vehicles' net book value decreased from SAR 2.9 million as at 31 December 2020G to SAR 1.4 million as at 31 December 2021G driven by the depreciation charge of SAR 787 thousand and net disposals of SAR 621 thousand.

The net book value of motor vehicles increased to SAR 4.8 million as at 31 December 2022G mainly driven by the acquisition of the Riyadh Hospital which contributed to SAR 868 thousand during the FY2022G.

### Capital work in progress

Capital work in progress as at 31 December 2022G was mainly related to DSFH (mainly related to renovations in building #2 and western car parking) and Al-Toor (mainly included Madinah Hospital concrete structure and main construction work) with total additions of SAR 41.6 million and SAR 36.6 million, respectively. This was partially offset by transfers to property and equipment of SAR 69.5 million.

### 6.7.2.3 Right-of-Use Assets

**Table (70): Right-of-use-assets for the years ended 31 December 2020G, 2021G, and 2022G**

SAR in 000s	As at 31 December		
	2020G (Audited)	2021G (Audited)	2022G (Audited)
Land	66,098	52,885	39,673
Buildings	237,664	218,271	296,428
Medical equipment	-	-	55,873
<b>Total</b>	<b>303,761</b>	<b>271,157</b>	<b>391,974</b>

Source: audited consolidated financial statements for the Financial Years ended 31 December 2020G, 2021G and 2022G

The Company recognized right of use assets and lease liabilities for the leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The Company recognized right-of-use assets for its leases as per IFRS16. Right of use assets related to the leased lands, buildings, and equipment across Fakeeh's facilities, which include the main hospital campus in Jeddah, Riyadh, as well as the facilities and equipment across the different locations.

The net book value of right of use assets amounted to SAR 392.0 million as at 31 December 2022G and mainly comprised:

- A new leased property of SAR 117 million related to a 40-year lease agreement with Makkah AlMasar for the purpose of a new hospital construction,
- Riyadh medical equipment (SAR 71.2 million),
- Building 7 hosting dental and ENT OP clinics for DSFH (SAR 17.5 million), and
- Al Nuzha Medical Center (SAR 11.3 million).

### 6.7.2.4 Intangible Assets and Goodwill

**Table (71): Intangible assets and goodwill for the years ended 31 December 2020G, 2021G, and 2022G**

SAR in 000s	As at 31 December		
	2020G (Audited)	2021G (Audited)	2022G (Audited)
Goodwill	373,849	373,849	533,845
Customer relationships	27,650	24,885	22,396
Computer software	17,403	14,253	11,198



SAR in 000s	As at 31 December		
	2020G (Audited)	2021G (Audited)	2022G (Audited)
Software under development	-	1,860	360
<b>Total</b>	<b>418,901</b>	<b>414,847</b>	<b>567,800</b>

Source: audited consolidated financial statements for the Financial Years ended 31 December 2020G, 2021G and 2022G

### Goodwill

Goodwill amounted to SAR 533.8 million as at 31 December 2022G mainly comprised of (i) SAR 374.0 million which is related to the acquisition of Saudi Airlines Medical Services Company in November 2019G, which is tested for impairment on an annual basis, and (ii) SAR 159.9 million which related to the acquisition of the Riyadh Hospital. Riyadh Hospital was acquired in October 2022G, and the Company has recorded the consideration paid over the fair value of net assets as goodwill.

A provision was made for the purchase price to identify intangibles related to the acquisition of Riyadh Hospital. A portion of the goodwill was allocated towards the identifiable intangible(s), which would then be amortized.

### Customer relationships

The customer relationships balance is solely related to Medical Fakeeh (Saudia employees) with a total cost of SAR 32 million. The balance is amortized using a reducing balance method over a period of 25 years. The net book value of customer relationships decreased from SAR 27.7 million as at 31 December 2020G to SAR 24.9 million and SAR 22.4 million as at 31 December 2021G and 31 December 2022G, respectively in line with the annual amortization.

During the year ended 31 December 2020G, the Group completed the Purchase Price Allocation (PPA) exercise pertaining to the acquisition of Saudi Airlines Company for Medical Services. Accordingly, acquisition consideration paid amounting to SAR 469 million had been allocated to net assets of SAR 62.8 million, goodwill of SR 373.8 million and customer relationship intangible asset of SAR 32.3 million.

The value of customer relationship intangible asset had been determined under multiple period excess earning method by discounting to present value the future cashflows expected to be generated over a period of 25 years excluding any cashflows related to contributory assets.

Customer relationship intangible asset is expected to have useful life of 25 years and is amortized over this life using reducing balance method.

### Computer software

Computer software included mainly health information system (SAR 3.1 million), mobile applications (SAR 2.3 million) and NPHIES systems (SAR 1.3 million). Computer software's net book value decreased from SAR 17.4 million as at 31 December 2020G to SAR 14.3 million and SAR 11.2 million as at 31 December 2021G and 31 December 2022G, respectively in line with the annual amortization. Computer software is amortized using the straight-line method over a period of 5 years.

### Software under development

Software under development is related to the emergency medical services mobile application with a net book value of SAR 360 thousand as at 31 December 2022G.

### 6.7.2.5 Investment Properties

**Table (72): Investment Properties for the years ended 31 December 2020G, 2021G, and 2022G**

SAR in 000s	As at 31 December		
	2020G (Audited)	2021G (Audited)	2022G (Audited)
Land and buildings	562	541	500
<b>Total</b>	<b>562</b>	<b>541</b>	<b>500</b>

Source: audited consolidated financial statements for the Financial Years ended 31 December 2020G, 2021G and 2022G

Investment properties are mainly related to the Jeddah Hospital Complex campus, specifically buildings 1, 2 and 7.

Properties being constructed or developed for one of the abovementioned purposes, are classified as investment properties and stated at cost less accumulated depreciation and impairment in value. Investment properties are depreciation on a straight-line basis over a period of ten years. Cost includes all direct and indirect costs necessary to bring the property to working condition for its intended use.

Investment properties decreased from SAR 562 thousand as at 31 December 2020G to SAR 541 thousand and SAR 500 thousand as at 31 December 2021G and as at 31 December 2022G, respectively mainly due to depreciation charges with limited additions.

### 6.7.2.6 Other Long-Term Receivables

**Table (73): Other long-term receivables for the years ended 31 December 2020G, 2021G, and 2022G**

SAR in 000s	As at 31 December		
	2020G (Audited)	2021G (Audited)	2022G (Audited)
Long-term loans to a Related Party	800,292	1,088,328	1,336,666
Non-current portion of receivables under DAAM Program	43,860	56,173	80,288
<b>Total</b>	<b>844,152</b>	<b>1,144,501</b>	<b>1,416,955</b>

Source: audited consolidated financial statements for the Financial Years ended 31 December 2020G, 2021G and 2022G

#### Long term loans to a Related Party

Long term loans to a Related Party includes long-term loans (SAR 1.4b) provided to Fakeeh Academic Medical Center for the construction of the Hospital and for working capital purposes. The interest is charged to the Related Party and is based on applicable market interest rates. We note that no payments were made during the period between the FY2020G and the FY2022G. During the nine-month period ended 2023G, the balance became zero following the settlement of the full amount of the loan by Fakeeh Academic Medical Center.

#### Non-current portion of receivables under DAAM program

Non-current portion of receivables under DAAM program comprised the receivables portion related to DAAM Program which was provided to specific college students. The program is for nursing and medicine students who were granted a complete sponsorship by the college, whereby the Company pays the tuition on behalf of the students, which will later be deducted from the employees' salary upon graduation, over a period of three years.

### 6.7.2.7 Prepayments and Other Non-current Assets

**Table (74): Prepayment and other non-current assets for the years ended 31 December 2020G, 2021G, and 2022G**

SAR in 000s	As at 31 December		
	2020G (Audited)	2021G (Audited)	2022G (Audited)
Loan arrangement fee – non current	1,924	1,524	2,486
Others	1,129	1,241	-
<b>Total</b>	<b>3,053</b>	<b>2,765</b>	<b>2,486</b>

Source: audited consolidated financial statements for the Financial Years ended 31 December 2020G, 2021G and 2022G

Prepayments and other non-current assets mainly related to the non-current portion of the loan arrangement fee which represented arrangement fees on loans obtained from the Saudi Fransi Bank (for Riyadh hospital) and Arab National Bank (for DSFH). The non-current portion of the loan arrangement fee slightly decreased from SAR 1.9 million as at 31 December 2020G to SAR 1.5 million as at 31 December 2021G due to the amortization of the loan arrangement fee over the period, and increased to SAR 2.5 million as at 31 December 2022G mainly driven by the increase in loan arrangement fees due to additional loans obtained from Saudi Fransi Bank upon the acquisition of Riyadh Hospital.

### 6.7.2.8 Current Assets

**Table (75): Current assets for the years ended 31 December 2020G, 2021G, and 2022G**

SAR in 000s	As at 31 December		
	2020G (Audited)	2021G (Audited)	2022G (Audited)
Inventories	115,624	119,465	131,463
Accounts and other receivables	590,379	582,396	746,932
Due from Related Parties	40,083	38,627	39,322
Prepayments and other current assets	71,352	58,607	153,151
Cash and cash equivalents	187,190	191,656	316,762
<b>Total current assets</b>	<b>1,004,628</b>	<b>990,751</b>	<b>1,387,630</b>

Source: audited consolidated financial statements for the Financial Years ended 31 December 2020G, 2021G and 2022G

### 6.7.2.9 Inventories

**Table (76): Inventories for the years ended 31 December 2020G, 2021G, and 2022G**

SAR in 000s	As at 31 December		
	2020G (Audited)	2021G (Audited)	2022G (Audited)
Medicines, medical supplies, and consumables	107,989	108,818	117,107
Optical and related accessories	10,180	13,209	17,415
<b>Gross inventories</b>	<b>118,170</b>	<b>122,026</b>	<b>134,522</b>
Less: Provision for slow moving and obsolete inventories	(2,546)	(2,562)	(3,059)
<b>Total</b>	<b>115,624</b>	<b>119,465</b>	<b>131,463</b>

Source: audited consolidated financial statements for the Financial Years ended 31 December 2020G, 2021G and 2022G

The Group has strict controls over inventory and performs frequent inventory stock counts across facilities and locations to ensure that reported amounts are validated and to identify any damaged or lost items.

### Medicines, medical supplies, and consumables

Medicines, medical supplies and consumable mainly related to the healthcare operations of DSFH, Medical Fakeeh and Riyadh Hospital.

Medicines, medical supplies and consumables increased from SAR 108.0 million as at 31 December 2020G to SAR 108.8 million as at 31 December 2021G and further increased to SAR 117.1 million as at 31 December 2022G as part of the Group's normal operations.

### Optical and related accessories

Optical and related accessories mainly included glasses, frames, and lenses and is only related to FC. Optical and related accessories increased from SAR 10.2 million as at 31 December 2020G to SAR 13.2 million as at 31 December 2021G in line with the resumption of normal operations following the pandemic. Optical and related accessories further increased to SAR 17.4 million as at 31 December 2022G mainly driven by the higher demand and new vision stores opened in the FY2022G.

**Table (77): Provision for slow moving inventories for the years ended 31 December 2020G, 2021G, and 2022G**

SAR in 000s	As at 31 December		
	2020G (Audited)	2021G (Audited)	2022G (Audited)
Balance at beginning of the year	2,126	2,546	2,562
Charge for the year	420	16	497
<b>Total</b>	<b>2,546</b>	<b>2,562</b>	<b>3,059</b>

Source: audited consolidated financial statements for the Financial Years ended 31 December 2020G, 2021G and 2022G

### Provision for slow moving inventories

The provision for slow-moving inventories is specifically associated with optical and related accessories. In contrast, medicines, medical supplies, and consumables do not necessitate a provision, as they can be returned to the supplier in accordance with the agreed terms once they expire.

### 6.7.2.10 Accounts and Other Receivables

**Table (78): Accounts and other receivables for the years ended 31 December 2020G, 2021G, and 2022G**

SAR in 000s	As at 31 December		
	2020G (Audited)	2021G (Audited)	2022G (Audited)
Trade receivables	521,025	530,996	484,890
Contract assets - inpatient and outpatient	65,885	62,211	305,354
In-patients	79,356	91,653	89,175
Other receivables	1,492	18,135	890
<b>Gross account and other receivables</b>	<b>667,758</b>	<b>702,994</b>	<b>880,310</b>
Less: allowance for impairment losses	(77,380)	(120,598)	(133,378)
<b>Total</b>	<b>590,379</b>	<b>582,396</b>	<b>746,932</b>

Source: audited consolidated financial statements for the Financial Years ended 31 December 2020G, 2021G and 2022G

As at 31 December 2022G, the expected credit losses provisions amounted to SAR 133.4 million, including provisions related to health services, such as cash provisions for inpatient cash receivables and government receivables amounting to SAR 61.4 million and SAR 33.3 million respectively, in addition to SAR 33.7 million for private companies, SAR 3.8 million for education receivables and SAR 1.3 million for insurance companies.

A total of SAR 8.2 million related to inpatient cash receivables which date back to more than 5 years was amortized during 2022G.

### Trade receivables

As at 31 December 2022G, trade receivables comprised receivables from insurance companies and the Ministry of Health.

Trade receivables increased from SAR 521.0 million as at 31 December 2020G to SAR 531.0 million as at 31 December 2021G mainly on the back of the increase in receivables from private companies (+SAR 15.4 million), educational receivables (+SAR 10.0 million) and insurance companies (+SAR 8.7 million), partially offset by the drop in receivables from government entities (-SAR 24.2 million). The trade receivables provision amounted to SAR 58.1 million as at 31 December 2021G.

Trade receivables decreased to SAR 484.9 million as at 31 December 2022G mainly driven by the decrease in receivables from insurance companies by SAR 67.1 million (mainly related to collections from the two largest insurance companies), partially offset by an increase of SAR 23.0 million related to the educational receivables due to a change in the billing method (full semester basis). The trade receivables provision amounted to SAR 72.2 million as at 31 December 2022G.

### Contract assets – inpatients and outpatients

Contract assets - inpatient and outpatient primarily include receivables related to inpatient and outpatient claims not billed by DSFH with the total outstanding balance of SAR 305.4 million as at 31 December 2022G representing two and a half months of revenue. The contract assets balance has significantly increased in the FY2022G as both the hospitals and the insurance companies were affected by the implementation of the NPHIES platform and protocols. The amounts have been subsequently billed in March 2023G.

### Inpatients

Inpatients relate to receivables of cash inpatients which amounted to SAR 89.2 million as at 31 December 2022G. A significant amount of provision was booked against those receivables, while a balance of SAR 8.2 million was written off as well. A cash inpatient's receivable is written off whenever the balance becomes outstanding for more than 5 years as all collection procedures have been exhausted and the balance is deemed no longer recoverable.

### Other receivables

Other receivables increased from SAR 1.5 million as at 31 December 2020G to SAR 18.1 million as at 31 December 2021G mainly on the back of the one-off cyber security insurance coverage (+SAR 12.7 million) related to a claim made in the FY2021G. The full amount was subsequently collected in the FY2022G. As at 31 December 2022G, other receivables amounted to SAR 890k and mainly included an interest receivable of SAR 815 thousand against short-term deposits.

**Table (79): Allowance for impairment losses for the years ended 31 December 2020G, 2021G, and 2022G**

SAR in 000s	As at 31 December		
	2020G (Audited)	2021G (Audited)	2022G (Audited)
Balance at beginning of the year	97,201	77,380	120,598
Provision for expected credit loss during the year	4,528	57,544	20,964
Written-off during the year	(24,349)	(14,325)	(8,184)
<b>Balance at end of the year</b>	<b>77,380</b>	<b>120,598</b>	<b>133,378</b>

Source: audited consolidated financial statements for the Financial Years ended 31 December 2020G, 2021G and 2022G

Allowances for impairment losses mainly included allowances related to the healthcare services, whereby allowances included provisions against cash inpatients and governmental entities of SAR 61.3 million and SAR 33.3 million, respectively. Out of the total SAR 8.2 million write off during the FY2022G, a SAR 7.5 million were mainly related for cash inpatients receivables aged for more than 5 years.

The Company has implemented all applicable requirements of IFRS9 using a matrix to calculate ECLs trade receivables. The provision rates are based on days past due for various customer segments that are based on similar loss patterns.

The increase in the provision for expected credit loss during the FY2021G was mainly driven by additional specific provisions taken for government customers.

**Table (80): Aging for accounts receivables and others for the Financial Years ended 31 December 2020G, 2021G and 2022G**

SAR in 000s	Aging of account receivables and others As at 31 December			Expected credit losses provision As at 31 December		
	2020G (Audited)	2021G (Audited)	2022G (Audited)	2020G (Audited)	2021G (Audited)	2022G (Audited)
Not yet due	161,632	218,638	415,241	3,503	262	1,438
1 - 90	228,075	121,735	194,430	3,020	1,500	1,392
91 – 180	104,181	58,116	69,319	4,039	1,715	3,987
181 – 270	31,641	60,243	17,439	2,727	6,410	4,271
271 – 365	22,888	67,411	2,648	2,863	20,696	2,500
Over 365	119,342	176,851	181,234	61,228	90,016	111,790
<b>Total</b>	<b>667,758</b>	<b>702,994</b>	<b>880,310</b>	<b>77,380</b>	<b>120,598</b>	<b>133,378</b>

Source: audited consolidated financial statements for the Financial Years ended 31 December 2020G, 2021G, and 2022G

The aging of receivables pertaining to insurance companies and the MOH is mainly affected by the frequency of the final reconciliations taking place between the Group companies, MOH and the insurance companies. The Group applies an insurance company – MOH specific accrual concept for the deductible amounts related to discounts and rejections and as such final settlement amounts do not materially differ from receivables.

It should be noted that total receivables outstanding for more than 365 days amounted to SAR 119.3 million, SAR 176.9 million and SAR 181.2 million as at 31 December 2020G, 2021G and 2022G, respectively, of which SAR 27.2 million (23% of the total balance), SAR 49.9 million (28%) and SAR 58.4 million (32%) are related to the government sector.

#### 6.7.2.11 Due from Related Parties

**Table (81): Due from Related Parties for the years ended 31 December 2020G, 2021G, and 2022G**

SAR in 000s	As at 31 December		
	2020G (Audited)	2021G (Audited)	2022G (Audited)
Saudi Arabian Airlines Corporation	32,741	27,684	30,462
Royal Fleet Services	3,474	7,519	5,264
Saudi Arabian Engineering Industries Company LLC	1,630	1,329	1,694
Flyadeal Airline Company LLC	127	294	58
Saudi Airlines Cargo Company	245	134	23
Prince Sultan Aviation Academy	20	67	219
Saudi Ground Services Company	36	54	18
Saudi Airlines Real Estate Development Company	0	4	0
Saudi Private Aviation	8	3	18
Dr. Abdulaziz AlFallah	7	6	6
Al Solimania United Company Limited	42	234	241
Maabar Rehabilitation Center	703	703	703
Fakeeh Real Estate Company limited	521	597	617
Abdulbary Mohammed Eid Al-Shawy Trust	529	-	-
<b>Total</b>	<b>40,083</b>	<b>38,627</b>	<b>39,322</b>

Source: audited consolidated financial statements for the Financial Years ended 31 December 2020G, 2021G and 2022G

### Saudi Arabian Airlines Corporation (Saudia)

The balance due from Saudi Arabian Airlines Corporation, who are the 25% shareholders of Medical Fakeeh, was mainly related to revenues generated and expenses incurred on behalf of the shareholders.

The balance due from Saudi Arabian Airlines Corporation decreased from SAR 32.7 million as at 31 December 2020G to SAR 27.7 million as at 31 December 2021G mainly driven by the drop in the medical kits revenue during the FY2021G.

Receivables from Saudi Arabian Airlines Corporation increased from SAR 27.7 million as at 31 December 2021G to SAR 30.5 million as at 31 December 2022G mainly due to the increase in medical kits revenue during the FY2022G, partially offset by shared services (expenses), mainly consisting of rent expenses.

### Royal Fleet Services

The balance due from Royal Fleet Services (affiliate-government) mainly related to services provided for the employees of the affiliate.

### Saudi Arabian Engineering Industries Company

Amount due from Saudi Arabian Engineering Industries Company (affiliate) mainly related to services provided for the employees of the affiliate, which were not covered in the insurance policy.

### Due from Related Parties - Others

There are immaterial balances due from several other Related Parties, mainly connected to Saudi Arabian Airlines Corporation, namely Flyadeal Airline Company LLC, Saudi Airlines Cargo Company, Prince Sultan Aviation Academy, Saudi Ground Services Company, Saudi Airlines Real Estate Development Company, and Saudi Private Aviation.

## 6.7.2.12 Prepayments and Other Current Assets

**Table (82): Prepayment and other current assets for the years ended 31 December 2020G, 2021G, and 2022G**

SAR in 000s	As at 31 December		
	2020G (Audited)	2021G (Audited)	2022G (Audited)
Advances to suppliers	39,511	31,878	86,386
Prepayments	19,549	20,932	28,173
VAT receivable, net	-	-	21,824
Advances to employees	2,727	1,311	1,146
Loan arrangement fees – current portion	388	388	1,112
Margin against letter of credits and guarantees	600	2,005	150
Others	8,577	2,092	14,361
<b>Total</b>	<b>71,352</b>	<b>58,607</b>	<b>153,151</b>

Source: audited consolidated financial statements for the Financial Years ended 31 December 2020G, 2021G and 2022G

**Advances to suppliers**

Advances to suppliers decreased from SAR 39.5 million as at 31 December 2020G to SAR 31.9 million as at 31 December 2021G as suppliers delivered goods / equipment or performed services.

Advances to suppliers increased to SAR 86.4 million as at 31 December 2022G mainly driven by advances for electromechanical work and medical equipment in relation to the construction of the hospital in Madinah belonging to Al Toor.

**Prepayments**

Prepayments increased from SAR 19.5 million as at 31 December 2020G to SAR 20.9 million and SAR 28.2 million as at 31 December 2021G and as at 31 December 2022G, respectively mainly due to the increase in prepaid maintenance by SAR 4.2 million which related to radiology and diagnostic and Oracle maintenance.

**VAT receivables, net**

The VAT receivables balance is related to the VAT on the delayed billings to NPHIES. The increase in VAT receivables, from nil as at 31 December 2020G and 31 December 2021G to SAR 21.8 million as at 31 December 2022G was mainly driven by paying output VAT in advance before issuing the invoices to customers.

**Advances to employees**

Advances to employees decreased from SAR 2.7 million as at 31 December 2020G to SAR 1.3 million as at 31 December 2021G and further decreased to SAR 1.1 million as at 31 December 2022G. Advances to employees were mainly provided for some employees against their salary, which will consequently be netted from an employee's upcoming salary or end of service should an employee depart.

**Loan arrangement fees – current portion**

The current portion of loan arrangement fees amounted to SAR 388 thousand as at 31 December 2020G and 31 December 2021G.

The current portion of loan arrangement fees increased to SAR 1.1 million as at 31 December 2022G mainly due to the additional loans obtained from a local bank during the FY2022G.

**Margin against letter of credits and guarantees**

Margin against letter of credits and guarantees increased from SAR 600 thousand as at 31 December 2020G to SAR 2.0 million as at 31 December 2021G and decreased to SAR 150 thousand as at 31 December 2022G.

**Others**

Others as at 31 December 2022G mainly included the VAT recoverable account.

Others decreased from SAR 8.6 million as at 31 December 2020G to SAR 2.1 million as at 31 December 2021G mainly due to the healthcare service fees invoiced to Medical Fakeeh from other hospitals during the FY2020G for the treatment of Saudia employees (this practice was discontinued starting the FY2021G).

The balance increased to SAR 14.3 million as at 31 December 2022G and mainly included a SAR 8.3 million balance related to Riyadh Hospital, which is expected to be netted from sales once the hospital becomes operational.



### 6.7.2.13 Cash and Cash Equivalents

**Table (83): Cash and cash equivalents for the years ended 31 December, 2020G, 2021G, and 2022G**

SAR in 000s	As at 31 December		
	2020G (Audited)	2021G (Audited)	2022G (Audited)
Cash in hand	1,647	656	1,338
Cash at banks - current accounts	185,543	190,999	145,424
Short-term deposits	-	-	170,000
<b>Total</b>	<b>187,190</b>	<b>191,656</b>	<b>316,762</b>

Source: audited consolidated financial statements for the Financial Years ended 31 December 2020G, 2021G and 2022G

Cash and cash equivalents comprised short-term deposits (SAR 170.0 million), cash at banks - current accounts (SAR 145.4 million) and the cash in hand (SAR 1.3 million).

Cash and cash equivalents increased from SAR 187.2 million as at 31 December 2020G to SAR 316.8 million as at 31 December 2022G mainly driven by the increase in short term deposits (+SAR 170.0 million in the FY2022G), partially offset by a decrease in cash at banks – current accounts (-SAR 40.1 million in the FY2022G).

### 6.7.2.14 Non-current Liabilities

**Table (84): Non-current liabilities for the years ended 31 December, 2020G, 2021G, and 2022G**

SAR in 000s	As at 31 December		
	2020G (Audited)	2021G (Audited)	2022G (Audited)
Long-term loans	779,301	838,207	1,252,133
Lease liabilities	295,021	272,519	290,504
Employees' end of service benefits	173,227	189,162	205,759
<b>Total non-current liabilities</b>	<b>1,247,549</b>	<b>1,299,888</b>	<b>1,748,396</b>

Source: audited consolidated financial statements for the Financial Years ended 31 December 2020G, 2021G and 2022G

### 6.7.2.15 Loans and Borrowings

**Table (85): Loans and borrowings for the years ended 31 December 2020G, 2021G, and 2022G**

SAR in 000s	As at 31 December		
	2020G (Audited)	2021G (Audited)	2022G (Audited)
Long-term loans	779,301	838,207	1,252,133
Short-term loans	159,336	50,012	554,020
Current portion of long-term loans	-	-	41,850
<b>Total</b>	<b>938,637</b>	<b>888,219</b>	<b>1,848,002</b>

Source: audited consolidated financial statements for the Financial Years ended 31 December 2020G, 2021G and 2022G

Loans and borrowings are discussed in the current liabilities section 6.7.2.19 ("Loans and Borrowings").

### 6.7.2.16 Lease Liabilities

**Table (86): Lease liabilities for the years ended 31 December 2020G, 2021G, and 2022G**

SAR in 000s	As at 31 December		
	2020G (Audited)	2021G (Audited)	2022G (Audited)
Recognized as at 1 January	340,569	355,186	305,722
Additions during the year	30,730	6,227	132,711
Acquisition through business combination	-	-	40,295
Interest expenses for the year	20,569	19,654	19,258
Modifications	2,270	1,005	3,677
Terminations	(11,159)	-	(53,959)
Payments and adjustments during the year	(27,793)	(76,350)	(46,219)
<b>Balance as at 31 December</b>	<b>355,186</b>	<b>305,722</b>	<b>401,485</b>

Source: audited consolidated financial statements for the Financial Years ended 31 December 2020G, 2021G and 2022G

The Company recognized right of use assets and lease liabilities for the leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The Company recognized lease liabilities for its leases as per IFRS16. Lease liabilities related to the leased lands, buildings, and equipment across Fakeeh's facilities, which include the main hospital campus in Jeddah as well as the facilities and equipment across the different locations.

Medical equipment leases as at 31 December 2022G were mainly with two globally known companies. These leased assets are related to Riyadh Hospital and were subsequently purchased by the Company during the FY2023G after exercising their option to purchase as per the lease agreements.

### 6.7.2.17 Employees' End of Service Benefits

**Table (87): Employees' end of service benefits for the years ended 31 December 2020G 2021G and 2022G**

SAR in 000s	As at 31 December		
	2020G (Audited)	2021G Audited)	2022G (Audited)
Balance at 1 January	172,197	173,227	189,162
Acquisition through business combination	-	-	4,790
Current service costs	23,159	23,957	24,485
Interest costs	4,822	4,911	3,182
<b>Included in profit or loss</b>	<b>27,981</b>	<b>28,868</b>	<b>27,668</b>
<b>Re-measurement (gain) / loss arising from:</b>			
<b>Actuarial (gain) / loss arising from:</b>			
Financial assumptions	(7,860)	2,773	6,587
Demographic assumptions	3,975	-	(148)
Experience adjustments	(3,574)	2,969	638
Other adjustments	(1,467)	4	(2,808)
Benefits paid	(18,026)	(18,679)	(20,129)
<b>Balance at 31 December</b>	<b>173,227</b>	<b>189,162</b>	<b>205,759</b>

Source: audited consolidated financial statements for the Financial Years ended 31 December 2020G, 2021G and 2022G

The Company records an employees' end of service benefits scheme as required by Saudi Arabia Labor Law based on the employees' length of service. As at 31 December 2022G, the balance of SAR 205.8 million represented end of service provision for an average of 2,600 employees. The provision has been provided based on an independent actuarial report using key assumptions, such as retirement age of 60 years, discount rate of 4.10% and future salary growth of 2.5%.

Employees' end of service benefits balance increased from SAR 173.2 million as at 31 December 2020G to SAR 189.2 million as at December 2021G and further increased to SAR 205.8 million as at December 2022G. The increase in employee's end of service benefits was driven by the increase in the number of employees throughout the historical period, partially offset by payments made during the year.

#### 6.7.2.18 Current Liabilities

**Table (88): Current liabilities for the years ended 31 December 2020G 2021G and 2022G**

SAR in 000s	As at 31 December		
	2020G (Audited)	2021G (Audited)	2022G (Audited)
Short-term loans	159,336	50,012	554,020
Current portion of long-term loans	-	-	41,850
Current portion of lease liabilities	60,165	33,203	110,981
Accounts payables	134,291	142,903	247,369
Due to Related Parties	10,842	15,086	18,700
Accrued and other current liabilities	154,547	187,486	174,693
Accrued Zakat	27,444	12,403	17,176
<b>Total current liabilities</b>	<b>546,625</b>	<b>441,092</b>	<b>1,164,789</b>

Source: audited consolidated financial statements for the Financial Years ended 31 December 2020G, 2021G and 2022G

#### 6.7.2.19 Loans and Borrowings

**Table (89): Loans and borrowings movement for the years ended 31 December 2020G 2021G and 2022G**

SAR in 000s	As at 31 December		
	2020G (Management)	2021G (Audited)	2022G (Audited)
Balance at beginning of the year	768,350	938,637	888,219
Acquisition through business combination	-	-	374,987
Loans obtained during the year	335,011	531,220	978,776
Payments made during the year	(164,724)	(581,638)	(393,980)
<b>Balance at end of the year</b>	<b>938,637</b>	<b>888,219</b>	<b>1,848,002</b>

Source: audited consolidated financial statements for the Financial Years ended 31 December 2020G, 2021G and 2022G

Loans and borrowings comprise three long-term loan facilities obtained from two different domestic banks with an outstanding balance of SAR 1.4 billion and SAR 375.0 million, respectively as at 31 December 2022G. These loans were obtained to finance the expansions during the historical period.

The net increase of loans and borrowings from SAR 888.2 million as at 31 December 2021G to SAR 1.8 billion as at 31 December 2022G was mainly due to the new short-term loans obtained during the FY2022G on the back of the delayed billing and loan related to Riyadh Hospital. All loans carry an interest rate of SIBOR plus an applicable margin.

### Long-term loan

As at 31 December 2022G, the Company had a facility of SAR 1.1 billion from a commercial bank for new investments and capital projects, out of which SAR 918.9 million has been withdrawn.

In the FY2022G, the Group added a new long-term loan facility amounting to SAR 375.0 million to acquire the Riyadh hospital.

During the FY2022G, the Company obtained another long-term facility of SAR 755.0 million from a commercial bank for new investments and capital projects. The Company has not withdrawn any of this loan's funds. The facility agreement with the bank includes a covenant, which requires the Company to maintain certain leverage ratios.

### Short term loan

As at 31 December 2022G, the Company had a facility of SAR 650 million from a commercial bank to finance its working capital requirements, out of which SAR 554 million has been withdrawn. During the year, the Company obtained another short-term loan facility of SAR 230 million from a commercial bank for the same purpose, however the Company is yet to withdraw any funds from this facility. The short-term loans are repayable within 12 months from the first withdrawal.

### 6.7.2.20 Due to Related Parties

**Table (90): Due to Related Parties for the years ended 31 December 2020G 2021G and 2022G**

SAR in 000s	As at 31 December		
	2020G (Audited)	2021G (Audited)	2022G (Audited)
Fakeeh Academic Medical Center – Dubai	5,942	10,186	13,800
Dr. Mazen Fakeeh	1,960	1,960	1,960
Mr. Ammar Fakeeh	1,960	1,960	1,960
Dr. Manal Fakeeh	980	980	980
<b>Total</b>	<b>10,842</b>	<b>15,086</b>	<b>18,700</b>

Source: audited consolidated financial statements for the Financial Years ended 31 December 2020G, 2021G and 2022G

#### Fakeeh Academic Medical Center – Dubai

The balance mainly included services provided by Fakeeh Academic Medical Center – Dubai against IT developer costs for the Dr. Soliman Abdel Kader Fakeeh Information Technology Company owned hospital information system.

Due to Fakeeh Academic Medical Center – Dubai increased from SAR 5.9 million as at 31 December 2020G to SAR 10.2 million as at 31 December 2021G.

Due to Fakeeh Academic Medical Center – Dubai increased from SAR 10.2 million as at 31 December 2021G to SAR 13.8 million at 31 December 2022G mainly due to the additional expenses incurred, with no settlements made during the same period. The balance will be settled in the FY2023G along with the long-term receivables related to Fakeeh Academic Medical Center.

Dr. Mazen Fakeeh, Mr. Ammar Fakeeh and Dr. Manal Fakeeh balances are all related to Al-Toor initial investment paid by the shareholders, on behalf of DSFH. These balances were subsequently settled in February 2023G.

### 6.7.2.21 Accrued and Other Current Liabilities

**Table (91): Accrued and other current liabilities for the years ended 31 December, 2020G, 2021G, and 2022G**

SAR in 000s	As at 31 December		
	2020G (Audited)	2021G (Audited)	2022G (Audited)
Deferred income	14,144	18,597	60,243
Accrued expenses	66,967	89,901	50,995
Accrued financial charges	2,822	3,415	19,828
Accrued portal charges	-	-	5,721
Advance from customers	3,585	2,309	2,394
Education fee received in advance	6,374	6,896	-
Dividends payable	25,000	-	-
Other payables	35,655	66,369	35,512
<b>Total</b>	<b>154,547</b>	<b>187,486</b>	<b>174,693</b>

Source: audited consolidated financial statements for the Financial Years ended 31 December 2020G, 2021G and 2022G

#### Deferred income

As at 31 December 2022G, deferred income amounted to SAR 60.2 million and mainly included a balance of SAR 59.1 million related to the tuitions of FMCS. Deferred income increased from SAR 14.1 million as at 31 December 2020G to SAR 18.6 million as at 31 December 2021G.

Deferred income subsequently increased from SAR 18.6 million as at 31 December 2021G to SAR 60.2 million as at 31 December 2022G mainly driven by the change in the fees billing method at Fakeeh College of Medical Sciences (before FY2022G, the collections covered 6 months only from the university tuitions; however, the Company decided to collect the tuition fees for the full year in advance.

#### Accrued expenses

Accrued expenses increased from SAR 67.0 million as at 31 December 2020G to SAR 89.9 million as at 31 December 2021G mainly relating to the receipt of goods whereby the supplier had not yet issued an invoice. This resulted in an accrual of SAR 21.1 million as at 31 December 2021G. Accrued expenses decreased to SAR 51.0 million as at 31 December 2022G mainly due to goods received / services rendered but not yet billed during the FY2022G.

#### Accrued financial charges

Accrued financial charges increased from SAR 2.8 million as at 31 December 2020G to SAR 3.4 million as at 31 December 2021G due to increases in SIBOR.

Accrued financial charges increased to SAR 19.8 million as at 31 December 2022G mainly driven by the increase in the overall loans balance.

#### Accrued portal charges

As at 31 December 2022G, accrued portal charges amounted to SAR 5.7 million and was mainly related to NPHIES system (a new insurance claims submission system in the FY2022G), the balance represents 0.25% of the billed amounts against the usage of the system.

### Advance from customers

Advance from customers decreased from SAR 3.6 million as at 31 December 2020G to SAR 2.3 million as at 31 December 2021G, and slightly increased to SAR 2.4 million as at 31 December 2022G and mainly related to FMCS.

### Education fee received in advance

Education fee received in advance increased from SAR 6.4 million as at 31 December 2020G to SAR 6.9 million as at 31 December 2021G.

The balance decreased to nil as at 31 December 2022G mainly due to the reclassification of this account under deferred income during the FY2022G.

### Dividends payable

Dividends payable amounted to SAR 25.0 million as at 31 December 2020G and dropped to nil as at 31 December 2021G and 31 December 2022G.

### Other payables

Other payables increased from SAR 35.7 million as at 31 December 2020G to SAR 66.4 million as at 31 December 2021G mainly driven by the issuance of a large check. The balance decreased to SAR 35.5 million as at 31 December 2022G as electronic transfers were adopted fully and checks were no longer widely used.

## 6.7.2.22 Zakat

**Table (92): Zakat provision for the years ended 31 December 2020G, 2021G and 2022G**

SAR in 000s	As at 31 December		
	2020G (Audited)	2021G (Audited)	2022G (Audited)
Balance at beginning of the year	15,174	27,444	12,403
Charge for current year	26,645	17,658	20,440
Change in estimate for prior year	-	(13,095)	-
Adjustment	-	(111)	45
Payments during the year	(14,376)	(19,494)	(15,711)
<b>Balance at end of the year</b>	<b>27,444</b>	<b>12,403</b>	<b>17,176</b>

Source: Audited consolidated financial statements for the Financial Years ended 31 December 2020G, 2021G and 2022G

In 2021G, the Parent Company obtained ZATCA approval to submit its declarations on a consolidated basis with a sister company. Therefore, the Parent Company submitted its Zakat declarations since 2020G on a consolidated basis. The Company also submitted the Zakat declarations for the year ended 31 December 2022G to the ZATCA on a consolidated basis as well. The Company obtained a Zakat Certificate valid until 30 April 2024G.

The change in estimate for prior year relates to a credit amount granted by ZATCA in the FY2021G which relates to the charge for the FY2020G.

Zakat decreased from SAR 27.4 million as at 31 December 2020G to SAR 12.4 million as at 31 December 2021G due to change in estimate for prior years which amounted to SAR 13.1 million coupled with payments made of SAR 19.5 million. Zakat increased from SAR 12.4 million as at 31 December 2021G to SAR 17.2 million as at 31 December 2022G mainly driven by charges of SAR 20.4 million during the FY2022G offset by payments made of SAR 15.7 million during the same year.

### 6.7.2.23 Statement in Change in Equity

**Table (93): Statement of change in equity for the years ended 31 December 2020G, 2021G, and 2022G**

SAR in 000s	Share capital	Statutory reserve	Retained earnings	Total	Non-controlling interests	Total equity
<b>Balance at 1 January 2021G</b>	<b>100,000</b>	<b>50,000</b>	<b>1,157,281</b>	<b>1,307,281</b>	<b>84,662</b>	<b>1,391,942</b>
<b>Comprehensive income for the year</b>						
Profit for the year	-	-	334,282	334,282	26,496	360,778
Other comprehensive income for the year	-	-	(5,199)	(5,199)	(543)	(5,742)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>329,083</b>	<b>329,083</b>	<b>25,953</b>	<b>355,037</b>
Transactions with owners of the Company	-	-	-	-	-	-
Dividends paid	-	-	(22,600)	(22,600)	-	(22,600)
Non-controlling interests' share of absorption of losses of a subsidiaries / other adjustments	-	-	(532)	(532)	(408)	(941)
Total transactions with owners of the Company	-	-	(23,132)	(23,132)	(408)	(23,541)
<b>Balance at 1 January 2022G</b>	<b>100,000</b>	<b>50,000</b>	<b>1,463,232</b>	<b>1,613,232</b>	<b>110,206</b>	<b>1,723,438</b>
<b>Comprehensive income for the year</b>						
Profit for the year	-	-	326,316	326,316	4,367	330,684
Other comprehensive income for the year	-	-	(6,910)	(6,910)	(167)	(7,077)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>319,406</b>	<b>319,406</b>	<b>4,200</b>	<b>323,607</b>
Transactions with owners of the Company	-	-	-	-	-	-
<b>Transactions with owners of the Company</b>						
Dividends paid	-	-	(35,000)	(35,000)	-	(35,000)
Additional capital contribution	-	-	-	-	20,500	20,500
Acquisition of subsidiary with NCI	-	-	-	-	124,699	124,699
Total transactions with owners of the Company	-	-	(35,000)	(35,000)	145,199	110,199
<b>Balance at 31 December 2022G</b>	<b>100,000</b>	<b>50,000</b>	<b>1,747,639</b>	<b>1,897,639</b>	<b>259,606</b>	<b>2,157,244</b>

Source: Audited consolidated financial statements for the Financial Years ended 31 December 2020G, 2021G and 2022G

Shareholders' equity increased from SAR 1.4bn as at 31 December 2020G to SAR 1.7 billion as at 31 December 2021G mainly driven by an increase in profits for the year (+SAR 360.8 million), partially offset by dividends paid (SAR 22.6 million) and the other comprehensive losses for the year amounting to SAR 5.7 million. Shareholders' equity increased to SAR 2.2bn as at 31 December 2022G due to the increase in (i) profits for the year of SAR 330.7 million, (ii) the acquisition of a subsidiary with NCI (SAR 124.7 million) and (iii) the additional capital contribution allocated to minority shareholders amounting to SAR 20.5 million, partially offset by dividends paid of SAR 35.0 million and the other comprehensive losses for the year (SAR 7.1 million).

### 6.7.3 Statement of Cash Flows for for the Financial Years ended 31 December, 2020G, 2021G, and 2022G

**Table (94): Statement of cash flows for the Financial Years ended 31 December, 2020G, 2021G, and 2022G**

SAR in 000s	FY2020G (Audited)	FY2021G (Audited)	FY2022G (Audited)
Profit before zakat	251,488	365,342	351,123
<b>Adjustments for:</b>			
Depreciation on property and equipment	54,462	58,092	62,633
Depreciation on right-of-use assets	40,659	39,985	40,138
Amortization	8,645	7,026	6,581
Depreciation on investment properties	21	21	41
Provision for employee's end of service benefits	27,981	28,872	27,668
Expected credit loss on accounts receivable	4,528	57,544	20,964
(Gain)/Loss on disposal of property and equipment	1,850	1,410	(128)
Finance costs	46,163	34,785	55,939
Write-offs and other adjustments	-	9,399	13,074
<b>Total adjustments</b>	<b>435,797</b>	<b>602,471</b>	<b>578,033</b>
<b>Changes in operating assets and liabilities:</b>			
Other long-term receivables	(279,476)	(300,349)	(272,454)
Inventories	4,856	(3,841)	(6,306)
Accounts and other receivables	(62,726)	(49,561)	(185,287)
Due from Related Parties	(29,415)	1,456	(695)
Prepayments and other current assets	(32,166)	13,033	(79,985)
Accounts payable	17,281	8,613	57,953
Due to Related Parties	5,095	4,243	2,489
Accrued and other liabilities	5,482	31,843	(35,932)
<b>Cash generated from/ (used in) operating activities</b>	<b>64,727</b>	<b>307,908</b>	<b>57,817</b>
Finance costs paid	(28,740)	(15,057)	(36,607)
Employee's end of service benefits paid	(18,026)	(18,679)	(20,129)
Zakat paid	(14,376)	(19,494)	(15,711)
<b>Net cash generated from (used in) operating activities</b>	<b>3,585</b>	<b>254,678</b>	<b>(14,629)</b>
Acquisition of a subsidiary, net	-	-	(261,768)
Additions to property and equipment	(70,055)	(99,400)	(123,600)
Additions to intangible assets	(2,806)	(2,277)	(324)



SAR in 000s	FY2020G (Audited)	FY2021G (Audited)	FY2022G (Audited)
Proceeds from disposal of property and equipment	241	1,007	564
Proceeds from disposal of intangible	-	-	787
<b>Net cash used for investing activities</b>	<b>(72,620)</b>	<b>(100,670)</b>	<b>(384,342)</b>
Dividends paid	(22,267)	(22,600)	(35,000)
Net movement in non-controlling interests	(900)	(175)	20,500
Repayment of lease liabilities	(27,759)	(76,350)	(46,219)
Net movement in long-term loans and short-term borrowings	170,287	(50,418)	584,796
<b>Net cash generated from (used in) financing activities</b>	<b>119,361</b>	<b>(149,542)</b>	<b>524,077</b>
Net increase in cash and cash equivalents	50,327	4,466	125,106
Cash and cash equivalents at beginning of the year	136,863	187,190	191,656
<b>Cash and cash equivalents at the end of the year</b>	<b>187,190</b>	<b>191,656</b>	<b>316,762</b>

Source: Audited consolidated financial statements for the Financial Years ended 31 December 2020G, 2021G and 2022G

#### **Net cash generated from (used in) operating activities**

Net cash generated from (used in) operating activities increased from SAR 3.6 million in the FY2020G to SAR 254.7 million in the FY2021G due to the increase in profit before zakat in line with the growth in revenue.

Net cash generated from (used in) operating activities dropped to (SAR 14.6 million) in the FY2022G mainly on the back of the decrease in profit before zakat.

#### **Net cash used for investing activities**

Net cash used for investing activities increased from SAR 72.6 million in the FY2020G to SAR 100.7 million in the FY2021G mainly due to the increase in cash used for the investments in property and equipment (+SAR 29.3 million).

Net cash used for investing activities increased further to SAR 384.3 million in the FY2022G due to acquisition of Riyadh Hospital (+SAR 261.8 million) in addition to the increase of cash used for investments in property and equipment (+SAR 24.2 million).

#### **Net cash generated from (used in) financing activities**

Net cash generated from (used in) financing activities decreased from a balance of SAR 119.3 million net cash generated from financing activities in the FY2020G to (SAR 149.5 million) cash used in financing activities in the FY2021G mainly due to the increase in payments of lease liabilities (SAR 48.6 million) and additions and modifications to the right-of-use assets.

Net cash increased to SAR 524.1 million mainly due to lower payments of lease obligation (SAR 30.1 million) and higher drawdowns of borrowings (SAR 635.2 million) during the same year.

## 6.7.4 Results of Operations from Saudi Airlines Medical Services Company (“Medical Fakeeh”)

**Table (95): Statement of profit or loss and other comprehensive income for the Financial Years ended 31 December, 2020G, 2021G, and 2022G**

SAR in 000s	FY2020G (Audited)	FY2021G (Audited)	FY2022G (Audited)	Annual Variance 2020G - 2021G	Annual Variance 2021G - 2022G	CAGR 2020G - 2022G
Revenue - net	292,283	345,883	307,514	18.3%	(11.1%)	2.6%
Cost of revenue	(182,196)	(218,686)	(201,581)	20.0%	(7.8%)	5.2%
<b>Gross profit</b>	<b>110,086</b>	<b>127,197</b>	<b>105,934</b>	<b>15.5%</b>	<b>(16.7%)</b>	<b>(1.9%)</b>
Other income	320	304	1,570	(5.0%)	416.4%	121.6%
General and administrative expenses	(27,803)	(30,504)	(36,281)	9.7%	18.9%	14.2%
<b>Operating profit</b>	<b>82,603</b>	<b>96,997</b>	<b>71,223</b>	<b>17.4%</b>	<b>(26.6%)</b>	<b>(7.1%)</b>
Finance costs	(8,106)	(7,595)	(7,864)	(6.3%)	3.5%	(1.5%)
<b>Profit before zakat</b>	<b>74,497</b>	<b>89,402</b>	<b>63,359</b>	<b>20.0%</b>	<b>(29.1%)</b>	<b>(7.8%)</b>
Zakat	(3,497)	(4,267)	(5,798)	22.0%	35.9%	28.8%
<b>Net profit for the year</b>	<b>71,000</b>	<b>85,135</b>	<b>57,561</b>	<b>19.9%</b>	<b>(32.4%)</b>	<b>(10.0%)</b>
Re-measurement loss on defined benefit obligations	1,083	(542)	1,402	(150.0%)	(358.6%)	13.8%
<b>Total comprehensive income for the year</b>	<b>72,083</b>	<b>84,593</b>	<b>58,962</b>	<b>(17.4%)</b>	<b>(30.3%)</b>	<b>(9.6%)</b>
<b>As a % of revenue</b>						
Gross profit	37.7%	36.8%	34.4%	(0.9)	(2.3)	(3.2)
Operating profit	28.3%	28.0%	23.2%	(0.2)	(4.9)	(5.1)
Net profit	24.3%	24.6%	18.7%	0.3	(5.9)	(5.6)

Source: Audited consolidated financial statements for the FYs ended 31 December 2020G, 2021G and 2022G

### Revenue- net

Net revenue was mainly recognized from treatment or medication provided to Saudi Airlines employees. Such employees are covered by an insurance policy provided by one of the largest domestic players; Saudi Airlines Medical Services Company claims the fees from the insurance company and accordingly recognizes revenue net of discounts and rejections. In addition, Saudi Airlines Medical Services Company provided aviation and other medical related services to Saudia, such revenue was recognized in line with IFRS 15 principles.

Net revenue increased by 18.3% from SAR 292.3 million in the FY2020G to SAR 345.9 million in the FY2021G mainly driven by:

- the increase in number of outpatients across several departments namely internal medicine, pediatrics, and orthopedics and spine departments; and
- the increase in revenue generated from administering PCR tests for passengers on inbound Jeddah flights in collaboration with Saudia

Net revenue decreased by 11.1% from SAR 345.9 million in the FY2021G to SAR 307.5 million in the FY2022G mainly driven by:

- the decrease in revenue from PCR tests on inbound Jeddah flights; and
- the decrease in number of outpatients mainly due to the change in frequency of dispensing medication from monthly to quarterly along with lower approval threshold level by the insurance company.

### **Cost of revenue**

Cost of revenue mainly comprised salaries and employee related benefits (c. 31.4% of total cost of sales over the historical period), consumption of materials and consumables (c. 57.3%), rental charges (c. 4.1%), insurance expenses (c. 3.3%), among others (c. 3.9%).

Cost of revenue increased by 20.0% from SAR 182.2 million in the FY2020G to SAR 218.7 million in the FY2021G mainly due to:

- the increase in salaries and employee related benefits by SAR 4.6 million in line with the increase in headcount from 324 employees in the FY2020G to 350 employees in the FY2021G;
- the increase in the consumption of materials and consumables in the FY2021G by SAR 30.3 million as the consumption of medical supplies surged due to COVID-19 pandemic, specifically PCR tests administered to inbound passengers on Saudia;
- the increase in insurance expense by SAR 805 thousand due to increase in headcount during the same period;
- the increase in rental charges by SAR 1.0 million mainly due to the increase in the occupancy of the accommodation provided by Saudi Airlines Medical Services Company to its employees. More employees elected to use such accommodation as a result of the COVID-19 restrictions; and
- Other cost of revenue fluctuations mainly due to depreciation of equipment and repairs and maintenance expense.

Cost of revenue decreased by 7.8% from SAR 218.7 million in the FY2021G to SAR 201.6 million in the FY2022G mainly due to:

- the decrease in consumption of materials and consumables by SAR 22.4 million driven by the decrease in PCR tests administered for Saudia inbound passengers;
- the decrease in rental charges by SAR 1.4 million due to reduced occupancy in the accommodation provided to staff as COVID-19 restrictions decreased; partially offset by
- the increase in salaries and employee related benefits by SAR 3.4 million in line with the increase in headcount from 350 employees in the FY2021G to 379 employees in the FY2022G and higher annual performance incentives given;
- the increase in insurance expense by SAR 2.1 due to increase in headcount during the period; and
- other cost of revenue fluctuations mainly due to depreciation of equipment and repairs and maintenance expense.

### **Gross profit**

Gross profit increased by 15.5% from SAR 110.1 million in the FY2020G to SAR 127.2 million in the FY2021G in line with the corresponding revenue growth over the same period. Gross profit decreased by 16.7% between the FY2021G and 2022G, reaching SAR 105.9 million due to the decrease in revenue over the same period.

### **General and administrative expenses**

General and administrative expenses mainly comprised salaries and employee related benefits (c. 45.5% of total administrative expenses over the historical period), depreciation of right-of-use asset (c. 30.0%), IT and communication expenses (c. 9.6%), utilities charges (c. 4.3%), among others (c. 10.6%).

General and administrative expenses increased by 9.7% from SAR 27.8 million in the FY2020G to SAR 30.5 million in the FY2021G mainly due to:

- the increase in salaries and employee related benefits by SAR 1.6 million due to the increase in headcount from 108 employees in the FY2020G to 144 employees in the FY2021G. The increase also included performance bonuses given to administrative staff; and the increase in IT and communication expense by 12.6% driven by the costs associated with the launch of a patient satisfaction survey;
- the increase in depreciation on right-of-use assets by 1.7% in line with the additions to right-of-use assets in the FY2021G which relate to a warehouse rental contract; and
- other administrative expenses decreased including utilities and manpower contractors' cost, whereas depreciation on property and equipment increased.

General and administrative expenses increased by 18.9% from SAR 30.5 million in the FY2021G to SAR 36.3 million in the FY2022G mainly due to:

- the increase in salaries and employee related benefits by SAR 4.0 million due to salary increments and performance bonuses given to the employees;
- the increase in depreciation on right-of-use assets by 5.0% due to additions relating to the parking lot rental contract;
- the increase in manpower contractors cost by 29.6% due to additional outsourced hiring;
- the increase in IT and communication expense by 24.8% due to the introduction of new software and service costs relating to insurance portals; and
- other administrative costs including depreciation on property and equipment, advertising expenses, professional fees and director fees among others increased overall due to increased advertising activities and increase in audit fees.

#### Other income

Other income related to various non-recurring and non-operational items (i) gains / losses on disposal of property and equipment, (ii) rental income, and (iii) other miscellaneous income. Other income decreased between the FY2020G and the FY2021G mainly due to the shutdown of restaurants that rented out space within the medical center. The increase in the FY2022G by SAR 1.3 million was mainly due to the interest on the new short-term deposit.

#### Finance costs

Finance costs related to Medical Fakeeh's lease liabilities. Finance costs fluctuated over the period between the FY2020G and the FY2022G from SAR 8.1 million in the FY2020G to SAR 7.6 million in the FY2021G, and SAR 7.9 million in the FY2022G in line with the movement of right-of-use assets over the period.

#### Zakat expenses

Zakat expenses increased from SAR 3.5 million in the FY2020G to SAR 5.8 million in the FY2022G due to increase in zakat base.

#### Net profit for the year

Net profit for the year increased by 19.9% from SAR 71.0 million in the FY2020G to SAR 85.1 million in the FY2021G in line with gross profit growth (+SAR 17.1 million). Profit for the year decreased by 32.4% from SAR 85.1 million in the FY2021G to SAR 57.6 million in the FY2022G mainly due to the decline in gross profit (-SAR 21.3 million).

**Table (96): Statement of financial position for the years ended 31 December, 2020G, 2021G, and 2022G**

SAR in 000s	As at 31 December 2020G (Audited)	As at 31 December 2021G (Audited)	As at 31 December 2022G (Audited)
<b>Assets</b>			
<b>Non-current assets</b>			
Property and equipment	15,987	23,291	26,447
Right-of-use assets	119,208	110,748	114,872
<b>Total non-current assets</b>	<b>135,195</b>	<b>134,038</b>	<b>141,320</b>
<b>Current assets</b>			
Inventories	21,792	20,427	34,347
Accounts receivables	91,429	80,574	84,982
Due from Related Parties	38,282	37,088	37,726
Advances, prepayments, and other receivables	10,582	3,776	3,607
Cash and cash equivalents	70,089	163,272	188,324

SAR in 000s	As at 31 December 2020G (Audited)	As at 31 December 2021G (Audited)	As at 31 December 2022G (Audited)
<b>Total current assets</b>	<b>232,175</b>	<b>305,137</b>	<b>348,986</b>
<b>Total assets</b>	<b>367,370</b>	<b>439,175</b>	<b>490,306</b>
<b>Equity</b>			
Share capital	500	500	500
Capital contribution	83,000	83,000	83,000
Statutory reserve	250	250	250
Retained earnings	44,297	128,890	187,852
<b>Total equity</b>	<b>128,047</b>	<b>212,640</b>	<b>271,602</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Employees' end of service benefits	23,112	25,846	25,116
Lease liabilities	111,500	103,530	109,742
<b>Total non-current liabilities</b>	<b>134,612</b>	<b>129,376</b>	<b>134,857</b>
<b>Current liabilities</b>			
Accounts payable, accrued, and other liabilities	84,184	70,602	54,112
Due to Related Parties	4,557	10,377	7,668
Lease liabilities	12,470	11,911	16,265
Accrued Zakat	3,501	4,270	5,802
<b>Total current liabilities</b>	<b>104,711</b>	<b>97,160</b>	<b>83,847</b>
<b>Total liabilities</b>	<b>239,323</b>	<b>226,536</b>	<b>218,704</b>
<b>Total equity and liabilities</b>	<b>367,370</b>	<b>439,175</b>	<b>490,306</b>

Source: Audited consolidated financial statements for the Financial Years ended 31 December 2020G, 2021G and 2022G

#### Non-current assets

Non-current assets amounted to SAR 141.3 million as at 31 December 2022G and mainly consisted of right of use assets (SAR 114.9 million) and property and equipment (SAR 26.4 million). The balance decreased from SAR 135.2 million as at 31 December 2020G to SAR 134.0 million as at 31 December 2021G mainly due to the decrease in right of use assets by SAR 8.5 million as lease payments were made. Non-current assets increased to SAR 141.3 million as at 31 December 2022G mainly on the back of the increase in right-of-use assets (+SAR 4.1 million) in line with the addition of a new leased land.

#### Current assets

Current assets amounted to SAR 349.0 million as at 31 December 2022G and mainly comprised cash and cash equivalents (SAR 188.3 million), accounts receivables (SAR 85.0 million) and the balance due from Related Parties (SAR 37.7 million). Current assets increased from SAR 232.2 million as at 31 December 2020G to SAR 305.1 million as at 31 December 2021G mainly driven by the increase in cash and cash equivalent (+SAR 93.2 million) in line with increase in business operations. Current assets increased to SAR 349.0 million as at 31 December 2022G mainly on the back of the increase in cash and cash equivalents by SAR 25.1 million in line with the overall increase of business operations.

## Equity

As at 31 December 2022G, shareholders' equity amounted to SAR 271.6 million and mainly comprised retained earnings (SAR 187.9 million), capital contribution (SAR 83.0 million), share capital (SAR 500 thousand) and statutory reserve (SAR 250 thousand). Shareholders' equity increased from SAR 128.0 million as at 31 December 2020G to SAR 271.6 million as at 31 December 2022G mainly driven by the increase in retained earnings by (+SAR 143.6 million) in line with the increase in overall business operations.

## Non-current liabilities

Non-current liabilities amounted to SAR 134.9 million as at 31 December 2022G and mainly included non-current portion of lease liabilities (SAR 109.7 million) and end of service benefits (SAR 25.1 million). Non-current liabilities decreased from SAR 134.6 million as at 31 December 2020G to SAR 129.4 million as at 31 December 2021G mainly on the back of the decrease in the non-current portion of the lease liabilities by SAR 8.0 million as the balance moved into the current portion as lease period was closer to expiry. The balance increased to SAR 134.9 million as at 31 December 2022G mainly due to the increase in the non-current portion of lease liabilities by SAR 5.5 million as the Company acquired a new lease.

## Current liabilities

Current liabilities amounted to SAR 83.8 million as at 31 December 2022G and mainly comprised accounts payables, accrued and other liabilities (SAR 54.1 million), current portion of lease liabilities (SAR 16.3 million) and the balance due to Related Parties (SAR 7.7 million). Current liabilities decreased from SAR 104.7 million as at 31 December 2020G to SAR 97.2 million as at 31 December 2021G mainly driven by the decrease in accounts payable, accrued and other liabilities by SAR 13.6 million. Current liabilities decreased to SAR 83.3 million as at 31 December 2022G mainly due to the drop in accounts payable, accrued and other liabilities by SAR 16.5 million.

**Table (97): Statement of cash flows for the years ended 31 December 2020G, 31 December 2021G and 31 December 2022G**

SAR in 000s	FY2020G (Audited)	FY2021G (Audited)	FY2022G (Audited)
<b>Profit before zakat</b>	<b>74,497</b>	<b>89,402</b>	<b>63,359</b>
<b>Adjustments for:</b>			
Depreciation	2,237	3,549	4,007
Provision for employees defined benefit liabilities	2,314	4,216	3,471
Amortization of right-of-use assets	9,206	9,362	9,828
Reversal of provision of slow moving inventory	-	(369)	(156)
Finance cost	8,106	7,595	7,864
Loss on disposal of property and equipment	1	1	-
<b>Changes in operating assets and liabilities:</b>			
Accounts receivable	22,951	10,855	(4,408)
Inventories	(6,209)	1,764	(13,764)
Advances, prepayments and other receivables	(665)	6,806	169
Due from Related Parties	(33,311)	1,194	(638)
Due to Related Parties	-	5,820	(2,708)
Accounts payable, accrued and other liabilities	22,682	11,388	(17,009)
<b>Cash generated from operations</b>	<b>101,809</b>	<b>151,583</b>	<b>50,014</b>
Employees' defined benefit liabilities paid	(551)	(2,025)	(2,799)
Zakat paid	(68)	(3,497)	(4,267)

SAR in 000s	FY2020G (Audited)	FY2021G (Audited)	FY2022G (Audited)
<b>Net cash generated from operating activities</b>	<b>101,190</b>	<b>146,061</b>	<b>42,948</b>
Additions to property and equipment, net	(5,180)	(10,854)	(7,163)
<b>Cash flows used in investing activities</b>	<b>(5,180)</b>	<b>(10,854)</b>	<b>(7,163)</b>
Dividends paid	(102,591)	(25,000)	-
Repayment of lease liabilities	(12,943)	(17,024)	(10,732)
<b>Net cash used in financing activities</b>	<b>(115,534)</b>	<b>(42,024)</b>	<b>(10,732)</b>
<b>Net change in cash and cash equivalents</b>	<b>(19,524)</b>	<b>93,183</b>	<b>25,053</b>
Cash and cash equivalents at beginning of the year	89,613	70,089	163,272
<b>Cash and cash equivalents at the end of the year</b>	<b>70,089</b>	<b>163,272</b>	<b>188,324</b>

Source: audited consolidated financial statements for the Financial Years ended 31 December 2020G, 2021G and 2022G

#### **Net cash generated from operating activities**

Net cash generated from operating activities increased from SAR 101.2 million in the FY2020G to SAR 146.1 million in the FY2021G due to the increase in profit before zakat by SAR 14.9 million in line with the growth in revenue, coupled with the increase in the balance due from Related Parties (+SAR 34.5 million).

Net cash generated from operating activities dropped to SAR 42.9 million in the FY2022G mainly on the back of the decrease in (i) profit before zakat by SAR 26.0 million, and (ii) working capital by SAR 76.2 million (mainly accounts payable, accrued and other liabilities and inventories).

#### **Net cash used in investing activities**

Net cash used for investing activities increased from SAR 5.2 million in the FY2020G to (SAR 10.9 million) in the FY2021G mainly due to additions to property and equipment.

Net cash used for investing activities decreased to SAR 7.2 million in the FY2022G due to the lower additions within 2022G as compared to 2021G.

#### **Net cash used in financing activities**

Net cash used in financing activities decreased from an outflow of SAR 115.5 million in 2020G to an outflow of SAR 42.0 million in 2021G due to the drop in dividends paid of SAR 77.6 million. Net cash used in financing activities decreased to SAR 10.7 million mainly due to the drop in the dividends paid of SAR 25.0 million, coupled with the decrease in the repayment of lease liabilities by SAR 6.3 million.

## 6.7.5 Results of operations from Dr. Soliman Abdel Kader Fakeeh Medical Education Company Limited (“FMCS”)

**Table (98): Statement of profit or loss and other comprehensive income for the Financial Years ended 31 December 2020G, 2021G, and 2022G**

SAR in 000s	FY2020G (Audited)	FY2021G (Audited)	FY2022G (Audited)	Annual Variance 2020G - 2021G	Annual Variance 2021G - 2022G	CAGR 2020G - 2022G
Revenue	60,787	78,358	87,692	28.9%	11.9%	20.1%
Cost of revenue	(33,401)	(39,485)	(52,391)	18.2%	32.7%	25.2%
<b>Gross profit</b>	<b>27,386</b>	<b>38,873</b>	<b>35,301</b>	<b>41.9%</b>	<b>(9.2%)</b>	<b>13.5%</b>
Other income	62	67	207	8.5%	209.3%	83.2%
Administrative expenses	(10,847)	(13,431)	(17,433)	23.8%	29.8%	26.8%
Expected credit loss on accounts receivable	(150)	(2,091)	(1,320)	1,294.2%	(36.9%)	196.6%
<b>Operating profit</b>	<b>16,451</b>	<b>23,418</b>	<b>16,755</b>	<b>42.3%</b>	<b>(28.5%)</b>	<b>0.9%</b>
Finance costs	(40)	(83)	(174)	106.5%	110.3%	108.4%
<b>Profit before zakat</b>	<b>16,411</b>	<b>23,335</b>	<b>16,581</b>	<b>42.2%</b>	<b>(28.9%)</b>	<b>0.5%</b>
Zakat	(180)	(917)	(652)	409.3%	(28.9%)	90.3%
<b>Net profit for the year</b>	<b>16,231</b>	<b>22,418</b>	<b>15,929</b>	<b>38.1%</b>	<b>(28.9%)</b>	<b>(0.9%)</b>
Re-measurement loss on defined benefit obligations	(20)	(452)	(474)	2,118.5%	5.0%	382.6%
<b>Total comprehensive income for the year</b>	<b>16,211</b>	<b>21,966</b>	<b>15,455</b>	<b>35.5%</b>	<b>(29.6%)</b>	<b>(2.4%)</b>
<b>As a % of revenue</b>						
Gross profit	45.1%	49.6%	40.3%	4.6	(9.4)	(4.8)
Operating profit	27.1%	29.9%	19.1%	2.8	(10.8)	(8.0)
Net profit	26.7%	28.6%	18.2%	1.9	(10.4)	(8.5)

Source: audited consolidated financial statements for the Financial Years ended 31 December 2020G, 2021G and 2022G

### Revenue

Revenue is mainly recognized when a student enrolls into one of the programs provided by the college. The college provides several programs including nursing, Bachelor of Medicine, pharmacy among others.

Revenue increased by 28.9% from SAR 60.8 million in the FY2020G to SAR 78.4 million in the FY2021G mainly driven by the increase in number of students across courses from 937 students in FY2020G to 1,199 students in FY2021G. Average tuition per student remained fairly constant for all programs but “others” which witnessed the introduction of short courses spanning up to 3 months, thereby affecting the overall students while average tuition fee drops. Short term courses were further enhanced in the FY2022G to cater to demand observed in the education segment.

Revenue increased by 11.9% from SAR 78.3 million in the FY2021G to SAR 87.7 million in the FY2022G mainly due to (1) the increase in number of students across all faculties, and (2) the introduction of short-term courses during the FY2022G which led to increased enrolments.



### Cost of revenue

Cost of revenue mainly related to costs in connection with salaries and employee related benefits (c. 69.8% of total cost of sales over the historical period), depreciation of property and equipment (c. 13.0%), repairs and maintenance (c. 3.8%), training expenses (c. 2.1%), among others (c. 11.4%). It should be noted that FMCS follows a percentage-based approach for allocating its costs between cost of revenues and administrative expenses.

Cost of revenue increased by 18.2% from SAR 33.4 million in the FY2020G to SAR 39.5 million in the FY2021G mainly due to:

- the increase in salaries and employee related benefits by SAR 2.3 million in line with the increase in overall headcount from 98 employees in the FY2020G to 118 employees in the FY2021G;
- the increase in repairs and maintenance expense by SAR 2.0 million from SAR 889 thousand to SAR 2.9 million driven by the maintenance of medical equipment used in lectures; and
- the increase in training costs from SAR 795 thousand in the FY2020G to SAR 920 thousand in the FY2021G driven by students' physical training which is required by the hospital; such expenses are paid by the college and have increased in line with the number of students.

Cost of revenue increased by 32.7% from SAR 39.5 million in the FY2021G to SAR 52.4 million in the FY2022G mainly due to:

- the increase in salaries and employee related benefits by SAR 13.3 million in line with the increase in overall headcount from 118 employees in the FY2021G to 145 employees in the FY2022G. The overall increase in staff was driven by the commencement of short-term courses; and
- the increase in depreciation by 6.3% from SAR 5.2 million in the FY2021G to SAR 5.5 million in the FY2022G due to the new additions made in property and equipment involving the medical equipment that is used as part of the teaching curriculum of the medical students.

### Gross profit

Gross profit increased by 41.9% from SAR 27.4 million in the FY2020G to SAR 38.9 million in the FY2021G in line with the corresponding revenue growth over the same period. Gross profit slightly decreased by 9.2% between the FY2021G and 2022G, reaching SAR 35.3 million although revenue increased over the same period, but this was offset by the increase in cost of revenue over the same period (mainly as salaries increased).

### Administrative expenses

Administrative expenses mainly related to costs in connection with salaries and employee related benefits (c. 60.1% of total administrative expenses over the historical period), depreciation of property and equipment (c. 12.4%), utilities expenses (c. 4.8%), amortization (c. 4.2%), among others (c. 18.6%).

Administrative expenses increased by 23.8% from SAR 10.8 million in the FY2020G to SAR 13.4 million in the FY2021G mainly due to the increase in salaries and employee related benefits by SAR 3.2 million in line with the increase in overall headcount from 98 employees in the FY2020G to 118 employees in the FY2021G.

Administrative expenses increased by 29.8% from SAR 13.4 million in the FY2021G to SAR 17.4 million in the FY2022G mainly due to the increase in salaries and employee related benefits by SAR 4.3 million in line with the increase in overall headcount from 118 employees in the FY2021G to 145 employees in the FY2022G. The overall increase in staff is due to the commencement of short-term courses.

### Expected credit loss

Expected credit loss increased from SAR 150 thousand in the FY2020G to SAR 2.1 million in the FY2021G and subsequently decreased by 36.9% to SAR 1.3 million in the FY2022G in line with the IFRS 9 requirement related to the ECL which is prepared based on a historical flow rate model.

### Other income

Other income relates to various non-recurring and non-operational items (i) gains / losses on disposal of PP&E, (ii) rental income, and (iii) other miscellaneous income. Other income increased in the FY2022G to SAR 207 thousand mainly due to prior year reversal of expenses related to leases.

### Finance costs

Finance costs related mainly to FMCS's lease liabilities. Finance costs fluctuated over the period between the FY2020G and the FY2022G from SAR 40 thousand in the FY2020G to SAR 83 thousand in the FY2021G, and SAR 174 thousand in the FY2022G in line with the movement of right-of-use assets over the period.

Zakat expenses increased from SAR 180k in the FY2020G to SAR 652 thousand in the FY2022G.

### Net profit for the year

Net profit for the year increased by 38.1% from SAR 16.2 million in the FY2020G to SAR 22.4 million in the FY2021G in line with gross profit growth (+SAR 11.5 million). Net profit for the year decreased by 28.9% from SAR 22.4 million in the FY2021G to SAR 15.9 million in the FY2022G mainly due to the decline in gross profit (-SAR 3.6 million) coupled with the increase in administrative expenses (mainly due to increase in salaries).

**Table (99): Statement of financial position for the years ended 31 December 2020G, 2021G, and 2022G**

SAR in 000s	As at 31 December 2020G (Audited)	As at 31 December 2021G (Audited)	As at 31 December 2022G (Audited)
<b>Assets</b>			
<b>Non-current assets</b>			
Property and equipment	62,663	56,958	56,634
Right-of-use assets	774	-	2,346
Intangible assets	3,126	2,517	2,097
<b>Total non-current assets</b>	<b>66,563</b>	<b>59,475</b>	<b>61,077</b>
<b>Current assets</b>			
Accounts receivable	19,078	16,951	43,070
Due from Related Parties	45	6,732	5,237
Prepayments and other current assets	1,384	1,375	4,022
Cash and cash equivalents	1,437	3,295	28,312
<b>Total current assets</b>	<b>21,944</b>	<b>28,353</b>	<b>80,641</b>
<b>Total assets</b>	<b>88,507</b>	<b>87,828</b>	<b>141,718</b>
<b>Equity</b>			
Share capital	1,000	1,000	1,000
Statutory reserve	500	500	500
Retained earnings	28,443	50,409	65,863
<b>Total equity</b>	<b>29,943</b>	<b>51,909</b>	<b>67,363</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Lease liabilities	-	-	2,270
Employees' end of service benefits	4,907	6,349	7,995
<b>Total non-current liabilities</b>	<b>4,907</b>	<b>6,349</b>	<b>10,265</b>
<b>Current liabilities</b>			
Current portion of lease liabilities	800	-	692
Due to a Related Party	25,668	172	172

SAR in 000s	As at 31 December 2020G (Audited)	As at 31 December 2021G (Audited)	As at 31 December 2022G (Audited)
Accrued and other current liabilities	14,962	13,499	3,453
Contract liabilities	12,000	15,221	59,121
Accrued Zakat	229	677	652
<b>Total current liabilities</b>	<b>53,659</b>	<b>29,569</b>	<b>64,090</b>
<b>Total liabilities</b>	<b>58,566</b>	<b>35,918</b>	<b>74,355</b>
<b>Total equity and liabilities</b>	<b>88,507</b>	<b>87,828</b>	<b>141,718</b>

Source: Audited consolidated financial statements for the Financial Years ended 31 December 2020G, 2021G and 2022G

### Non-current assets

Non-current assets amounted to SAR 61.1 million as at 31 December 2022G and mainly consisted property and equipment (SAR 56.6 million), right of use assets (SAR 2.3 million) and intangible assets (SAR 2.1 million). The balance decreased from SAR 66.6 million as at 31 December 2020G to SAR 59.5 million as at 31 December 2021G mainly due to the decrease in property and equipment by SAR 5.7 million. Non-current assets increased to SAR 61.1 million as at 31 December 2022G mainly on the back of the increase in right of use assets by SAR 2.3 million, partially offset by the drop in intangible assets (-SAR 420k).

### Current assets

Current assets amounted to SAR 80.6 million as at 31 December 2022G and mainly comprised accounts receivables (SAR 43.1 million), cash and cash equivalents (SAR 28.3 million) and the balance due from Related Parties (SAR 5.2 million). Current assets increased from SAR 21.9 million as at 31 December 2020G to SAR 28.4 million as at 31 December 2021G mainly driven by the increase in the balance due from Related Parties (+SAR 6.7 million). Current assets increased to SAR 80.6 million as at 31 December 2022G mainly on the back of the increase in accounts receivables by SAR 26.1 million and cash and cash equivalents (+SAR 25.0 million).

### Equity

As at 31 December 2022G, shareholders' equity amounted to SAR 67.4 million and mainly comprised retained earnings (SAR 65.9 million), share capital (SAR 1.0 million) and statutory reserve (SAR 500k). Shareholders' equity increased from SAR 29.9 million as at 31 December 2020G to SAR 67.4 million as at 31 December 2022G mainly driven by the increase in retained earnings by (+SAR 37.4 million).

### Non-current liabilities

Non-current liabilities amounted to SAR 10.3 million as at 31 December 2022G and mainly included end of service benefits (SAR 8.0 million) and lease liabilities – non-current portion (SAR 2.3 million). Non-current liabilities increased from SAR 5.7 million as at 31 December 2020G to SAR 6.3 million as at 31 December 2021G mainly on the back of the increase in end of service benefits by SAR 1.4 million, partially offset by the drop in the non-current portion of the lease liabilities by SAR 800 thousand. The balance increased to SAR 10.3 million as at 31 December 2022G mainly due to the increase in the non-current portion of lease liabilities by SAR 2.3 million and end of service benefits by SAR 1.6 million.

### Current liabilities

Current liabilities amounted to SAR 64.1 million as at 31 December 2022G and mainly comprised contract liabilities (SAR 59.1 million) and accrued and other current liabilities (SAR 3.5 million). Current liabilities decreased from SAR 52.9 million as at 31 December 2020G to SAR 29.6 million as at 31 December 2021G mainly driven by the decrease in the balance due to Related Parties by SAR 25.5 million, partially offset by the increase in contract liabilities by SAR 3.2 million. Current liabilities increased to SAR 64.1 million as at 31 December 2022G mainly due to the increase in contract liabilities by SAR 43.9 million.

**Table (100): Statement of cash flows for the years ended 31 December 2020G, 31 December 2021G and 31 December 2022G**

SAR in 000s	FY2020G (Audited)	FY2021G (Audited)	FY2022G (Audited)
<b>Profit before zakat</b>	<b>16,411</b>	<b>23,335</b>	<b>16,580</b>
<b>Adjustments for:</b>			
Depreciation on property and equipment	7,122	6,805	7,314
Depreciation on right-of-use assets	774	774	780
Amortization	610	609	420
Expected credit loss on accounts receivable	150	2,091	1,320
Provision for employees' end of service benefits	940	1,213	1,581
Finance costs	40	83	320
Other adjustments	2	-	552
<b>Changes in operating assets and liabilities:</b>			
Accounts receivable	(5,552)	36	(27,440)
Prepayments and other current assets	(902)	9	(2,647)
Due from Related Parties	(8)	(6,662)	1,495
Due to a Related Party	(10,980)	(25,495)	-
Accrued and other current liabilities	3,665	(1,463)	(10,046)
Contract liabilities	1,789	3,221	43,348
<b>Cash generated from operating activities</b>	<b>14,061</b>	<b>4,556</b>	<b>33,577</b>
Finance cost paid	-	(83)	(174)
Employees' end of service benefits paid	(777)	(247)	(410)
Zakat paid	(101)	(469)	(677)
<b>Net cash generated from operating activities</b>	<b>13,183</b>	<b>3,757</b>	<b>32,316</b>
<b>Cash flows from investing activities</b>			
Additions to property and equipment	(17,245)	(1,099)	(6,991)
<b>Net cash used in investing activities</b>	<b>(17,245)</b>	<b>(1,099)</b>	<b>(6,991)</b>
<b>Cash flows from financing activities:</b>			
Repayment of lease liabilities	-	(800)	(309)
Net cash used in financing activities	-	(800)	(309)
<b>Net change in cash and cash equivalents</b>	<b>(4,062)</b>	<b>1,858</b>	<b>25,016</b>
Cash and cash equivalents at beginning of the year	5,498	1,437	3,295
<b>Cash and cash equivalents at the end of the year</b>	<b>1,437</b>	<b>3,295</b>	<b>28,312</b>

Source: Audited consolidated financial statements for the Financial Years ended 31 December 2020G, 2021G and 2022G

### Net cash generated from operating activities

Net cash generated from operating activities decreased from SAR 13.2 million in the FY2020G to SAR 3.8 million in the FY2021G due to the decrease in working capital by SAR 18.4 million, partially offset by the increase in profit before zakat by SAR 6.9 million.

Net cash generated from operating activities increased to SAR 32.3 million in the FY2022G mainly on the back of the increase in working capital by SAR 35.1 million, partially offset by the drop in the profit before zakat (-SAR 6.8 million).

### Net cash used for investing activities

Net cash used for investing activities decreased from (SAR 17.2 million) in the FY2020G to (SAR 1.1 million) in the FY2021G mainly due to the decrease in the cash used for additions to property and equipment (-SAR 16.2 million).

Net cash used for investing activities increased to (SAR 7.0 million) in the FY2022G due to the increase in the cash used for the additions to property and equipment by SAR 5.9 million.

### Net cash used for financing activities

Net cash used for financing activities increased from nil in the FY2020G to (SAR 800 thousand) cash used in financing activities in the FY2021G mainly due to the increase in the repayment of lease liabilities (+SAR 800 thousand).

Net cash used for financing activities decreased to (SAR 309 thousand) mainly due to the drop in the repayment of lease liabilities (-SAR 491 thousand).

## 6.7.6 Results of operations from Dr. Soliman Abdel Kader Fakeeh Hospital Company (Riyadh) (Formerly Rana Medical Services Company) (“DSFH Riyadh Hospital Company”)

**Table (101): Statement of profit or loss and other comprehensive income for the Financial Years ended 31 December 2020G, 2021G and 2022G**

SAR in 000s	FY2020G (Audited)	FY2021G (Audited)	FY2022G (Audited)	Annual Variance 2020G - 2021G	Annual Variance 2021G - 2022G	CAGR 2020G - 2022G
Revenues	-	6,056	9,461	0.0%	56.2%	n.a.
Cost of revenue	-	(94,207)	(114,826)	0.0%	21.9%	n.a.
<b>Gross profit</b>	<b>-</b>	<b>(88,151)</b>	<b>(105,366)</b>	<b>0.0%</b>	<b>19.5%</b>	<b>n.a.</b>
General and administrative expenses	(20,463)	(20,290)	(25,776)	(0.8%)	27.0%	12.2%
<b>Operating profit</b>	<b>(20,463)</b>	<b>(108,441)</b>	<b>(131,142)</b>	<b>429.9%</b>	<b>20.9%</b>	<b>153.2%</b>
Finance costs	(493)	(12,049)	(24,911)	2343.9%	106.7%	610.8%
Impairment loss	-	-	(15,194)	0.0%	0.0%	n.a.
Other (expenses) / income, net	177	1,157	2,642	553.9%	128.3%	286.4%
<b>Loss before zakat</b>	<b>(20,779)</b>	<b>(119,333)</b>	<b>(168,606)</b>	<b>474.3%</b>	<b>41.3%</b>	<b>184.9%</b>
Zakat	(446)	-	-	(100.0%)	0.0%	(100.0%)
Actuarial gain on re-measurement of employees' benefits reserve	76	641	415	744.5%	(35.3%)	133.8%
<b>Total comprehensive income for the year</b>	<b>(21,150)</b>	<b>(118,693)</b>	<b>(168,191)</b>	<b>461.2%</b>	<b>41.7%</b>	<b>182.0%</b>

Source: Audited consolidated financial statements for the Financial Years ended 31 December 2020G, 2021G and 2022G

## Revenue

Revenue increased from SAR 6.1 million in the FY2021G to SAR 9.5 million in the FY2022G mainly driven by the full year effect as the company started its operations during the middle of the FY2021G. The acquisition of Rana Medical Services Company completed in October 2022G and the company was subsequently renamed to DSF Hospital Company Riyadh. The takeover of activities and reintroduction to insurance companies and contracting took place between December 2022G and May 2023G as a result the company had limited activity and revenues in FY2022G.

## Cost of revenue

Cost of revenue increased from SAR 94.2 million in the FY2021G to SAR 114.8 million in the FY2022G mainly driven by depreciation (+SAR 11.1 million) mainly due to the full year effect coupled with the increase in employees' salaries (+SAR 6.6 million).

## General and administrative expenses

General and administrative expenses remained relatively stable between the FY2020G and FY2021G (averaging SAR 20.3 million) and increased to SAR 25.8 million in the FY2022G mainly driven by depreciation (+SAR 3.0 million) mainly due to the full year effect coupled with the increase in employees' salaries (+SAR 2.2 million).

## Finance costs

Finance costs increased from SAR 493 thousand in the FY2020G to SAR 12.0 million in the FY2021G and to SAR 24.9 million in the FY2022G mainly driven by the increase in the loan drawdowns (+SAR 45 million) and the increase in the SIBOR rates.

## Impairment loss

The impairment loss which amounted to SAR 15.2 million in the FY2022G mainly related to the impairment of existing ERP, Billing and HIS systems which were replaced by the Group's ERP (Oracle) and HIS (Yasasii), respectively.

## Other (expenses) / income, net

Other (expenses) / income, net increased from SAR 177 thousand in the FY2020G to SAR 1.2 million in the FY2021G and to SAR 2.6 million in the FY2022G mainly driven by discounts received from suppliers.

**Table (102): Statement of financial position for the years ended 31 December, 2020G, 2021G, and 2022G**

SAR in 000s	As at 31 December 2020G (Audited)	As at 31 December 2021G (Audited)	As at 31 December 2022G (Audited)
<b>Assets</b>			
<b>Non-current assets</b>			
Prepaid expense and other debit balances	17,412	2,931	-
Property, plant and equipment, net	609,656	631,466	588,844
Right-of-use assets	8,036	72,484	64,062
<b>Total non-current assets</b>	<b>635,105</b>	<b>706,881</b>	<b>652,906</b>
<b>Current assets</b>			
Cash and cash equivalents	5,894	278	63,148
Inventory	794	5,625	5,178
Prepaid expense and other debit balances	901	6,273	11,604
Restricted deposit	37,500	-	-
<b>Total current assets</b>	<b>45,089</b>	<b>12,176</b>	<b>79,931</b>
<b>Total assets</b>	<b>680,194</b>	<b>719,057</b>	<b>732,837</b>

SAR in 000s	As at 31 December 2020G (Audited)	As at 31 December 2021G (Audited)	As at 31 December 2022G (Audited)
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	291,000	328,500	571,097
Additional paid capital	37,500	-	-
Accumulated losses	(35,438)	(154,130)	(322,321)
<b>Total equity</b>	<b>293,062</b>	<b>174,370</b>	<b>248,775</b>
<b>Non-current liabilities</b>			
Non-current portion of long-term loan	290,747	-	372,658
Non-current portion of lease liabilities	5,035	35,897	24,807
Employees' defined benefits liabilities	584	1,776	2,625
Non-current portion of retention payable	9,085	-	-
<b>Total non-current liabilities</b>	<b>305,452</b>	<b>37,673</b>	<b>400,091</b>
<b>Current liabilities</b>			
Contractors payable	14,084	45,120	23,611
Accounts payable	10,307	36,153	26,858
Current portion of lease liabilities	2,008	15,806	15,806
Current portion of long-term loan	-	326,316	-
Short term loans	37,500	13,000	-
Retention payable	9,085	18,232	6,791
Accrued expenses and other credit balances	3,680	7,789	6,473
Due to Related Parties	4,665	2,109	4,430
Shareholders' loans	-	42,488	-
Zakat and income tax provision	349	-	-
<b>Total current liabilities</b>	<b>81,680</b>	<b>507,014</b>	<b>83,970</b>
<b>Total liabilities</b>	<b>387,132</b>	<b>544,687</b>	<b>484,061</b>
<b>Total equity and liabilities</b>	<b>680,194</b>	<b>719,057</b>	<b>732,837</b>

Source: audited consolidated financial statements for the Financial Years ended 31 December 2020G, 2021G and 2022G

#### Non-current assets

Non-current assets amounted to SAR 652.9 million as at 31 December 2022G and mainly consisted of property and equipment (SAR 588.8 million) and right of use assets (SAR 64.1 million). The balance increased from SAR 635.1 million as at 31 December 2020G to SAR 706.9 million as at 31 December 2021G mainly due to the increase in right of use assets by SAR 64.5 million and property and equipment by SAR 21.8 million, partially offset by the drop in prepaid expenses and other debit balances (-SAR 14.5 million). Non-current assets decreased to SAR 652.9 million as at 31 December 2022G mainly on the back of the decrease in property and equipment by SAR 42.6 million, coupled with the decrease in right of use by SAR 8.4 million.

### **Current assets**

Current assets amounted to SAR 79.9 million as at 31 December 2022G and mainly comprised cash and cash equivalents (SAR 63.1 million), prepaid expenses and other debit balances (SAR 11.6 million) and inventories (SAR 5.2 million). Current assets decreased from SAR 45.1 million as at 31 December 2020G to SAR 12.2 million as at 31 December 2021G mainly driven by the decrease in the restricted deposit (-SAR 37.5 million), partially offset by the increase in prepaid expenses and other debits balances (+SAR 5.4 million). Current assets increased to SAR 79.9 million as at 31 December 2022G mainly on the back of the increase in cash and cash equivalents (+SAR 62.9 million), coupled with the increase in prepaid expenses and other debit balances (+SAR 5.3 million).

### **Equity**

As at 31 December 2022G, shareholders' equity amounted to SAR 248.8 million and mainly comprised share capital (SAR 571.1 million), and accumulated losses (SAR 322.3 million). Shareholders' equity decreased from SAR 293.1 million as at 31 December 2020G to SAR 248.8 million as at 31 December 2022G mainly driven by the increase in accumulated losses by SAR 286.9 million, coupled with the decrease in the additional paid capital from SAR 37.5 million as at 31 December 2020G to nil as at 31 December 2021G and 31 December 2022G. This was partially offset by the increase in share capital by SAR 280.1 million.

### **Non-current liabilities**

Non-current liabilities amounted to SAR 400.1 million as at 31 December 2022G and mainly included the non-current portion of a long term loan (SAR 372.7 million) and lease liabilities – non-current portion (SAR 24.8 million). Non-current liabilities decreased from SAR 305.5 million as at 31 December 2020G to SAR 37.7 million as at 31 December 2021G following the classification as current liability of the non-current portion of the long term loan from SAR 290.7 million as at 31 December 2020G to nil as at 31 December 2021G, as the Company's loan installments were not paid and were therefore reclassified to current liabilities. This was coupled with the drop in the non-current portion of retention payable from SAR 9.1 million as at 31 December 2020G to nil as at 31 December 2021G, partially offset by the increase in the non-current portion of the lease liabilities by SAR 30.9 million. The balance increased to SAR 400.1 million as at 31 December 2022G mainly due to the classification in the non-current of the long term loan by SAR 372.7 million as a new facility from another domestic bank with longer maturity and lower margin was substantially concluded, partially offset by the drop in the non-current portion of lease liabilities by SAR 11.1 million.

### **Current liabilities**

Current liabilities amounted to SAR 84.0 million as at 31 December 2022G and mainly comprised accounts payable (SAR 26.9 million), contractors payable (SAR 23.6 million) and the current portion of lease liabilities (SAR 15.8 million). Current liabilities increased from SAR 81.7 million as at 31 December 2020G to SAR 507.0 million as at 31 December 2021G mainly driven by the increase in the current portion of the long term loan (+SAR 326.3 million) and was immediately due as the Company was in breach of the facility terms, coupled with the increase (i) in shareholders' loans by SAR 42.5 million, (ii) contractors payable (+SAR 31.0 million), (iii) accounts payable (+SAR 25.8 million), (iv) the current portion of lease liabilities (+SAR 13.8 million) and (v) retention payable (+SAR 9.1 million). This was partially offset by the decrease in short term loans by SAR 24.5 million. Current liabilities decreased to SAR 84.0 million as at 31 December 2022G mainly due to the decrease in (i) the current portion of the long term loan by SAR 326.3 million, (ii) shareholders' loans by SAR 42.5 million, (iii) contractors payable by SAR 21.5 million, (iv) short term loans by SAR 13.0 million and (v) retention payable by SAR 11.4 million.



**Table (103): Statement of cash flows for the years ended 31 December, 2020G, 31 December, 2021G and 31 December 2022G**

SAR in 000s	FY2020G (Audited)	FY2021G (Audited)	FY2022G (Audited)
Loss before zakat	(20,779)	(119,333)	(168,606)
<b>Adjustments for:</b>			
Depreciation	882	24,264	38,398
Provision for obsolete inventory	-	978	-
Finance cost	493	12,049	24,911
Employees defined benefits liabilities	516	1,949	1,733
Impairment losses on property, plant and equipment	-	-	15,194
<b>Total adjustments</b>	<b>(18,889)</b>	<b>(80,092)</b>	<b>(88,370)</b>
<b>Changes in operating assets and liabilities:</b>			
Inventory	(794)	(5,809)	447
Prepaid expense and other debit balances – current portion	94	(5,372)	(3,411)
Restricted deposit	(37,500)	37,500	-
Contractors payable	5,512	31,036	(21,509)
Accounts payable	10,162	25,846	(9,295)
Accrued expenses and other credit balances	(110)	3,751	(3,935)
Retention payable	1,638	62	(11,442)
Due to Related Parties	110	1,456	2,430
<b>Cash generated from/ (used in) operating activities</b>	<b>(39,777)</b>	<b>8,378</b>	<b>(135,085)</b>
Zakat paid	(199)	(349)	-
Finance cost paid	(137)	(8,747)	(18,214)
Employees defined benefits liabilities paid	(9)	(117)	(469)
<b>Net cash generated from / (used in) operating activities</b>	<b>(40,122)</b>	<b>(835)</b>	<b>(153,769)</b>
Addition to property, plant and equipment	(96,774)	(43,264)	(2,548)
Additions to right of use assets	-	(5,314)	-
Prepaid expense and other debit balances – non-current portion	(5,306)	1,646	1,012
<b>Net cash used for investing activities</b>	<b>(102,080)</b>	<b>(46,932)</b>	<b>(1,535)</b>
Net change in loans	91,478	11,069	33,342
Capital increase	37,500	-	200,000
Lease liabilities paid	(384)	(11,406)	(15,168)
Shareholders' loans	-	42,488	-
<b>Net cash generated from financing activities</b>	<b>128,594</b>	<b>42,151</b>	<b>218,175</b>
Net change in cash and cash equivalents	(13,608)	(5,616)	62,871
Cash and cash equivalents at the beginning of the year	19,502	5,894	278
<b>Cash and cash equivalents at the end of the year</b>	<b>5,894</b>	<b>278</b>	<b>63,148</b>

Source: audited consolidated financial statements for the Financial Years ended 31 December 2020G, 2021G and 2022G

### Net cash generated from (used in) operating activities

Net cash used in operating activities decreased from SAR 40.1 million in the FY2020G to SAR 835 thousand cash used in operating activities in the FY2021G due to the increase in (i) restricted deposits (+SAR 75.0 million) and (ii) increase in the contractors payable (+SAR 25.5 million), (iii) depreciation expenses (+SAR 23.4 million) and (iv) accounts payable (+SAR 15.7 million), partially offset by the increase in loss before zakat by SAR 98.6 million.

Net cash used in operating activities increased to SAR 153.8 million in the FY2022G mainly on the back of the decrease in contractors payable (-SAR 52.5 million), restricted deposits (-SAR 37.5 million) and accounts payable (-SAR 35.1 million), partially by the increase in impairment losses on property and equipment (+SAR 15.2 million), and depreciation expenses (+SAR 14.1 million).

### Net cash used for investing activities

Net cash used for investing activities decreased from SAR 102.1 million in the FY2020G to SAR 46.9 million in the FY2021G mainly due to the decrease in the cash used for additions to property and equipment (-SAR 53.5 million).

Net cash used for investing activities decreased to SAR 1.5 million in the FY2022G due to the decrease in the cash used for the additions to property and equipment by SAR 40.7 million and the cash used for the additions to the right of use assets by SAR 5.3 million.

### Net cash generated from financing activities

Net cash generated from financing activities decreased from a SAR 128.6 million cash generated from financing activities in the FY2020G to SAR 42.2 million in the FY2021G mainly due to the decrease in net change in loans (-SAR 80.4 million), capital increase (-SAR 37.5 million) and the lease liabilities paid (-SAR 11.0 million). This was partially offset by the withdrawal of a SAR 42.5 million shareholders' loans.

Net cash generated from financing activities increased to SAR 218.2 million mainly due to the increase in capital increase by SAR 200.0 million, coupled with the net change in loans (+SAR 22.3 million), partially offset by the drop in shareholders' loans (-SAR 42.5 million).

## 6.8 Summary of Financial Information and Key Performance Indicators

**Table (104): Statement of profit or loss and other comprehensive income for the financial periods ended 30 September 2022G and 2023G**

SAR in 000s	Nine-month period ended 30 September 2022G (Reviewed)	Nine-month period ended 30 September 2023G (Reviewed)	Variance
Revenue	1,472,024	1,664,368	13.1%
Cost of revenue	(1,036,093)	(1,229,788)	18.7%
<b>Gross profit</b>	<b>435,931</b>	<b>434,580</b>	<b>(0.3%)</b>
Administrative expenses	(142,899)	(191,363)	33.9%
Expected credit loss on accounts receivables	(20,930)	(10,105)	(51.7%)
<b>Operating profit</b>	<b>272,102</b>	<b>233,112</b>	<b>(14.3%)</b>
Other income, net	11,054	47,842	332.8%
Financing costs	(34,622)	(91,205)	163.4%
<b>Profit before zakat</b>	<b>248,534</b>	<b>189,749</b>	<b>(23.7%)</b>
Zakat	(14,907)	(20,836)	39.8%
<b>Profit for the period</b>	<b>233,626</b>	<b>168,914</b>	<b>(27.7%)</b>

SAR in 000s	Nine-month period ended 30 September 2022G (Reviewed)	Nine-month period ended 30 September 2023G (Reviewed)	Variance
<b>Profit/(loss) for the year attributable to:</b>			
Owners of the parent company	221,406	205,606	(7.1%)
Non-controlling interests	12,220	(36,693)	(400.3%)
<b>Profit for the period</b>	<b>233,626</b>	<b>168,914</b>	<b>(27.7%)</b>
<b>EBITDA</b>	<b>353,203</b>	<b>390,559</b>	<b>(10.6%)</b>
Gross profit (%)	29.6%	26.1%	(3.5)
Operating profit (%)	18.5%	14.0%	(4.5)
Net profit for the period (%)	15.9%	10.1%	(5.7)
EBITDA (%)	24.0%	23.5%	(0.5)

Source: Reviewed consolidated financial statements for the nine-month period ended 30 September 2023G

**Table (105): Statement of profit or loss and other comprehensive income for the financial periods ended 30 September 2022G and 2023G**

SAR in 000s	As at 31 December 2022G (Audited)	As at 30 September 2023G (Reviewed)
Non-current assets	3,664,467	2,811,816
Current assets	1,405,962	1,350,213
<b>Total assets</b>	<b>5,070,429</b>	<b>4,162,029</b>
<b>Total equity</b>	<b>2,157,244</b>	<b>1,189,649</b>
Non-current liabilities	1,748,396	1,930,371
Current liabilities	1,164,789	1,042,009
<b>Total liabilities</b>	<b>2,913,185</b>	<b>2,972,380</b>
<b>Total equity and liabilities</b>	<b>5,070,429</b>	<b>4,162,029</b>
<b>Key Performance Indicators</b>		
Receivables turnover rate (days)	121	127
Inventory turnover rate (days)	34	40
Accounts payable turnover rate (days)	64	60
<b>Cash turnover rate (days)</b>	<b>91</b>	<b>107</b>
Working capital as a percentage of revenue	32.2%	18.2%
Return on assets	7.7%	5.7%
Return on equity	17.0%	15.7%
Debt over equity	85.7%	117.9%

Source: Reviewed consolidated financial statements for the nine-month period ended 30 September 2023G

**Table (106): Summary of Statement of Cash Flows for the nine-month period ended 30 September 2022G and 2023G**

SAR in 000s	Nine-month period ended 30 September 2022G (Reviewed)	Nine-month period ended 30 September 2023G (Reviewed)
Net cash generated from operating activities	16,082	320,089
Net cash generated from / (used in) investing activities	(311,743)	989,240
Net cash generated used in financing activities	292,447	(1,427,496)
Net decrease in cash and cash equivalents	(3,214)	(118,167)
Cash and cash equivalents at the beginning of the year	191,656	316,762
<b>Cash and cash equivalents at the end of the year</b>	<b>188,441</b>	<b>198,595</b>

Source: Reviewed consolidated financial statements for the nine-month period ended 30 September 2023G

## 6.9 Results of operations for the financial periods ended 30 September 2022G and 2023G

### 6.9.1 Consolidated Statement of Profit or Loss and Other Comprehensive Income

**Table (107): Summary of Statement of Comprehensive Income for the nine-month period ended 30 September 2022G and 2023G**

SAR in 000s	Nine-month period ended 30 September 2022G (Reviewed)	Nine-month period ended 30 September 2023G (Reviewed)	Variance
Revenue	1,472,024	1,664,368	13.1%
Cost of revenue	(1,036,093)	(1,229,788)	18.7%
<b>Gross profit</b>	<b>435,931</b>	<b>434,580</b>	<b>(0.3%)</b>
Administrative expenses	(142,899)	(191,363)	33.9%
Expected credit loss on accounts receivables	(20,930)	(10,105)	(51.7%)
<b>Operating profit</b>	<b>272,102</b>	<b>233,112</b>	<b>(14.3%)</b>
Other income, net	11,054	47,842	332.8%
Finance costs	(34,622)	(91,205)	163.4%
<b>Profit before zakat</b>	<b>248,534</b>	<b>189,749</b>	<b>(23.7%)</b>
Zakat	(14,907)	(20,836)	39.8%
<b>Profit for the period</b>	<b>233,626</b>	<b>168,914</b>	<b>(27.7%)</b>
<b>Profit/(loss) for the year attributable to:</b>			
Owners of the parent company	221,406	205,606	(7.1%)
Non-controlling interests	12,220	(36,693)	(400.3%)
<b>Profit for the period</b>	<b>233,626</b>	<b>168,914</b>	<b>(27.7%)</b>
<b>EBITDA</b>	<b>353,203</b>	<b>390,559</b>	<b>(10.6%)</b>

SAR in 000s	Nine-month period ended 30 September 2022G (Reviewed)	Nine-month period ended 30 September 2023G (Reviewed)	Variance
<b>KPIs</b>			
Number of patients	1,040,433	1,123,730	8.0%
Number of beds (DSFH Hospital)	375	395	5.3%
<b>As a % of revenue</b>			
Gross profit (%)	29.6%	26.1%	(3.5)
Operating profit (%)	18.5%	14.0%	(4.5)
Profit for the period (%)	15.9%	10.1%	(5.7)
EBITDA (%)	24.0%	23.5%	(0.5)

Source: Reviewed consolidated financial statements for the nine-month period ended 30 September 2023G

The Group uses financial performance indicators consistent with IFRS. The Group also utilize EBITDA and EBITDA margin as financial performance indicators for the purpose of comparison and financial analysis that do not comply with IFRS. Financial performance indicators that do not comply with IFRS do not have a uniform definition and other companies may calculate them differently.

### Revenue

Revenue increased by 13.1% from SAR 1.5 billion in the nine-month period ended 30 September 2022G to SAR 1.7 billion in the nine-month period ended 30 September 2023G, mainly due to:

- the increase in healthcare revenue by 13.4% mainly due to the increase in outpatient and inpatient revenues (price and volume driven) coupled with revenue growth from medical centers and Riyadh hospital. The latter was partly offset by the discontinuation of certain projects including ICU Makkah, Elm and Saudia PCR.
- the increase in education revenue by 8.1% mainly driven by the increase in the number of students enrolled into the medical programs offered by FMCS.

### Cost of revenue

Cost of revenue increased by 18.7% from SAR 1.0 billion in the nine-month period ended 30 September 2022G to SAR 1.2 billion in the nine-month period ended 30 September 2023G, mainly due to:

- the increase in salaries and employee related benefits by 15.3% mainly in line with the increase in employee headcount from 2,395 in the nine-month period ended 30 September 2022G to 2,891 in the nine-month period ended 30 September 2023G after the acquisition of the Riyadh hospital;
- the increase in materials and consumables by 15.2% mainly driven by the increase in number of inpatients;
- the increase in depreciation of property and equipment by 82.3% in line with the fixed asset additions over the period following the acquisition of the Riyadh hospital;
- the increase in insurance expense by 20.4% primarily from medical insurance in line with the increase in number of employees over the period.

### Gross profit

Gross profit decreased slightly by 0.3% from SAR 435.9 million in the nine-month period ended 30 September 2022G to SAR 434.6 million in the nine-month period ended 30 September 2023G, despite revenue growth during the same period. The latter is due to the increase in cost of revenues exceeding revenue growth within the period.

### Administrative expenses

Administrative expenses increased by 33.9% from SAR 142.9 million in the nine-month period ended 30 September 2022G to SAR 191.4 million in the nine-month period ended 30 September 2023G, mainly due to:

- the increase in salaries and employee related benefits by 35.8%: mainly in line with the increase in employee headcount from 1,502 in the nine-month period ended 30 September 2022G to 1,713 in the nine-month period ended 30 September 2023G;
- the increase in advertising and publicity expenses from SAR 5.0m in the nine-month period ended 30 September 2022G to SAR 9.4m million in the nine-month period ended 30 September 2023G mainly attributable to the increase in costs incurred in advertising and conference expenses; and
- the increase in depreciation of property and equipment by 45.3% in line with the additions over the period.

### Expected credit loss on accounts receivables

Expected credit loss on accounts receivables decreased from SAR 20.9 million in the nine-month period ended 30 September 2022G to SAR 10.1 million in the nine-month period ended 30 September 2023G, due to lower provisions to the Ministry of Health (due to less revenue from Ministry of Health) and improved collections.

### Other income, net

Other income, net increased from SAR 11.1 million in the nine-month period ended 30 September 2022G to SAR 47.8 million in the nine-month period ended 30 September 2023G, due to an increase in interest income in line with the rise in interest rates.

### Finance costs

Finance costs increased from SAR 34.6 million in the nine-month period ended 30 September 2022G to SAR 91.2 million in the nine-month period ended 30 September 2023G, in line with the movement of outstanding loans during the period.

### Zakat expenses

Zakat expenses increased by 39.8% from SAR 14.9 million in the nine-month period ended 30 September 2022G to SAR 20.8 million in the nine-month period ended 30 September 2023G.

### Profit for the period

Profit for the period decreased by 27.7% from SAR 233.6 million in the nine-month period ended 30 September 2022G to SAR 168.9 million in the nine-month period ended 30 September 2023G, mainly due to an increase in financing costs (+SAR 56.6 million), and zakat expenses (+SAR 5.9 million) offset by an increase in other income (+SAR 36.8 million).

#### 6.9.1.1 Revenue by Major Service

**Table (108): Revenue by major service for the financial periods ended 30 September 2022G and 2023G**

SAR in 000s	Nine-month period ended 30 September 2022G (Management)	Nine-month period ended 30 September 2023G (Management)	Variance
Outpatient	808,489	920,461	13.8%
Inpatient	546,389	660,301	20.8%
Medical related services	226,418	205,811	(9.1%)
<b>Gross revenue from healthcare services</b>	<b>1,581,296</b>	<b>1,786,572</b>	<b>13.0%</b>
Discounts and rejections from healthcare services	(184,022)	(202,481)	10.0%
<b>Net revenue from healthcare services</b>	<b>1,397,274</b>	<b>1,584,091</b>	<b>13.4%</b>

SAR in 000s	Nine-month period ended 30 September 2022G (Management)	Nine-month period ended 30 September 2023G (Management)	Variance
Health Club	2,570	-	(100.0%)
Education	66,014	71,342	8.1%
Healthcare IT services	5,928	8,574	44.6%
Others	238	361	51.7%
<b>Total</b>	<b>1,472,024</b>	<b>1,664,368</b>	<b>13.1%</b>
<b>KPIs</b>			
Total number of outpatients	1,011,830	1,092,430	8.0%
Total number of inpatients	28,603	31,300	9.4%

Source: Management information for the financial period ended 30 September 2022G and 2023G

Note: The FY20-22 outpatient gross revenue includes the revenue from operating contracts whereas the same contracts are presented as part of medical related services in the nine-month periods ended 30 September 2022G and 2023G

### Outpatient revenue

Outpatient revenue increased by 13.8% from SAR 808.5 million in the nine-month period ended 30 September 2022G to SAR 920.5 million in the nine-month period ended 30 September 2023G, due to annual price increases in addition to an increase in the number of outpatients from 1,011,830 in the nine-month period ended 30 September 2022G to 1,092,430 in the nine-month period ended 30 September 2023G. The increase in outpatients was mainly observed across the internal medicine, hematology, family medicine, cardiothoracic and ambulatory departments. Also, revenue from clinics recorded under outpatient revenue increased over the period due to more outpatient numbers in the nine-month period ended 30 September 2023G.

### Inpatient revenue

Inpatient revenue increased by 20.8% from SAR 546.4 million in the nine-month period ended 30 September 2022G to SAR 660.3 million in the nine-month period ended 30 September 2023G, mainly driven by the annual price increase significantly affecting several departments such as adult critical care, orthopedics and spine, and hematology departments along with the increase in number of inpatients from 29 thousand in the nine-month period ended 30 September 2022G to 31 thousand in the nine-month period ended 30 September 2023G.

### Medical related services

Medical related services revenue decreased by 9.1% from SAR 226.4 million in the nine-month period ended 30 September 2022G to SAR 205.8 million in the nine-month period ended 30 September 2023G, as projects were completed (ICU Makkah, Elm project and Saudia PCR projects were completed in the financial year 2022G and the King Abdullah University of Science and Technology project ended in the financial year 2023G). The King Abdullah University of Science and Technology project revenue was offset by the Neom project (SAR 84.3 million) whereby DSFH agreed to operate the hospital in Neom post April 2023G.

### Discounts and rejections from healthcare services

Discounts and rejections from healthcare services for Dr. Soliman Fakeeh Hospital increased by 10.0% from SAR 184.0 million in the nine-month period ended 30 September 2022G (11.7% of gross revenue) to SAR 202.5 million in the nine-month period ended 30 September 2023G (11.4% of gross revenue), driven mainly by the increase in revenues, specifically revenues from insurance companies (from SAR 1.1 billion in the nine-month period ended 30 September 2022G to SAR 1.4 billion in the nine-month period ended 30 September 2023G).

### Education

Education revenue from FMCS increased by 8.1% from SAR 66.0 million in the nine-month period ended 30 September 2022G to SAR 71.3 million in the nine-month period ended 30 September 2023G, mainly driven by increased revenues from the bachelor of medicine and surgery in line with the increase in the number of registered students from 561 in the nine-month period ended 30 September 2022G to 674 in the nine-month period ended 30 September 2023G.

### Healthcare IT services

Healthcare IT services revenue generated by Dr. Soliman Abdel Kader Fakeeh Information Technology Company increased by 44.6% from SAR 5.9 million in the nine-month period ended 30 September 2022G to SAR 8.6 million in the nine-month period ended 30 September 2023G, as a result of the maintenance and implementation contract with Neom for the Yasasii software.

### Health club

Revenues from the health club (Olympia Sports) decreased by 100.0% to nil in the nine-month period ended 30 September 2023G, as a result of its final closure during the third quarter of financial year 2022G.

### Others

Others increased by 51.7% from SAR 238 thousand in the nine-month period ended 30 September 2022G to SAR 361 thousand in the nine-month period ended 30 September 2023G.

**Table (109): Revenues by major service for the financial periods ended 30 September 2022G and 2023G**

SAR in 000s	Nine-month period ended 30 September 2022G (Management)	Nine-month period ended 30 September 2023G (Management)	Variance
Healthcare services	530,671	620,337	16.9%
Laboratory services	255,701	300,345	17.5%
Pharmacy services	448,247	519,018	15.8%
Radiology services	120,259	141,062	17.3%
Medical related services	226,418	205,811	(9.1%)
Gross revenue from healthcare services	1,581,296	1,786,572	13.0%
<b>KPI - as a percentage of gross revenue from healthcare services</b>			
Healthcare services	33.6%	34.7%	1.2
Laboratory services	16.2%	16.8%	0.6
Pharmacy services	28.3%	29.1%	0.7
Radiology services	7.6%	7.9%	0.3
Medical related services	14.3%	11.5%	(2.8)

Source: Management information for the financial period ended 30 September 2022G and 2023G

Gross revenues from healthcare services increased from SAR 1.6 billion in the nine-month period ended 30 September 2022G to SAR 1.8 billion in the nine-month period ended 30 September 2023G due to an increase in revenues from healthcare services by 16.9%, an increase in laboratory services revenue by 17.5%, in addition to an increase in pharmacy services revenue by 15.8%.



**Table (110): Net revenues by geographical area for the nine-month periods ended 30 September 2022G and 2023G**

SAR in 000s	Nine-month period ended 30 September 2022G (Management)	Nine-month period ended 30 September 2023G (Management)	Variance
Western Region	1,472,024	1,546,357	5.0%
Northern Region	-	84,301	n.a.
Central Region	-	33,711	n.a.
Net Total Revenues	1,472,024	1,664,368	13.1%
<b>KPI - as a percentage of total</b>			
Western Region	100.0%	92.9%	(7.1)
Northern Region	-	5.1%	5.1
Central Region	-	2.0%	2.0

Source: Management information for the financial period ended 30 September 2022G and 2023G

#### 6.9.1.2 Cost of revenue

**Table (111): Cost of revenue for the nine-month periods ended 30 September 2022G and 2023G**

SAR in 000s	Nine-month period ended 30 September 2022G (Management)	Nine-month period ended 30 September 2023G (Management)	Variance
Salaries and employee related benefits	512,501	590,873	15.3%
Materials and consumables	371,626	428,099	15.2%
Depreciation on property and equipment	30,149	54,957	82.3%
Insurance expenses	22,738	27,386	20.4%
Depreciation on right-of-use assets	17,679	25,745	45.6%
Repairs and maintenance	16,921	23,275	37.6%
Food and beverages	13,500	13,500	(0.0%)
Utilities charges	7,972	12,911	62.0%
Advertising and publicity	7,353	10,624	44.5%
Rental charges	7,860	10,010	27.4%
Amortization	2,360	5,013	112.4%
Others	25,434	27,395	7.7%
<b>Total</b>	<b>1,036,093</b>	<b>1,229,788</b>	<b>18.7%</b>
<b>KPIs</b>			
Average monthly number of employees	2,395	2,891	20.7%

Source: Management information for the financial period ended 30 September 2022G and 2023G

**Salaries and employee related benefits**

Salaries and employee related benefits increased by 15.3% from SAR 512.5 million in the nine-month period ended 30 September 2022G to SAR 590.9 million in the nine-month period ended 30 September 2023G, driven mainly by an increase in employee headcount from 2,395 in the nine-month period ended 30 September 2022G to 2,891 employees in the nine-month period ended 30 September 2023G, after the acquisition of Riyadh hospital whose average employee headcount was 463 and salaries amounted to SAR 75.0m in the nine-month period ended 30 September 2023G.

**Materials and consumables**

Materials and consumables expenses increased by 15.2% from SAR 371.6 million in the nine-month period ended 30 September 2022G to SAR 428.1 million in the nine-month period ended 30 September 2023G, which is primarily in line with the increase in pharmaceutical medicine and consumables revenue.

**Depreciation on property and equipment**

Depreciation on property and equipment increased by 82.3% from SAR 30.1 million in the nine-month period ended 30 September 2022G to SAR 55.0 million in the nine-month period ended 30 September 2023G, due to additions after the acquisition of Riyadh Hospital.

**Insurance expenses**

Insurance expenses increased by 20.4% from SAR 22.7 million in the nine-month period ended 30 September 2022G to SAR 27.4 million in the nine-month period ended 30 September 2023G, mainly driven by the increase in number of employees attributable to Riyadh Hospital employee additions keeping average periodic insurance expense per employee at around SAR 9 thousand.

**Depreciation on right-of-use assets**

Depreciation on right-of-use assets increased by 45.6% from SAR 17.7 million in the nine-month period ended 30 September 2022G to SAR 25.7 million in the nine-month period ended 30 September 2023G due to AlMarwa compound accommodation in Jeddah and Riyadh Hospital's additions of right-of-use assets.

**Repairs and maintenance**

Repairs and maintenance expenses increased by 37.6% from SAR 16.9 million in the nine-month period ended 30 September 2022G to SAR 23.3 million in the nine-month period ended 30 September 2023G, mainly due to the inclusion of the Riyadh hospital costs during the nine-month period ended 30 September 2023G.

**Food and beverages**

Food and beverages expenses remained stable at SAR 13.5 million over the nine-month periods ended 30 September 2022G and the 30 September 2023G.

**Utilities charges**

Utilities charges increased by 62.0% from SAR 8.0 million in the nine-month period ended 30 September 2022G to SAR 12.9 million in the nine-month period ended 30 September 2023G, mainly due to the start of the Neom project during the nine-month period ended 30 September 2023G (+SAR 1.1 million) in addition to the acquisition of Riyadh Hospital, whose facilities expenses amounted to SAR 2.9 million during the period.

**Advertising and publicity**

Advertising and publicity expenses increased by 44.5% from SAR 7.4 million in the nine-month period ended 30 September 2022G to SAR 10.6 million in the nine-month period ended 30 September 2023G, driven mainly by advertising expenses related to Riyadh Hospital and marketing the Fakeeh brand in Riyadh.

### Rental charges

Rental charges increased by 27.4% from SAR 7.9 million in the nine-month period ended 30 September 2022G to SAR 10.0 million in the nine-month period ended 30 September 2023G, mainly due to the rent paid for the housing of Neom project employees (SAR 2.2 million).

### Amortization

Amortization cost increased from SAR 2.4 million in the nine-month period ended 30 September 2022G to SAR 5.0 million in the nine-month period ended 30 September 2023G, driven mainly by goodwill and amortization of Riyadh Hospital's customer relationships following the acquisition.

### Others

Others expenses increased by 6.3% from SAR 25.8 million in the nine-month period ended 30 September 2022G to SAR 27.4 million in the nine-month period ended 30 September 2023G, mainly driven by expenses related to the acquisition of Riyadh hospital in particular consultancy and legal costs (+ SAR 3.3 million), partially offset by decreased charity and donations from DSFH (-SAR 1.6 million) and management consulting fees from DSFH (-SAR 1.4 million).

#### 6.9.1.3 Administrative expenses

**Table (112): Administrative expenses for the nine-month period ended 30 September 2022G and 2023G**

SAR in 000s	Nine-month period ended 30 September 2022G (Management)	Nine-month period ended 30 September 2023G (Management)	Variance
Salaries and employee related benefits	90,494	122,914	35.8%
Depreciation on right-of-use assets	10,167	11,077	9.0%
Depreciation on property and equipment	7,341	10,668	45.3%
Advertising and publicity	4,976	9,379	88.5%
Repairs and maintenance	1,581	2,380	50.6%
Insurance expenses	3,529	4,224	19.7%
Utilities charges	2,697	2,958	9.7%
Rental charges	1,827	2,362	29.3%
Amortization	2,320	2,113	(8.9%)
Printing and stationery	815	857	5.2%
Depreciation on investment properties	31	31	0.0%
Others	17,121	22,399	30.8%
<b>Total</b>	<b>142,899</b>	<b>191,363</b>	<b>33.9%</b>
<b>KPIs</b>			
Average monthly employee headcount	1,502	1,713	14.0%

Source: Management information for the financial period ended 30 September 2022G and 2023G

### Salaries and employee related benefits

Salaries and employee related benefits increased by 35.8% from SAR 90.5 million in the nine-month period ended 30 September 2022G to SAR 122.9 million in the nine-month period ended 30 September 2023G, mainly driven by an increase in employee headcount from 1,502 in the nine-month period ended 30 September 2022G to 1,713 in the nine-month period ended 30 September 2023G, due to the inclusion of Riyadh Hospital's workforce post its acquisition alongside routine additions across the Company to cater to growing operations.

**Depreciation on right-of-use assets**

Depreciation on right-of-use assets increased by 9.0% from SAR 10.2 million in the nine-month period ended 30 September 2022G to SAR 11.1 million in the nine-month period ended 30 September 2023G in line with additions in right-of-use assets during the period.

**Depreciation on property and equipment**

Depreciation of property and equipment increased by 45.3% from SAR 7.3 million in the nine-month period ended 30 September 2022G to SAR 10.7 million in the nine-month period ended 30 September 2023G, in line with the additions related to Riyadh Hospital during the period.

**Advertising and publicity**

Advertising and publicity expenses increased by 88.5% from SAR 5.0 million in the nine-month period ended 30 September 2022G to SAR 9.4 million in the nine-month period ended 30 September 2023G, primarily driven by advertising and conference expenses by DSFH.

**Repairs and maintenance**

Repairs and maintenance decreased by 50.6% from SAR 1.6 million in the nine-month period ended 30 September 2022G to SAR 2.4 million in the nine-month period ended 30 September 2023G, due to normal maintenance done around Riyadh Hospital following the acquisition.

**Insurance expenses**

Insurance expenses increased by 19.7% from SAR 3.5 million in the nine-month period ended 30 September 2022G to SAR 4.2 million in the nine-month period ended 30 September 2023G, driven by an increase in medical and employee insurance in line with the increase in the number of employees, in addition to the inclusion of dependents as part of employee insurance coverage.

**Utilities charges**

Utilities charges increased by 9.7% from SAR 2.7 million in the nine-month period ended 30 September 2022G to SAR 3.0 million in the nine-month period ended 30 September 2023G, due to the addition of Riyadh Hospital expenses after the acquisition.

**Rental charges**

Rental charges increased by 29.3% from SAR 1.8 million in the nine-month period ended 30 September 2022G to SAR 2.4 million in the nine-month period ended 30 September 2023G, mainly driven by the rental in FC for the new head office that has higher rental as compared to the old head office rent.

**Amortization**

Amortization decreased slightly from SAR 2.3 million in the nine-month period ended 30 September 2022G to SAR 2.1 million in the nine-month period ended 30 September 2023G.

**Printing and stationery**

Printing and stationery increased by 5.2% from SAR 815 thousand in the nine-month period ended 30 September 2022G to SAR 857 thousand in the nine-month period ended 30 September 2023G, in line with the growth of the Group's operations.

**Depreciation of investment properties**

Depreciation on investment properties remained constant at SAR 31 thousand during the nine-month period ended 30 September 2022G and 2023G and relates to investment properties.

### Other expenses

Other expenses increased by 30.8% from SAR 17.1 million in the nine-month period ended 30 September 2022G to SAR 22.4 million in the nine-month period ended 30 September 2023G, driven primarily by expenses related to software licenses and computer expenses in line with the commencement of Neom project and acquisition of Riyadh hospital (implementation of Oracle in both Neom and Riyadh), and the implementation of a new system (Yasasii) in Saudi Airlines Medical Services Company.

#### 6.9.1.4 Other income, Net

**Table (113): Other income, net for the nine-month period ended 30 September 2022G and 2023G**

SAR in 000s	Nine-month period ended 30 September 2022G (Management)	Nine-month period ended 30 September 2023G (Management)	Variance
Interest income	6,791	42,791	530.1%
Rental income	1,051	1,349	28.4%
Training fees	230	507	120.1%
Parking fees	132	141	6.7%
Gain on disposal of assets	(11)	379	3,545.5%
Income from the Human Resources Development Fund	-	383	0.0%
Others	2,862	2,293	(19.9%)
<b>Total</b>	<b>11,054</b>	<b>47,842</b>	<b>332.8%</b>

Source: Management information for the financial period ended 30 September 2022G and 2023G

### Interest income

Interest income increased from SAR 6.8 million in the nine-month period ended 30 September 2022G to SAR 42.8 million in the nine-month period ended 30 September 2023G, as a result of higher interest income in line with higher interest rates.

### Rental income

Rental income increased by 28.4% from SAR 1.1 million in the nine-month period ended 30 September 2022G to SAR 1.3 million in the nine-month period ended 30 September 2023G.

### Training fees

Training fees increased from SAR 230 thousand in the nine-month period ended 30 September 2022G to SAR 507 thousand in the nine-month period ended 30 September 2023G due to the increase in the number of training courses provided during this period.

### Parking fees

Parking fees represent revenue generated from fees charged for parking at DSFH in Jeddah and remained relatively stable throughout the historical period.

### Disposal of assets

Disposal of assets increased from SAR 11 thousand in the nine-month period ended 30 September 2022G to SAR 379 thousand in the nine-month period ended 30 September 2023G.

### Income from the Human Resources Development Fund

Income from the Human Resources Development Fund increased from nil in the nine-month period ended 30 September 2022G to SAR 383,000 in the nine-month period ended 30 September 2023G.

## Others

Others decreased from SAR 2.9 million in the nine-month period ended 30 September 2022G to SAR 2.3 million in the nine-month period ended 30 September 2023G.

## 6.9.2 Statement of financial position

**Table (114): Statement of financial position as at 31 December 2022G and 30 September 2023G**

SAR in 000s	As at 31 December 2022G (Audited)	As at 30 September 2023G (Reviewed)
<b>Assets</b>		
<b>Non-current assets</b>		
Property and equipment	1,303,085	1,595,216
Right-of-use assets	391,974	528,306
Intangible assets and goodwill	549,468	545,624
Investment properties	500	469
Prepayments and other non-current assets	2,486	45,314
Other long-term receivables	1,416,955	96,887
<b>Total non-current assets</b>	<b>3,664,467</b>	<b>2,811,816</b>
<b>Current assets</b>		
Inventories	131,463	176,021
Accounts and other receivables	746,932	789,601
Due from Related Parties	39,322	34,218
Prepayments and other current assets	171,483	151,779
Cash and cash equivalents	316,762	198,595
<b>Total current assets</b>	<b>1,405,962</b>	<b>1,350,213</b>
<b>Total assets</b>	<b>5,070,429</b>	<b>4,162,029</b>
<b>Equity</b>		
Share capital	100,000	200,000
Statutory reserve	50,000	-
Retained earnings	1,747,639	753,245
<b>Equity attributable to owners of the Company</b>	<b>1,897,639</b>	<b>953,245</b>
Non-controlling interests	259,606	236,405
<b>Total equity</b>	<b>2,157,244</b>	<b>1,189,649</b>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Long term loans	1,252,133	1,196,445
Lease liabilities	290,504	516,080
Employees' end of service benefits	205,759	217,846
<b>Total non-current liabilities</b>	<b>1,748,396</b>	<b>1,930,371</b>
<b>Current liabilities</b>		
Short-term loans	554,020	175,300

SAR in 000s	As at 31 December 2022G (Audited)	As at 30 September 2023G (Reviewed)
Current portion of long-term loans	41,850	30,485
Current portion of lease liabilities	110,981	62,630
Accounts payables	247,369	265,520
Due to Related Parties	18,700	220,105
Accrued and other current liabilities	174,693	265,202
Accrued Zakat	17,176	22,765
<b>Total current liabilities</b>	<b>1,164,789</b>	<b>1,042,009</b>
<b>Total liabilities</b>	<b>2,913,185</b>	<b>2,972,380</b>
<b>Total equity and liabilities</b>	<b>5,070,429</b>	<b>4,162,029</b>
<b>KPIs</b>		
DSO (no. of days)	121	127
DIO (no. of days)	34	40
DPO (no. of days)	64	60
<b>CCC (no. of days)</b>	<b>91</b>	<b>107</b>
WC as a % of revenue	32.2%	18.2%
ROA	7.7%	5.7%
ROE	17.0%	15.7%
Debt to equity ratio	85.7%	117.9%

Source: Management information for the financial period ended 30 September 2022G and 2023G

### Non-current assets

Non-current assets decreased from SAR 3.7 billion as of December 31, 2022G to reach SAR 2.8 billion as of September 30, 2023G mainly due to the decrease in other long-term receivables by SAR 1.3 billion due to the collection of the receivable balance.

This was offset by an increase in property and equipment by SAR 292.1 million as a result of the acquisition of plots of land in Jeddah and Riyadh, in addition to an increase in capital work in progress by SAR 68.6 million during the same period.

### Current assets

Current assets were relatively stable at SAR 1.4 billion as of December 31, 2022G and as of September 30, 2023G, mainly due to a decrease in cash and cash equivalents amounting to SAR 118.2 million due to a decrease in short-term deposits of SAR 65 million and cash in banks amounting to SAR 56 million. The latter was offset by an increase in accounts and other receivables by an amount of SAR 42.7 million as a result of the increase in contract assets by an amount of SAR 36.1 million belonging to Saudi Airlines Medical Services Company, to align its patient billing process with that of the Group and allow a 14-days re-visit period after which the contract assets are then reclassified to trade receivables, and an increase in inventory by SAR 44.6 million, mainly driven by an increase of SAR 50.9 million in DSFH, partially offset by a decrease of SAR 10.3 million in Saudi Airlines Medical Services Company.

### Equity

Equity decreased from SAR 2.2 billion as at 31 December 2022G to SAR 1.2 billion as at 30 September 2023G, driven mainly by a decrease in retained earnings of SAR 994.4 million due to the distribution of dividends of SAR 1.2 billion during the year-to-date 2023G, offset by an increase in share capital amounting to SAR 100.0 million, mainly due to the transfer of SAR 50 million from the legal reserve and SAR 50 million from retained earnings.

### Non-current liabilities

Non-current liabilities increased from SAR 1.7 billion as at 31 December 2022G to SAR 1.9 billion as at 30 September 2023G, mainly due to an increase in lease liabilities of SAR 225.6 million due to the new lease contract for Al Marwa accommodation (SAR 97.3 million). The latter was offset by a decrease in long-term loans by SAR 55.7 million.

### Current liabilities

Current liabilities decreased from SAR 1.2 billion as at 31 December 2022G to SAR 1.0 billion as at 30 September 2023G, mainly due to a decrease in short-term loans by an amount of SAR 378.7 million, offset by an increase in due to Related Parties by an amount of SAR 201.4 million which represents the balance of profits due to shareholders.

#### 6.9.2.1 Non-current assets

**Table (115): Non-current assets as at 31 December 2022G and 30 September 2023G**

SAR in 000s	As at 31 December 2022G (Audited)	As at 30 September 2023G (Reviewed)
Property and equipment	1,303,085	1,595,216
Right-of-use assets	391,974	528,306
Intangible assets and goodwill	549,468	545,624
Investment properties	500	469
Prepayments and other non-current assets	2,486	45,314
Other long-term receivables	1,416,955	96,887
<b>Total non-current assets</b>	<b>3,664,467</b>	<b>2,811,816</b>

Source: Management information for the financial period ended 30 September 2022G and 2023G

#### 6.9.2.1.1 Property and equipment

**Table (116): Property and equipment for the years ended 31 December 2022G and the nine-month period ended 30 September 2023G**

SAR in 000s	As at 31 December 2022G (Audited)	As at 30 September 2023G (Reviewed)
Buildings and leasehold improvements	763,657	755,806
Medical and support equipment	191,509	245,990
Land	114,762	291,046
Furniture and Fixtures	35,382	31,795
Motor vehicles	4,827	9,400
Office equipment	9,838	6,993
Computers	25,717	28,184
Capital work-in-progress	157,393	226,002
<b>Total</b>	<b>1,303,085</b>	<b>1,595,216</b>

Source: Reviewed consolidated financial statements for the nine-month period ended 30 September 2023G.

#### Buildings and leasehold improvements

Buildings and leasehold improvements decreased from SAR 763.7 million as of 31 December 2022G to SAR 755.8 million as at 30 September 2023G, driven mainly by depreciation costs (SAR 19.6 million), and limited additions during the period.



### Medical and support equipment

Medical and support equipment increased from SAR 191.5 million as of 31 December 2022G to SAR 246.0 million as at 30 September 2023G, mainly due to the assets (related to Riyadh Hospital) that were bought post the termination of the right-of-use assets lease contracts.

### Land

Land increased from SAR 114.8 million as of 31 December 2022G to SAR 291.0 million as at 30 September 2023G, mainly due to (1) the purchase of a plot of land in northern Jeddah to build a new hospital (SAR 118 million), and (2) purchasing land in Riyadh to build a new medical center (SAR 58.0 million).

### Computers

Computers increased from SAR 25.7 million as of 31 December 2020G to SAR 28.2 million as at 30 September 2023G, due to the purchase of computers and equipment.

### Furniture and Fixtures

Furniture and Fixtures decreased from SAR 35.4 million as at 31 December 2022G to SAR 31.8 million as at 30 September 2023G, mainly due to depreciation costs amounting to SAR 7.6 million, which were partially offset by additions amounting to SAR 3.9 million.

### Office equipment

Office equipment decreased from SAR 9.8 million as at 31 December 2022G to SAR 7.0 million as at 30 September 2023G, mainly due to depreciation costs.

### Motor vehicles

Motor vehicles increased from SAR 4.8 million as at 31 December 2022G to SAR 9.4 million as at 30 September 2023G, mainly due to additions of SAR 5.8 million related to the purchase of new ambulances during the nine-month period ended 30 September 2023G.

### Capital work-in-progress

Capital work-in-progress increased from SAR 157.4 million as at 31 December 2022G to SAR 226.0 million as at 30 September 2023G, mainly due to the allocation of SAR 44 million to Madinah Hospital, with the remainder allocated for the renovation of DSFH and capital projects.

### Committed capital expenditures

Committed capital expenditures amounted to SAR 351.0 million as at 30 September 2023G, and related to projects under development. These projects mainly relate to expansion projects (Makkah hospital, college expansion, etc.), as well as renovation and maintenance projects.

#### 6.9.2.1.2 Right-of-use assets

**Table (117): Right-of-use assets for the years ended 31 December 2022G and the nine-month period ended 30 September 2023G**

SAR in 000s	As at 31 December 2022G (Audited)	As at 30 September 2023G (Reviewed)
Land	155,852	261,428
Buildings	180,249	266,878
Medical equipment	55,873	-
<b>Total</b>	<b>391,974</b>	<b>528,306</b>

Source: Reviewed consolidated financial statements for the nine-month period ended 30 September 2023G.

Right-of-use assets amounted to SAR 528.3 million as of September 30, 2023G, and consists mainly of:

- Al Marwa contract for new accommodation (SAR 94.0 million); and
- Makkah AlMasar (SAR 117.0 million); and
- Building No. 7 which includes dental and ENT surgery clinics at Dr. Soliman Fakeeh Hospital in Jeddah (SAR 17.5 million).

During the nine-month period ended 30 September 2023G, the balance related to Makkah AlMasar (SAR 117 million) was reclassified from building to land, and the leased medical equipment related to Riyadh Hospital was purchased during the same period (after termination of the lease), which resulted in the balance decreasing to nil.

During the nine-month period ended 30 September 2023G, the Company renewed lease contracts and extended lease periods, which resulted in a modification and increase in lease liabilities and right-of-use asset balances.

### 6.9.2.1.3 Intangible assets and goodwill

**Table (118): Intangible assets and goodwill as at 31 December 2022G and 30 September 2023G**

SAR in 000s	As at 31 December 2022G (Audited)	As at 30 September 2023G (Reviewed)
Goodwill	488,816	488,816
Customer relationships and medical license	49,093	44,780
Computer software	11,198	9,612
Software under development	360	2,416
<b>Total</b>	<b>549,468</b>	<b>545,624</b>

Source: Reviewed consolidated financial statements for the nine-month period ended 30 September 2023G.

#### Goodwill

Goodwill remained constant at SAR 488.8 million as at 31 December 2022G and as at 30 September 2023G. Please note that in the reviewed financial statements for the nine-month period ended 30 September 2023G, an amount of SAR 26.7 million was reclassified from goodwill to customer relationships.

#### Customer relationships

Customer relationships balance is related to Medical Fakeeh clients and Riyadh Hospital clients. The total customer relationship associated with Medical Fakeeh is SAR 32 million. The balance is amortized using the reducing balance method over 25 years. The decrease in this account is mainly due to annual amortization. The balance as at 31 December 2022G increased mainly due to the acquisition of Riyadh Hospital and the purchase price allocation done externally allocating SAR 26.7 million to customer relationships. The balance decreased from SAR 49.1 million as at 31 December 2022G to SAR 44.8 million as at 30 September 2023G due to amortization charges.

During the nine months period ended 30 September 2023, the Group completed the Purchase Price Allocation (PPA) exercise pertaining to the acquisition of DSFH Riyadh Hospital Company. Accordingly, acquisition consideration paid amounting to SAR 333.1 million had been allocated to net assets of SAR 191.4 million, goodwill of SAR 115 million and medical licenses as intangible asset of SAR 26.7 million.

The value of medical license has been determined based on the relief-from-royalty approach employed and the management has estimated the fair value of the medical licenses to be SR 26.7 million to be amortized over 10 years.

The fair value of the net assets acquired from Rana Medical Services Company were initially measured on a provisional basis as permitted by IFRS 3, "Business Combination". Pursuant to the completion of the purchase price allocation exercise within the measurement period (i.e. within twelve months from the acquisition date), the provisional fair values at which the net assets were acquired from Rana Medical Services Company are finalized and accordingly revised in the comparative to these consolidated interim financial statements.

### Computer software

Computer software mainly included mobile applications (SAR 1.9 million), health information system (SAR 1.2 million), and Yasasii systems (SAR 950.0 thousand). The net book value of computer programs decreased from SAR 11.2 million as at 31 December 2022G to SAR 9.6 million as at 30 September 2023G, in line with the annual amortization over a period of 3-7 years.

### Software under development

Software under development increased from SAR 360 thousand as at 31 December 2022G to SAR 2.4 million as at 30 September 2023G. This is due to the development of an online platform (Yasasii platform) under the management of Dr. Soliman Abdel kader Fakeeh Information Technology Company (formerly KAMEDA Arabic Limited).

#### 6.9.2.1.4 Investment properties

**Table (119): Investment properties as at 31 December 2022G and 30 September 2023G**

SAR in 000s	As at 31 December 2022G (Audited)	As at 30 September 2023G (Reviewed)
Land and buildings	500	469
<b>Total</b>	<b>500</b>	<b>469</b>

Source: Reviewed consolidated financial statements for the nine-month period ended 30 September 2023G.

Investment properties decreased from SAR 500 thousand as at 31 December 2022G to SAR 469 thousand as at 30 September 2023G, mainly due to the cost of depreciation.

#### 6.9.2.1.5 Other long-term receivables

**Table (120): Other long-term receivables as at 31 December 2022G and 30 September 2023G**

SAR in 000s	As at 31 December 2022G (Audited)	As at 30 September 2023G (Reviewed)
Long-term loans to a Related Party	1,336,666	-
Non-current portion of receivables under DAAM Program	80,288	96,887
<b>Total</b>	<b>1,416,955</b>	<b>96,887</b>

Source: Reviewed consolidated financial statements for the nine-month period ended 30 September 2023G

#### Long-term loans to a Related Party

Long-term loans to a Related Party include loans to Fakeeh Academic Medical Center to build the hospital and to finance working capital. Interest is charged to the Related Party and is based on applicable market interest rates. During the nine-month period ended 30 September 2023G, the balance became nil due to the settlement of the entire loan amount from Fakeeh Academic Medical Center during the month of September 2023G.

#### Non-current portion of receivables under DAAM Program

Non-current portion of receivables under DAAM program consists of the portion of receivables related to a support program that was provided to specific university students. The program is for nursing and medical students who have received a full scholarship from the college, with the Company paying tuition fees on behalf of the students, which will later be deducted from the employees' salary after graduation, over a period of three years.

### 6.9.2.1.6 Prepayments and Other Non-current Assets

**Table (121): Prepayments and Other Non-current Assets as at 31 December 2022G and 30 September 2023G**

SAR in 000s	As at 31 December 2022G (Audited)	As at 30 September 2023G (Management)
Loan arrangement fee - non current	2,486	1,245
Others	-	44,068
<b>Total</b>	<b>2,486</b>	<b>45,314</b>

Source: Reviewed consolidated financial statements for the nine-month period ended 30 September 2023G.

The balance increased from SAR 2.4 million as at 31 December 2022G to SAR 45.3 million as at 30 September 2023G due to the reclassification of some advances to suppliers from current assets to non-current assets, since these advances relate to suppliers for long-term projects, which are mainly related Al-Toor Medical Services, with a balance of SAR 44.1 million, as at 30 September 2023G.

### 6.9.2.2 Current assets

**Table (122): Current assets as at 31 December 2022G and 30 September 2023G**

SAR in 000s	As at 31 December 2022G (Audited)	As at 30 September 2023G (Reviewed)
Inventories	131,463	176,021
Accounts and other receivables	746,932	789,601
Due from Related Parties	39,322	34,218
Prepayments and other current assets	171,483	151,779
Cash and cash equivalents	316,762	198,595
<b>Total current assets</b>	<b>1,405,962</b>	<b>1,350,213</b>

Source: Reviewed consolidated financial statements for the nine-month period ended 30 September 2023G

#### 6.9.2.2.1 Inventories

**Table (123): Inventories as at 31 December 2022G and 30 September 2023G**

SAR in 000s	As at 31 December 2022G (Audited)	As at 30 September 2023G (Management)
Medicines, medical supplies, and consumables	117,107	159,434
Optical and related accessories	17,415	19,511
<b>Gross inventories</b>	<b>134,522</b>	<b>178,945</b>
Less: Provision for slow moving and obsolete inventories	(3,059)	(2,924)
<b>Total</b>	<b>131,463</b>	<b>176,021</b>

Source: Management information for the financial period ended 30 September 2023G

### Medicines, medical supplies, and consumables

Medicines, medical supplies and consumables increased from SAR 117.1 million as at 31 December 2022G to SAR 159.4 million as at 30 September 2023G, driven mainly by the increase in DSFH by SAR 50.9 million due to the purchase of medical equipment amounting to SAR 26 million to be sold to Neom along with the goods-in-transit for an amount of SAR 6 million.

### Optical and related accessories

Optical and related accessories increased from SAR 17.4 million as at 31 December 2022G to SAR 19.5 million as at 30 September 2023G, driven mainly by increased demand and the opening of new stores during the FY2022G.

**Table (124): Provision for slow moving inventories as at 31 December 2022G and 30 September 2023G**

SAR in 000s	As at 31 December 2022G (Audited)	As at 30 September 2023G (Management)
Balance at beginning of the year	2,562	3,059
Charge for the year	497	(135)
<b>Balance at the end of the year</b>	<b>3,059</b>	<b>2,924</b>

Source: Management information for the financial period ended 30 September 2023G

### Provision for slow moving inventories

Provision for slow moving inventories relate to optical and related accessories. Medicines, medical supplies and consumables do not require an allowance, as they can be returned to the supplier according to agreed terms once they expire.

### 6.9.2.2.2 Account and other receivables

**Table (125): Account and other receivables as at 31 December 2022G and 30 September 2023G**

SAR in 000s	As at 31 December 2022G (Audited)	As at 30 September 2023G (Management)
Trade receivables	484,890	493,944
Contract assets	305,354	341,489
In-patients	89,175	92,648
Other receivables	890	697
<b>Gross account and other receivables</b>	<b>880,310</b>	<b>928,778</b>
Less: allowance for impairment losses	(133,378)	(139,177)
<b>Total</b>	<b>746,932</b>	<b>789,601</b>

Source: Management information for the financial period ended 30 September 2023G

### Trade receivables

Trade receivables increased from SAR 484.9 million as at 31 December 2022G to SAR 493.9 million as at 30 September 2023G, driven mainly by an increase in Neom's balance from nil to SAR 18.0 million. The latter was partially offset by a decrease in the amounts due from insurance companies amounting to SAR 91.8 million, and the amounts due from King Abdullah University of Science and Technology as part of government customers amounting to SAR 14.5 million.

### Contract assets

Contract assets balance amounted to SAR 341.5 million as at 30 September 2023G, and mainly included receivables related to inpatient and outpatient clinic claims that have not been invoiced by Dr. Soliman Fakeeh Hospital, with a total outstanding balance of SAR 285.6 million as at 30 September 2023G. The increase of SAR 36.1 million in the Medical Fakeeh during the year-to-date 2023G, was after Medical Fakeeh aligned its patient billing process with that of the Group to allow a 14-days re-visit period after which the contract assets are then reclassified to trade receivables.

### Inpatients

Inpatients amounted to SAR 92.6 million as at 30 September 2023G. Inpatient cash receivables are written off when 5 years have passed and the balance is considered non-refundable.

### Other receivables

Other receivables decreased from SAR 890 thousand as at 31 December 2022G to reach SAR 697 thousand as at 30 September 2023G.

**Table (126): Allowance for impairment losses as at 31 December 2022G and 30 September 2023G**

SAR in 000s	As at 31 December 2022G (Audited)	As at 30 September 2023G (Reviewed)
Balance at beginning of the period / year	120,598	133,378
Provision for expected credit loss during the period / year	20,964	13,672
Written-off during the period / year	(8,184)	(7,872)
<b>Balance at end of the period / year</b>	<b>133,378</b>	<b>139,177</b>

Source: Reviewed consolidated financial statements for the nine-month period ended 30 September 2023G

As at 30 September 2023G, allowances for impairment losses included SAR 139.2 million mainly related to healthcare services, as well as cash provisions related to cash receivables from inpatients and government entities amounting to SAR 61.4 million and SAR 34.4 million, respectively, in addition to SAR 37.5 million provisions related to private companies, SAR 4.8 million for educational benefits, and SAR 1.0 million for insurance companies. A total of SAR 7.8 million was written off and was mainly related to cash inpatients receivables aged for more than 5 years.

The Company adopted all requirements as per the IFRS 9 standard using the expected credit loss model for trade receivable balances and is based on difference ageing brackets and customer classifications which have different default rates.

**Table (127): Aging for accounts receivable as at 31 December 2022G and 30 September 2023G**

SAR in 000s	As at 31 December 2022G (Audited)	As at 30 September 2023G (Management)
Not due yet	415,241	567,743
1-90	194,430	117,863
91-180	69,319	79,759
181-270	17,439	52,350
271-365	2,648	26,359
Over 365	181,234	84,704
<b>Total</b>	<b>880,310</b>	<b>928,778</b>

Source: Management information for the financial period ended 30 September 2023G

Aging for accounts receivables related to insurance companies and the Ministry of Health is mainly affected by the frequency of final settlements that take place between the Group companies, the Ministry of Health and the insurance companies. The Group applies the insurance Company's or Ministry of Health's accrual concept for deductible amounts relating to discounts and returns, and therefore the final settlement amounts are not materially different from receivables.

It should be noted that total trade receivables outstanding for more than 365 days amounted to SAR 84.7 million as of 30 September 2023G, of which SAR 62.7 million (74% of the total balance) pertains to the government sector.

### 6.9.2.2.3 Due from Related Parties

**Table (128): Due from Related Parties as at 31 December 2022G and 30 September 2023G**

SAR in 000s	As at 31 December 2022G (Audited)	As at 30 September 2023G (Reviewed)
Saudi Arabian Airlines Corporation	16,047	20,391
Saudi Arabian Airlines Air Transport Company	14,415	7,026
Royal Fleet Services	5,264	2,865
Saudi Arabian Engineering Industries Company LLC	1,694	2,651
Flyadeal Airline Company LLC	58	830
Saudi Airlines Cargo Company	23	-
Prince Sultan Aviation Academy	219	333
Saudi Ground Services Company	18	32
Saudi Private Aviation	18	43
Dr. Abdulaziz AlFallah	6	-
Al Solimania United Company Limited	241	-
Maabar Rehabilitation Center	703	-
Fakeeh Real Estate Company limited	617	-
Saudi Royal Aviation	-	46
Saudi Airlines Real Estate Development Company (SARED)	115	-
<b>Total</b>	<b>39,322</b>	<b>34,218</b>

Source: Reviewed consolidated financial statements for the nine-month period ended 30 September 2023G

#### Saudi Arabian Airlines Corporation

The balance due from the Saudi Arabian Airlines Corporation increased from SAR 16.0 million as at 31 December 2022G to SAR 20.4 million as at 30 September 2023G, mainly due to the accumulation of fees for 9 months compared to 12 months in the previous period.

#### Saudi Arabian Airlines Air Transport Company

Saudi Arabian Airlines Air Transport Company decreased from SAR 14.4 million as at 31 December 2022G to SAR 7.0 million as at 30 September 2023G due to the settlement of the balance due for payment as of September 30, 2023G.

#### Royal Fleet Services

Royal Fleet Services (government affiliate) relates mainly to services provided to employees of the subsidiary. Amounts have been invoiced, but not yet collected.

#### Saudi Arabian Engineering Industries Company LLC

Saudi Arabian Engineering Industries Company LLC (affiliate) mainly relates to services provided to the employees of the subsidiary which are not covered in the insurance policy.

#### Due from other Related Parties

There are immaterial balances due from several other Related Parties, mainly linked to the General Corporation of Saudi Arabian Airlines, which is Flyadeal Limited, Saudi Airlines Cargo Company, Prince Sultan Aviation Academy, Saudi Ground Services Company, Saudi Airlines Real Estate Development Company, and the Saudi private airline.

#### 6.9.2.2.4 Prepayment and other current assets

**Table (129): Prepayment and other current assets as at 31 December 2022G and 30 September 2023G**

SAR in 000s	As at 31 December 2022G (Management)	As at 30 September 2023G (Management)
Advances to suppliers	86,386	71,671
Prepayments	28,173	46,109
VAT receivable, net	21,824	22,731
Advances to employees	1,146	5,177
Loan arrangement fees – current portion	1,112	-
Margin against letter of credits and guarantees	150	150
Others	32,693	5,939
<b>Total</b>	<b>171,483</b>	<b>151,779</b>

Source: Management information for the financial period ended 30 September 2023G

##### Advances to suppliers

Advance to suppliers decreased from SAR 86.4 million as at 31 December 2022G to SAR 71.7 million as at 30 September 2023G, mainly due to the reclassification of balances related to Al Toor Company, as advance payments to suppliers were reclassified to prepayments (SAR 44.1 million).

##### Prepayments

Prepayments increased from SAR 28.2 million as at 31 December 2022G to SAR 46.1 million as at 30 September 2023G mainly due to insurance amounts due for three months, as the policy begins annually from July.

##### VAT receivable, net

VAT receivable, net slightly increased from SAR 21.8 million as at 31 December 2022G to SAR 22.7 million as at 30 September 2023G mainly due to the increase in the balances related to Riyadh Hospital and Medical Fakeeh.

##### Advances to employees

Advances to employees increased from SAR 1.1 million as at 31 December 2022G to SAR 5.2 million as at 30 September 2023G were mainly included advances provided for some employees against the salary and netted from the next month's salary.

##### Loan arrangement fees - current portion

Loan arrangement fees - current portion decreased from SAR 1.1 million as at 31 December 2022G to nil as at 30 September 2023G, mainly due to complete amortization of Riyadh Hospital.

##### Margin against letters of credit and guarantees

Margin against letters of credit and guarantees amounted to SAR 150 thousand as of 31 December 2022G and as of 30 September 2023G.

##### Others

Others decreased from SAR 32.7 million as of 31 December 2022G to SAR 5.9 million as of 30 September 2023G. This is due to the correction of the classification in the recoverable value-added tax for Riyadh Hospital, which amounted to SAR 8.4 million as of 31 December 2022G. In FY2023G, all balances related to value-added tax were reclassified under one account. The decrease in other advance payments is mainly due to the release of the escrow account in the amount of SAR 18.3 million, which relates to the goodwill resulting from the acquisition of Riyadh Hospital.



### 6.9.2.2.5 Cash and cash equivalents

**Table (130): Cash and cash equivalents as at 31 December 2022G and 30 September 2023G**

SAR in 000s	As at 31 December 2022G (Audited)	As at 30 September 2023G (Reviewed)
Cash in hand	1,338	4,158
Cash at banks - current accounts	145,424	89,437
Short-term deposits	170,000	105,000
<b>Total</b>	<b>316,762</b>	<b>198,595</b>

Source: Reviewed consolidated financial statements for the nine-month period ended 30 September 2023G

Cash and cash equivalents consist of short-term deposits (SAR 105.0 million), cash at banks - current accounts (SAR 89.4 million), and cash on hand (SAR 4.2 million).

Cash and cash equivalents decreased from SAR 316.8 million as of 31 December 2022G to SAR 198.6 million as of 30 September 2023G driven mainly by a decrease in short-term deposits (-SAR 65.0 million), and a decrease in cash at banks - current accounts. (-SAR 56.0 million) offset by an increase in cash on hand (+SAR 2.8 million).

### 6.9.2.3 Non-current liabilities

**Table (131): Non-current liabilities for the years ended 31 December 2022G and the nine-month period ended 30 September 2023G**

SAR in 000s	As at 31 December 2022G (Audited)	As at 30 September 2023G (Reviewed)
Long-term loans	1,252,133	1,196,445
Lease liabilities	290,504	516,080
Employees' end of service benefits	205,759	217,846
<b>Total non-current liabilities</b>	<b>1,748,396</b>	<b>1,930,371</b>

Source: Reviewed consolidated financial statements for the nine-month period ended 30 September 2023G.

#### 6.9.2.3.1 Loans and borrowings

**Table (132): Loans and borrowings as at 31 December 2022G and 30 September 2023G**

SAR in 000s	As at 31 December 2022G (Audited)	As at 30 September 2023G (Reviewed)
Long term loans	1,293,982	1,226,930
Current portion of long-term loans	41,850	30,485
<b>Total</b>	<b>1,252,133</b>	<b>1,196,445</b>

Source: Reviewed consolidated financial statements for the nine-month period ended 30 September 2023G

### 6.9.2.3.2 Lease liabilities

**Table (133): Lease liabilities as at 31 December 2022G and 30 September 2023G**

SAR in 000s	As at 31 December 2022G (Audited)	As at 30 September 2023G (Reviewed)
Recognized as at 1 January	305,722	401,485
Additions during the year	132,711	120,227
Acquisition through business combination	40,295	-
Interest expenses for the year	19,258	20,124
Modifications	3,677	110,914
Terminations	(53,959)	(5,883)
Payments and adjustments during the year	(46,219)	(68,156)
<b>Balance as at 31 December</b>	<b>401,485</b>	<b>578,710</b>

Source: Reviewed consolidated financial statements for the nine-month period ended 30 September 2023G

As at 30 September 2023G Makkah AlMasar (SAR 117.0 million) was reclassified from building to land, and the purchase of leased medical equipment (with Philips and Siemens) related to Riyadh Hospital during the same period (after termination of the lease) resulted in the balance decreasing to nil. The balance increased as of 30 September 2023G due to the addition of a new lease contract for Al Marwa accommodation (SAR 94.1 million).

### 6.9.2.3.3 Employees' end of service benefits

**Table (134): Employees' end of service benefits as at 31 December 2022G and 30 September 2023G**

SAR in 000s	As at 31 December 2022G (Audited)	As at 30 September 2023G (Management)
Balance at 1 January	189,162	205,759
Addition due to business combinations	4,790	-
Current service costs	24,485	30,667
Interest costs	3,182	-
<b>Included in profit or loss</b>	<b>27,668</b>	<b>30,667</b>
<b>Re-measurement (gain) / loss arising from:</b>		
<b>Actuarial (gain) / loss arising from:</b>		
Financial assumptions	6,587	-
Demographic assumptions	(148)	-
Experience adjustments	638	-
Other adjustments	(2,808)	2,276))
Benefits paid	(20,129)	16,305))
<b>Balance at 31 December</b>	<b>205,759</b>	<b>217,846</b>

Source: Management information for the financial period ended 30 September 2023G

The Company records end of service benefits for employees as required by the Saudi Labor Law based on the employees' length of service. As at 30 September 2023G the balance of SAR 217.8 million represents an end-of-service provision for an average of 4,604 employees. The provision was made based on an independent actuarial report using certain assumptions, such as a retirement age of 60, a discount rate of 4.10% and future salary growth of 2.5%.

The balance of employees' end-of-service benefits increased from SAR 205.8 million as of 31 December 2022G to SAR 217.8 million as of 30 September 2023G. The increase in employee end-of-service benefits was driven by an increase in current service costs of SAR 6.2 million and a decrease in benefits paid by SAR 16.3 million.

#### 6.9.2.4 Current liabilities

**Table (135): Current liabilities as at 31 December 2022G and 30 September 2023G**

SAR in 000s	As at 31 December 2022G (Audited)	As at 30 September 2023G (Reviewed)
Short-term loans	554,020	175,300
Current portion of long-term loans	41,850	30,485
Current portion of lease liabilities	110,981	62,630
Accounts payables	247,369	265,520
Due to Related Parties	18,700	220,105
Accrued and other current liabilities	174,693	265,202
Accrued Zakat	17,176	22,765
<b>Total current liabilities</b>	<b>1,164,789</b>	<b>1,042,009</b>

Source: Reviewed consolidated financial statements for the nine-month period ended 30 September 2023G

#### 6.9.2.4.1 Loans and borrowings

**Table (136): Loans and borrowings movement for the year ended 31 December 2022G and the nine-month period ended 30 September 2023G**

SAR in 000s	As at 31 December 2022G (Audited)	As at 30 September 2023G (Reviewed)
Balance at beginning of the period / year	888,219	1,848,002
Acquisition through business combination	374,987	-
Loans obtained during the period / year	978,776	1,359,000
Payments made during the period / year	(393,980)	(1,804,772)
<b>Balance at end of the period / year</b>	<b>1,848,002</b>	<b>1,402,230</b>

Source: Reviewed consolidated financial statements for the nine-month period ended 30 September 2023G

Loans and borrowings consist of three long-term loans obtained from two different local banks with an outstanding balance of SAR 722.0 million and SAR 505.0 million, respectively, as of 30 September 2023G. These loans were obtained to finance expansions during the historical period.

### Long term loan

As of September 30, 2023G, the Company had long-term loan facilities worth SAR 1.1 billion from a commercial bank (Arab National Bank) to complete new investments and capital projects, of which SAR 918.9 million had been used as at December 31 2022G. The Group has settled the loan amount and therefore the balance is nil as on 30 September 2023G.

The Group had long-term facilities worth SAR 375.0 million as of 31 December 2022G from Alinma Bank for capital projects, which were fully utilized as of 31 December 2022G. As at 30 September 2023G, the Group settled the utilized amount. The loan carries interest at market rates and was secured against a mortgage on the hospital land.

During the nine-month period ended 30 September 2023G, the Group obtained new long-term facilities worth SAR 370.0 million from Alinma Bank for the purpose of repaying the above-mentioned long-term loan facilities, which were fully utilized as of 30 September 2023G. The loan carries interest at market rates and was secured against a mortgage on the hospital land.

The Group has long-term facilities worth SAR 1.4 billion as of 30 September 2023G (31 December 2022G: SAR 755 million) from commercial banks for new investments and capital projects, of which the Group has utilized SAR 856.9 million as of 30 September 2023G. The loan carries interest at market rates.

### Short term loan

The Group has **short-term loan** facilities worth SAR 700 million as at 30 September 2023G (as at 31 December 2022G: SAR 650.0 million) from commercial banks to meet working capital requirements, of which the Group has utilized SAR 104.9 million as at 30 September 2023G (as at 31 December 2022G: SAR 554 million). The loan carries interest at market rates.

The Group has short-term loan facilities worth SAR 200 million as at 30 September 2023G (as at 31 December 2022G: SAR 230 million) from Alinma Bank to meet working capital requirements, of which the Group has used SAR 70.3 million as at 30 September 2023G. The loan carries interest at market rates.

As of September 30, 2023, the Company's loans did not include personal guarantees. In addition, the Group obtained new long-term facilities worth SAR 370.0 million, which were secured against a mortgage on the Riyadh Hospital land.

#### 6.9.2.4.2 Due to Related Parties

**Table (137): Due to Related Parties as at 31 December 2022G and 30 September 2023G**

SAR in 000s	As at 31 December 2022G (Audited)	As at 30 September 2023G (Reviewed)
Fakeeh Academic Medical Center – Dubai	13,800	-
Dr. Manal Fakeeh	980	43,224
Mazen Fakeeh	1,960	85,581
Mr. Ammar Fakeeh	1,960	87,252
Abdullah Muhammad Abdul Aziz Alrayes	-	3,471
Saudi Airlines Catering Company	-	578
<b>Total</b>	<b>18,700</b>	<b>220,105</b>

Source: Reviewed consolidated financial statements for the nine-month period ended 30 September 2023G

#### Fakeeh Academic Medical Center - Dubai

The amount due to Fakeeh Academic Medical Center - Dubai decreased from SAR 13.8 million as of 31 December 2022G to nil as of 30 September 2023G, mainly due to offsetting the balance against long-term receivables related to Fakeeh Academic Medical Center during FY2023G.

The balances of Dr. Mazen Fakeeh, Mr. Ammar Fakeeh and Dr. Manal Fakeeh are linked to the investment of Al-Toor Company, which was paid by the shareholders on behalf of Dr. Soliman Fakeeh Hospital. These balances were later settled in February 2023G. The balance as at 30 September 2023G represents the dividends payable to shareholders.

### 6.9.2.4.3 Accrued and other current liabilities

**Table (138): Accrued and other current liabilities as at 31 December 2022G and 30 September 2023G**

SAR in 000s	As at 31 December 2022G (Audited)	As at 30 September 2023G (Management)
Deferred income	60,243	99,666
Accrued expenses	50,995	75,704
Accrued financial charges	19,828	23,531
Accrued portal charges	5,721	16,103
Advance from customers	2,394	112
Other payables	35,512	50,086
<b>Total</b>	<b>174,693</b>	<b>265,202</b>

Source: Management information for the financial period ended 30 September 2023G

#### Deferred income

Deferred income increased from SAR 60.2 million as of 31 December 2022G to SAR 99.7 million as of 30 September 2023G mainly due to an increase in demand Bachelor of Medicine and Surgery programs and increased revenues totaling SAR 21.0 million.

#### Accrued expenses

Accrued expenses increased from SAR 51.0 million as of 31 December 2022G to SAR 75.7 million as of 30 September 2023G mainly due to salary accruals and other expenses for the Neom operating contract.

#### Accrued financial charges

Accrued financial charges increased from SAR 19.8 million as of 31 December 2022G to SAR 23.5 million as of 30 September 2023G.

This is mainly due to the increase in bank interest rates on a long-term loan amounting to SAR 5.2 million. This was partially offset by a decrease in bank interest rates on a short-term loan amounting to SAR 1.5 million.

#### Accrued portal charges

Accrued portal charges amounted to SAR 16.1 million as of 30 September 2023G and are mainly related to the NPHIES platform (a new platform for submitting insurance claims introduced in the FY2022G), and the balance represents 1.0% of the amounts billed for using the service.

#### Advance from customers

Advance from customers primarily related to Dr. Soliman Abdel kader Fakeeh Information Technology Company (formerly KAMEDA Arabic Limited), payments made by customers decreased from SAR 2.4 million as of 31 December 2022G to SAR 112 thousand as of 30 September 2023G as the balance of dividends due was classified as due to Related Parties.

#### Other payables

Other payables increased from SAR 35.5 million as of 31 December 2022G to SAR 50.1 million as of 30 September 2023G mainly due to the increase in the number of purchases for which invoices have not yet been received.

#### 6.9.2.4.4 Accrued zakat

**Table (139): Accrued zakat as at 31 December 2022G and 30 September 2023G**

SAR in 000s	As at 31 December 2022G (Audited)	As at 30 September 2023G (Reviewed)
Balance at the beginning of the year/period	12,403	17,176
Charge for the current year/period	20,440	20,836
Payments during the year/period	(15,666)	(15,247)
Balance at the end of the year/period	17,176	22,765

Source: Management information for the financial period ended 30 September 2023G

The Company submitted its zakat returns for the years ended on 31 December 2017G, 2019G, 2020G, 2021G, and 2022G, and obtained an unrestricted zakat certificate for the year 2022G. ZATCA has not issued zakat assessments for the year to date.

Accrued zakat increased from SAR 17.2 million as of 31 December 2022G to SAR 22.8 million as of 30 September 2023G paid mainly with a chargeable amount of SAR 20.8 million during the year-to-date 2023G offset by payments made in the amount of SAR 15.2 million during the same period.

#### 6.9.2.5 Statement in change in Equity

**Table (140): Statement of change in Equity as at 30 September 2022G and 2023G**

SAR in 000s	Share capital	Statutory reserve	Retained earnings	Total	Non-controlling interests	Total equity
<b>Balance at January 1, 2022G</b>	100,000	50,000	1,463,232	1,613,232	110,206	1,723,438
<b>Comprehensive income for the period</b>						
Profit for the period	-	-	221,406	221,406	12,220	233,626
Other comprehensive income for the period	-	-	-	-	-	-
<b>Total other comprehensive income for the period</b>	-	-	<b>221,406</b>	<b>221,406</b>	<b>12,220</b>	<b>233,626</b>
<b>Transactions with company owners</b>						
Dividends paid	-	-	(35,000)	(35,000)	-	(35,000)
Balance at September 30, 2022G	100,000	50,000	1,649,638	1,799,638	122,427	1,922,064
<b>Comprehensive income for the period</b>						
Profit for the period	-	-	205,606	205,606	(36,693)	168,914
Other comprehensive income for the period	-	-	-	-	-	-
Total other comprehensive income for the period	-	-	205,606	205,606	(36,693)	168,914
<b>Transactions with owners of the Company</b>						
Dividends paid	-	-	(1,150,000)	(1,150,000)	(5,600)	(1,155,600)

SAR in 000s	Share capital	Statutory reserve	Retained earnings	Total	Non-controlling interests	Total equity
Transfers	100,000	(50,000)	(50,000)	-	-	-
Additional capital contribution	-	-	-	-	19,092	19,092
<b>Total transactions with the Company's owners</b>	<b>100,000</b>	<b>(50,000)</b>	<b>(1,200,000)</b>	<b>(1,150,000)</b>	<b>13,492</b>	<b>(1,136,508)</b>
<b>Balance at September 30, 2023G</b>	<b>200,000</b>	<b>-</b>	<b>753,245</b>	<b>953,245</b>	<b>236,405</b>	<b>1,189,649</b>

Source: Reviewed consolidated financial statements for the nine-month period ended 30 September 2023G

Equity decreased from SAR 2.1 billion as of 31 December 2022G to SAR 1.2 billion as of 30 September 2023G, driven mainly by a decrease in retained earnings of SAR 994.4 million, offset by an increase in capital of SAR 100.0 million.

### 6.9.3 Statement of cash flows

**Table (141): Statement of cash flows the nine-month period ended 30 September 2022G and 2023G**

SAR in 000s	Nine-month period ended 30 September 2022G (Reviewed)	Nine-month period ended 30 September 2023G (Reviewed)
<b>Profit before zakat</b>	<b>248,534</b>	<b>189,749</b>
<b>Adjustments for:</b>		
Depreciation of property and equipment	37,490	65,625
Depreciation of right-of-use assets	27,847	36,822
Amortization	4,680	7,126
Depreciation on investment properties	31	31
Provision for employee's end of service benefits	20,751	28,392
Expected credit loss on accounts receivable	21,307	13,672
(Gain)/Loss on disposal of property	802	(342)
Financing costs	34,622	91,205
<b>Total adjustments</b>	<b>396,063</b>	<b>432,281</b>
<b>Changes in operating assets and liabilities:</b>		
Inventories	(6,608)	(44,558)
Accounts and other receivables	(283,628)	(56,341)
Due from Related Parties	17,328	5,074
Prepayments and other current assets	(197,789)	1,373
Accounts payable	82,864	18,152
Due to Related Parties	(11,271)	(14,432)
Accrued and other liabilities	58,318	84,574
<b>Cash generated from/ (used in) operating activities</b>	<b>55,277</b>	<b>426,122</b>

SAR in 000s	Nine-month period ended 30 September 2022G (Reviewed)	Nine-month period ended 30 September 2023G 2023G (Reviewed)
Finance costs paid	(18,396)	(74,481)
Employee's end of service benefits paid	(7,588)	(16,305)
Zakat paid	(13,211)	(15,247)
<b>Net cash generated from operating activities</b>	<b>16,082</b>	<b>320,089</b>
Additions to property and equipment	(113,704)	(307,190)
Additions to intangible assets	(3,004)	(3,282)
Long-term advances to suppliers	-	(42,828)
Proceeds from disposal of property and equipment	5,504	1,335
Receipt from other long-term receivables	-	1,470,722
Additions to other long-term receivables	200,539))	(147,849)
Receipt on settlement of consideration transferred	-	18,332
<b>Net cash used for / generated from investing activities</b>	<b>(311,743)</b>	<b>989,240</b>
Dividends paid	(35,000)	(939,763)
Addition capital contribution by NCI	-	19,092
Repayment of lease liabilities	(19,398)	(61,053)
Proceeds from long-term loans	489,295	772,000
Repayment of long-term loans	-	(839,052))
Net movement in short-term loans	(142,450)	(378,720)
<b>Net cash generated from/(used in) financing activities</b>	<b>292,447</b>	<b>(1,427,496)</b>
Net decrease in cash and cash equivalents	(3,214)	(118,167)
Cash and cash equivalents at beginning of the year	191,656	316,762
<b>Cash and cash equivalents at the end of the year</b>	<b>188,441</b>	<b>198,595</b>

Source: Reviewed consolidated financial statements for the nine-month period ended 30 September 2023G

#### Net cash generated from operating activities

Net cash generated from operating activities increased from SAR 16.1 million for the nine-month period ended 30 September 2022G to SAR 320.1 million for the nine-month period ended 30 September 2023G mainly due to an increase in accounts receivable and other accounts receivable by SAR 227.3 million, in addition to an increase in prepayments and other current assets amounted to SAR 199.2 million, partially offset by a decrease in accounts payable by SAR 64.7 million.

#### Net cash used for investing activities

Net cash used in investing activities increased from SAR 311.7 million for the nine-month period ended 30 September 2022G to SAR 989.2 million for the nine-month period ended 30 September 2023G mainly due to the collection of the entire balance due from Fakeeh Medical Education during the period.



### Net cash generated from (used in) financing activities

Net cash used in the output from financing activities decreased from SAR 292.4 million in the financial period ending 30 September 2022G to SAR 1.4 billion for the nine-month period ended 30 September 2023G mainly due to the increase in dividends paid in the amount of SAR 904.8 million. In addition to payments on long-term loans amounting to SAR 839.0 million, offset by an increase in proceeds from long-term loans amounting to SAR 282.7 million during the period.

### Potential obligations and commitments

As at 30 September 2023G, the banks with which the Group deals have issued letters of guarantee in the amount of SAR 13.8 million, of which SAR 13.6 million are on behalf of the Related Parties of the Group.

The remaining letters of guarantee amounting to SAR 0.2 million were issued by the Group's banks on behalf of the Group. As at 30 September 2023, the Group had commitments for capital works in progress amounting to SAR 351 million, mainly related to the construction, renovation and modernization of buildings.

## 6.9.4 Results of operations from Saudi Airlines Medical Services Company

**Table (142): Statement of profit or loss and other comprehensive income for the nine-month period ended 30 September 2022G and 2023G**

SAR in 000s	Nine-month period ended 30 September 2022G (Management)	Nine-month period ended 30 September 2023G (Management)	Variance
Revenue - net	224,911	233,824	4.0%
Cost of revenue	(151,204)	(153,173)	1.3%
<b>Gross profit</b>	<b>73,708</b>	<b>80,651</b>	<b>9.4%</b>
General and administrative expenses	(22,544)	(24,238)	7.5%
Other income	643	3,309	414.6%
<b>Operating profit</b>	<b>51,806</b>	<b>59,722</b>	<b>15.3%</b>
Finance costs	(5,339)	(6,244)	17.0%
Profit for the year	46,467	53,478	15.1%
Zakat	(3,375)	(3,375)	0.0%
<b>Profit for the period</b>	<b>43,092</b>	<b>50,103</b>	<b>16.3%</b>
<b>As a % of revenue</b>			
Gross profit (%)	32.8%	34.5%	1.7
Operating profit (%)	23.0%	25.5%	2.5
<b>Net Profit for the period (%)</b>	<b>19.2%</b>	<b>21.4%</b>	<b>2.3</b>

Source: Management information for the nine-month period ended 30 September 2023G

### Revenue- net

Revenue- net increased by 4.0% from SAR 224.9 million in the nine-month period ended 30 September 2022G to SAR 233.8 million in the nine-month period ended 30 September 2023G mainly driven by

- the increase in number of outpatients across several departments such as internal medicine, orthopedics and spine, and obstetrics and gynecology departments along with the patient mix
- the change in policy to serve all patients and lifting of the exclusivity to serving only Saudi Airlines employees after they signed an agreement with Bupa and Globemed in January 2023G.

### Cost of revenue

Cost of revenue increased by 1.3% from SAR 151.2 million for the nine-month period ended 30 September 2022G to SAR 153.2 million in the nine-month period ended 30 September 2023G mainly due to:

- the increase in salaries and employee related benefits by SAR 6.0 million in line with the increase in employee headcount from 532 for the nine-month period ended 30 September 2022G to 556 in the nine-month period ended 30 September 2023G; partly offset by
- the decrease in the consumption of materials and consumables by SAR 5.4 million in the nine-month period ended 30 September 2023G as less PCRs were administered as compared to prior period.

### Gross profit

Gross profit increased by 9.4% from SAR 73.7 million in the nine-month period ended 30 September 2022G to SAR 80.7 million in the nine-month period ended 30 September 2023G, in line with the growth in revenues during the same period.

### General and administrative expenses

General and administrative expenses increased by 7.5% from SAR 22.5 million for the nine-month period ended 30 September 2022G to SAR 24.2 million in the nine-month period ended 30 September 2023G mainly due to:

- the increase in salaries and employee related benefits by SAR 746 thousand in line with the increase in employee headcount by 24 employees
- the increase in others by SAR 1.2 million mainly due to the increase in consultancy expenses by SAR 267 thousand related to financial consultancy services within Saudi Airlines Medical Services Company and the increase in hospitality expenses by SAR 236 thousand mainly due to increased internal staff celebrations during the nine-month period ended 30 September 2023G; partially offset by
- the decrease in the depreciation on property and equipment by SAR 315 thousand in the nine-month period ended 30 September 2023G mainly due to the disposals during the period.

### Other income

Other income increased from SAR 643 thousand for the nine-month period ended 30 September 2022G to SAR 3.3 million in the nine-month period ended 30 September 2023G mainly driven by the investment in short-term deposits with Bank AlJazira that started in July 2022G earning interest which increased other income by SAR 1.5 million along with income from Human Resource Development Fund of SAR 1.1 million.

### Finance costs

Finance costs increased over the period from SAR 5.3 million for the nine-month period ended 30 September 2022G to SAR 6.2 million in the nine-month period ended 30 September 2023G.

### Zakat expenses

Zakat expenses remained stable at SAR 3.4 million between the nine-month period ended 30 September 2022G and 30 September 2023G.

### Net profit for the period

Profit for the period increased by 16.3% from SAR 43.1 million for the nine-month period ended 30 September 2022G to SAR 50.1 million for the nine-month period ended 30 September 2023G, in line with the growth in gross profit (+SAR 6.9 million).

**Table (143): Statement of financial position for the years ended 31 December 2022G and the nine-month period ended 30 September 2023G**

SAR in 000s	As at 31 December 2022G (Audited)	As at 30 September 2023G (Management)
<b>Assets</b>		
<b>Non-current assets</b>		
Property and equipment	26,447	144,949
Right-of-use assets	114,872	110,029
<b>Total non-current assets</b>	<b>141,320</b>	<b>254,978</b>
<b>Current assets</b>		
Inventories	34,347	24,097
Accounts receivables	84,982	85,718
Due from Related Parties	37,726	34,218
Advances, prepayments and other receivables	3,607	10,214
Cash and cash equivalents	188,324	103,726
<b>Total current assets</b>	<b>348,986</b>	<b>512,951</b>
Total assets	490,306	
<b>Equity and liabilities</b>		
<b>Equity</b>		
Share capital	500	500
Capital contribution	83,000	83,000
Statutory reserve	250	250
Retained earnings	187,852	237,955
<b>Total equity</b>	<b>271,602</b>	<b>321,705</b>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Employees' end of service benefits	25,116	24,624
Lease liabilities	109,742	105,100
<b>Total non-current liabilities</b>	<b>134,857</b>	<b>129,725</b>
<b>Current liabilities</b>		
Accounts payable, accrued and other liabilities	54,112	23,511
Due to Related Parties	7,668	16,286
Lease liabilities	16,265	18,200
Accrued Zakat	5,802	3,525
<b>Total current liabilities</b>	<b>83,847</b>	<b>61,522</b>
<b>Total liabilities</b>	<b>218,704</b>	<b>191,246</b>
<b>Total equity and liabilities</b>	<b>490,306</b>	<b>512,951</b>

Source: Management information for the nine-month period ended 30 September 2023G

### Non-current assets

Non-current assets amounted to SAR 255.0 million as of 30 September 2023G and mainly consisted of property and equipment (SAR 144.9 million) and right of use assets (SAR 110 million). The balance increased from SAR 141.3 million as of 31 December 2022G to SAR 255 million as of 30 September 2023G mainly on the back of the increase in property and equipment by SAR 118.5 million partially offset by the decrease in right of use assets by SAR 4.8 million.

### Current assets

Current assets amounted to SAR 258.0 million as of 30 September 2023G and mainly consist of cash and cash equivalents (SAR 103.7 million), accounts receivable (SAR 85.7 million) and balances due from Related Parties (SAR 34.2 million). Current assets decreased from SAR 349.0 million as of 31 December 2022G to SAR 258.0 million as of 30 September 2023G mainly on the back of a decrease in cash and cash equivalents of SAR 84.6 million, in addition to a decrease in inventory of SAR 10.3 million.

### Equity

As of 30 September 2023G, shareholders' equity amounted to SAR 321.7 million and mainly comprised retained earnings (SAR 238.0 million), statutory reserve (SAR 83.0 million), share capital (SAR 500 thousand) and capital contribution (SAR 250 thousand). Shareholders' equity increased from SAR 271.6 million, as at 31 December 2022G to SAR 321.7 million as at 30 September 2023G mainly driven by the increase in retained earnings (+SAR 50.1 million) in line with the increase in operations.

### Non-current liabilities

Non-current liabilities amounted to SAR 129.7 million as of 30 September 2023G and mainly include the non-current portion of lease liabilities (SAR 105.1 million) and employees' end of service benefits (SAR 24.6 million). Non-current liabilities decreased from SAR 134.9 million as of 31 December 2022G to 129.7 million as of 30 September 2023G as a result of a decrease in the non-current portion of lease liabilities by SAR 4.6 million.

### Current liabilities

Current liabilities amounted to SAR 61.5 million as of 30 September 2023G and consist mainly of accounts payable, accrued and other liabilities (SAR 23.5 million), the current portion of lease liabilities (SAR 18.2 million) and due to Related Parties (SAR 16.3 million). Current liabilities decreased from SAR 83.8 million as of 31 December 2022G to SAR 61.5 million as of 30 September, 2023G. This is mainly due to a decrease in accounts payable, accrued and other liabilities by SAR 30.6 million, offset by an increase in the balance due to Related Parties by SAR 8.6 million.

**Table (144): Statement of cash flows for the year ended 31 December 2022G and the nine-month period ended 30 September 2023G**

SAR in 000s	31 December 2022G (Audited)	30 September 2023G (Management)
Profit before zakat	63,359	53,478
Adjustments for:	-	-
Depreciation	4,007	3,023
Provision for employee's end of service benefits	3,471	2,347
Amortization of right-of-use assets	9,828	7,556
Reversal of provision of slow moving inventory	(156)	-
Finance cost	7,864	6,045
Loss on disposal of property and equipment	-	-
<b>Total adjustments</b>	<b>88,373</b>	<b>72,449</b>

SAR in 000s	31 December 2022G (Audited)	30 September 2023G (Management)
<b>Changes in operating assets and liabilities:</b>		
Accounts receivable	(4,408)	(736)
Inventories	(13,764)	10,250
Advances, prepayments and other receivables	169	(6,606)
Due from Related Parties	(638)	3,507
Due to Related Parties	(2,708)	8,618
Accounts payable, accrued and other liabilities	(17,009)	(30,601)
<b>Cash generated from operating activities</b>	<b>50,014</b>	<b>56,882</b>
Employees' defined benefit liabilities paid	(2,799)	(2,838)
Zakat paid	(4,267)	(5,652)
<b>Net cash generated from operating activities</b>	<b>42,948</b>	<b>48,392</b>
Additions to property and equipment	(7,163)	(121,525)
<b>Net cash used in investing activities</b>	<b>(7,163)</b>	<b>(121,525)</b>
Dividends paid	-	-
Repayment of lease liabilities	(10,732)	(11,465)
<b>Net cash used in financing activities</b>	<b>(10,732)</b>	<b>(11,465)</b>
Net change in cash and cash equivalents	25,053	(84,598)
Cash and cash equivalents at beginning of the year	163,272	188,324
<b>Cash and cash equivalents at the end of the year</b>	<b>188,324</b>	<b>103,726</b>

Source: Management information for the nine-month period ended 30 September 2023G

#### **Net cash generated from operating activities**

Net cash generated from operating activities amounted SAR 48.4 million in the financial period ended 30 September 2023G due to an increase in inventory by (-SAR 13.8 million), partially offset by an increase in receivables and other current liabilities by SAR 17.0 million.

#### **Net cash used in investing activities**

Net cash used in investing activities amounted SAR 121.5 million in the financial period ended 30 September 2023G representing additions to property and equipment (SAR 121.5 million).

#### **Net cash used in financing activities**

Net cash used in financing activities amounted to SAR 11.5 million in the financial period ended 30 September 2023G representing the payment of lease obligations.

## 6.9.5 Results of operations from Dr. Soliman Abdel Kader Fakeeh Medical Education Company Limited (“FMCS”)

**Table (145): Statement of profit or loss and other comprehensive income for the nine-month period ended 30 September 2022G and 2023G**

SAR in 000s	Nine-month period ended 30 September 2022G (Management)	Nine-month period ended 30 September 2023G (Management)	Variance
Revenue - net	66,014	71,342	8.1%
Cost of revenue	(32,809)	(41,582)	26.7%
<b>Gross profit</b>	<b>33,205</b>	<b>29,760</b>	<b>(10.4%)</b>
General and administrative expenses	(11,228)	(13,947)	24.2%
Expected credit loss on accounts receivable	(1,080)	(1,080)	0.0%
Operating profit	20,897	14,734	(29.5%)
Other income	6	(271)	(4,616.7%)
Finance costs	(75)	(153)	(104.0%)
Profit before zakat	20,828	14,309	(31.3%)
Zakat	(1,800)	(900)	(50.0%)
<b>Profit for the period</b>	<b>19,028</b>	<b>13,409</b>	<b>(29.5%)</b>
As a % of revenue			
Gross profit (%)	50.3%	41.7%	(8.6)
Operating profit (%)	31.7%	20.7%	(11.0)
Profit for the year (%)	28.8%	18.8%	(10.0)

Source: Management information for the nine-month period ended 30 September 2023G

### Revenues

Revenues increased by 8.1% from SAR 66.0 million in the nine-month period ended 30 September 2022G to SAR 71.3 million in the nine-month period ended 30 September 2023G mainly due to an increase in the number of students in all colleges, and in particular an increase in students Bachelor of Medicine degree from 561 students in the nine-month period ended 31 December 2022G to 674 students in the nine-month period ended 30 September 2023G.

### Cost of revenue

Cost of revenues increased by 26.7% from SAR 32.8 million in the nine-month period ended 30 September 2022G to SAR 41.6 million in the nine-month period ended 30 September 2023G mainly due to an increase in salaries and employee benefits of SAR 8.0 million in line with the increase in the total number of employees to 135 employees.

### Gross profit

Gross profit decreased by 10.4% from SAR 33.2 million in the nine-month period ended 30 September 2022G to SAR 29.8 million in the nine-month period ended 30 September 2023G despite an increase in revenues during the same period, offset by an increase in the cost of revenues during the same period (mainly due to the increase in employee costs).

### General and administrative

General and administrative increased by 24.2% from SAR 11.2 million in the nine-month period ended 30 September 2022G to SAR 13.9 million in the nine-month period ended 30 September 2023G mainly due to an increase in employee's end of service costs of SAR 2.6 million in line with the increase in the total number of employees.

### Expected credit loss on accounts receivable

The expected credit loss stabilized at SAR 1.0 million in the nine-month period ended 30 September 2022G and 30 September 2023G.

### Other income

Other income decreased from SAR 6.0 thousand in the nine-month period ended 30 September 2022G to SAR 271 thousand in the nine-month period ended 30 September 2023G mainly due to an adjustment made to revenues recognized in previous periods.

### Financing costs

Financing costs increased from SAR 75.0 thousand in the nine-month period ended 30 September 2022G to SAR 153.0 in the nine-month period ended 30 September 2023G in line with the movement of right-of-use assets during the period.

### Zakat

Zakat expenses decreased from SAR 1.8 million in the nine-month period ended 30 September 2022G to SAR 900.0 thousand in the nine-month period ended 30 September 2023G.

### Profit for the period

Profit for the period decreased by 29.5% from SAR 19.0 million in the nine-month period ended 30 September 2022G to SAR 13.4 million in the nine-month period ended 30 September 2023G mainly due to the decrease in gross profit (-SAR 3.4 million) in addition to the increase in general and administrative expenses (mainly due to the increase in employee costs).

**Table (146): Statement of financial position for the years ended 31 December 2022G and the nine-month period ended 30 September 2023G**

SAR in 000s	As at 31 December 2022G (Audited)	As at 30 September 2023G (Management)
<b>Assets</b>		
<b>Non-current assets</b>		
Property and equipment	56,634	51,664
Right-of-use assets	2,346	1,761
Intangible assets	2,097	1,653
<b>Total non-current assets</b>	<b>61,077</b>	<b>55,077</b>
<b>Current assets</b>		
Accounts receivable	43,070	87,791
Due from Related Parties	5,237	1,043
Prepayments and other current assets	4,022	2,162
Cash and cash equivalents	28,312	28,720
<b>Total current assets</b>	<b>80,641</b>	<b>119,715</b>
<b>Total assets</b>	<b>141,719</b>	<b>174,793</b>
<b>Equity and liabilities</b>		
<b>Equity</b>		
Share capital	1,000	1,000
Statutory reserve	500	500
Retained earnings	65,863	51,273

SAR in 000s	As at 31 December 2022G (Audited)	As at 30 September 2023G (Management)
<b>Total equity</b>	<b>67,363</b>	<b>52,773</b>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Lease liabilities	2,270	2,378
Employees' end of service benefits	7,995	9,273
<b>Total non-current liabilities</b>	<b>10,265</b>	<b>11,651</b>
<b>Current liabilities</b>		
Current portion of lease liabilities	692	692
Account payables		2,783
Due to a Related Party	172	5,834
Accrued and other current liabilities	3,453	100,061
Contract liabilities	59,121	-
Accrued Zakat	652	999
<b>Total current liabilities</b>	<b>64,090</b>	<b>110,369</b>
<b>Total liabilities</b>	<b>74,355</b>	<b>122,020</b>
<b>Total equity and liabilities</b>	<b>141,718</b>	<b>174,793</b>

Source: Management information for the nine-month period ended 30 September 2023G

#### Non-current assets

Non-current assets amounted SAR 55.1 million as of 30 September 2023G consisting mainly of property and equipment (SAR 51.7 million), right-of-use assets (SAR 1.8 million) and intangible assets (SAR 1.7 million). The balance decreased from SAR 61.1 million as of 31 December 2022G to SAR 55.1 million as of 30 September 2023G due to the decrease in property and equipment of SAR 5.0 million.

#### Current assets

Current assets amounted SAR 119.7 million as of 30 September 2023G and mainly consist of accounts receivable (SAR 87.8 million) and cash and cash equivalents (SAR 28.7 million). Current assets increased from SAR 80.6 million as of 31 December 2022G to SAR 119.7 million as of 30 September 2023G mainly due to the increase in accounts receivable of SAR 44.7 million.

#### Equity

Equity amounted to SAR 52.8 million as of 30 September 2023G and consists mainly of retained earnings (SAR 51.3 million), share capital (SAR 1.0 million) and statutory reserve (SAR 500 thousand). Equity decreased from SAR 67.4 million as of 31 December 2022G to SAR 52.8 million as of 30 September, 2023G mainly due to the decrease in retained earnings of (-SAR 14.6 million).

#### Non-current liabilities

Non-current liabilities amounted to SAR 11.7 million as of 30 September 2023G and mainly included employees' end of service benefits (SAR 9.3 million) and lease liabilities (SAR 2.4 million). Non-current liabilities increased from SAR 10.3 million as of 31 December 2022G to reach SAR 11.7 million as of 30 September 2023G mainly due to an increase in employees' end of service benefits of SAR 1.3 million.



### Current liabilities

Current liabilities amounted to SAR 110.4 million as of 30 September 2023G and consist mainly of accrued and other current liabilities (SAR 100.1 million) and due to a Related Party (SAR 5.8 million). Current liabilities increased from SAR 64.1 million as of 31 December 2022G to SAR 110.4 million as of 30 September 2023G mainly due to an increase in accrued and other current liabilities of SAR 96.6 million.

**Table (147): Statement of cash flows for the year ended 31 December 2022G and the nine-month period ended 30 September 2023G**

SAR in 000s	31 December 2022G (Audited)	30 September 2023G (Management)
<b>Profit before zakat</b>	<b>16,580</b>	<b>14,309</b>
<b>Adjustments for:</b>		
Depreciation on property and equipment	7,314	5,537
Depreciation on right-of-use assets	780	585
Amortization	420	444
Expected credit loss on accounts receivable	1,320	4,836
Provision for employees' end of service benefits	1,581	1,657
Finance costs	320	153
Other adjustments	552	108
<b>Changes in operating assets and liabilities:</b>		
Accounts receivable	(27,440)	(30,152)
Advance payments and other receivables	(2,647)	1,860
Due from related parties	1,495	(15,210)
Due to related parties	-	5,662
Other assets and liabilities	(10,046)	37,487
Contract liabilities	43,384	-
Accounts payable	-	2,783
Cash generated from operating activities	33,577	30,059
Finance cost paid	(174)	(153)
Employees' end of service benefits paid	(410)	(379)
Zakat paid	(677)	(553)
<b>Net cash generated from operating activities</b>	<b>32,316</b>	<b>28,974</b>
<b>Cash flows from investing activities</b>		
Additions to property and equipment	(6,991)	(566)
<b>Net cash used in investing activities</b>	<b>(6,991)</b>	<b>(566)</b>
<b>Cash flows from financing activities:</b>		
<b>Repayment of lease liabilities</b>	<b>(309)</b>	<b>-</b>
Dividends paid	-	(28,000)
<b>Net cash used in financing activities</b>	<b>(309)</b>	<b>(28,000)</b>
Net change in cash and cash equivalents	25,017	408
Cash and cash equivalents at beginning of the year	3,295	28,312
<b>Cash and cash equivalents at the end of the year</b>	<b>28,312</b>	<b>28,720</b>

Source: Management information for the nine-month period ended 30 September 2023G

**Net cash generated from operating activities**

Net cash generated from operating activities amounted SAR 29.0 million in the financial period ended 30 September 2023G due to the increase in accrued and other current liabilities by SAR 37.5 million, in addition to the increase in due to Related Parties by SAR 5.7 million.

**Net cash used in investing activities**

Net cash used in investing activities amounted SAR 566.0 thousand in the financial period ended 30 September 2023G representing additions to property and equipment.

**Net cash used in financing activities**

Net cash used in financing activities amounted to SAR 28.0 million in the financial period ended 30 September 2023G representing dividends paid.

**6.9.6 Results of operations from Riyadh Hospital Company****Table (148): Statement of profit or loss and other comprehensive income for the nine-month period ended 30 September 2022G and 2023G**

SAR in 000s	Nine-month period ended 30 September 2022G (Management)	Nine-month period ended 30 September 2023G (Management)	Variance
Revenue – net	6,138	33,711	449.2%
Cost of revenue	(75,550)	(119,557)	58.2%
<b>Gross profit</b>	<b>(69,412)</b>	<b>(85,846)</b>	<b>23.7%</b>
General and administrative expenses	(16,163)	(24,823)	53.6%
<b>Operating loss</b>	<b>(85,575)</b>	<b>(110,670)</b>	<b>29.3%</b>
Other income, net	1,033	894	(13.5%)
Finance costs	(15,597)	(24,975)	60.1%
<b>Profit for the year</b>	<b>(100,139)</b>	<b>(134,751)</b>	<b>34.6%</b>

Source: Management information for the nine-month period ended 30 September 2023G

**Revenue - net**

Revenue - net increased by 449.2% from SAR 6.1 million in the nine-month period ended 30 September 2022G to SAR 33.7 million in the nine-month period ended 30 September 2023G as the agreements with insurance companies began during March 2023G.

**Cost of revenue**

Cost of revenue increased by 58.2% from SAR 75.6 million in the nine-month period ended 30 September 2022G to SAR 119.6 million in the nine-month period ended 30 September, 2023G, mainly driven by:

- The increase in employee salaries due to the increase in the number of employees during the period as the hospital ramps up its operations after the acquisition (+SAR 24.9 million);
- The increase in consumption of raw materials and consumables in line with revenues during the period (+SAR 5.7 million); and
- The increase in depreciation (+SAR 4.6 million) as buildings and medical equipment were transferred from capital work in progress in the FY2022G, among others.

### General and administrative expenses

General and administrative expenses increased by 53.6% from SAR 16.2 million in the nine-month period ended 30 September 2022G to SAR 24.8 million in the nine-month period ended 30 September 2023G mainly driven by an increase in employee salaries (+SAR 5.5 million), depreciation of property and equipment (+SAR 1.0 million) and advertising expenses following increased activities after the acquisition of Riyadh Hospital (+SAR 801 thousand).

### Other income, net

Other income, net decreased by (13.5%) from SAR 1.0 million in the nine-month period ended 30 September 2022G to SAR 894 thousand in the nine-month period ended 30 September 2023G primarily driven by discounts from suppliers.

### Finance costs

Finance costs increased by 60.1% from SAR 15.6 million in the nine-month period ended 30 September 2022G to SAR 25.0 million in the nine-month period ended 30 September 2023G mainly driven primarily by an increase in loan withdrawals and an increase in the SIBOR rate.

**Table (149): Statement of financial position for the years ended 31 December 2022G and the nine-month period ended 30 September 2023G**

SAR in 000s	As at 31 December 2022G (Audited)	As at 30 September 2023G (Management)
<b>Assets</b>		
<b>Non-current assets</b>		
Property, plant and equipment, net	588,844	632,873
Right-of-use assets	64,062	7,086
<b>Total non-current assets</b>	<b>652,906</b>	<b>639,959</b>
<b>Current assets</b>		
Cash and cash equivalents	63,148	3,008
Inventory	5,178	6,900
Prepaid expense and other debit balances	11,604	34,123
<b>Total current assets</b>	<b>79,931</b>	<b>44,032</b>
<b>Total assets</b>	<b>732,837</b>	<b>683,991</b>
<b>Equity and liabilities</b>		
<b>Equity</b>		
Share capital	571,097	571,097
Accumulated losses	(322,321)	(457,072)
<b>Total equity</b>	<b>248,775</b>	<b>114,025</b>
<b>Non-current liabilities</b>		
Non-current portion of long-term loan	372,658	370,000
Non-current portion of lease liabilities	24,807	6,760
Employees' defined benefits liabilities	2,625	3,802
<b>Total non-current liabilities</b>	<b>400,091</b>	<b>380,562</b>
<b>Current liabilities</b>		

SAR in 000s	As at 31 December 2022G (Audited)	As at 30 September 2023G (Management)
Contractors payable	23,611	-
Accounts payable	26,858	20,272
Current portion of lease liabilities	15,806	-
Current portion of long-term loan	-	-
Short term loans	-	70,305
Retention payable	6,791	-
Accrued expenses and other credit balances	6,473	42,207
Due to Related Parties	4,430	56,620
<b>Total current liabilities</b>	<b>83,970</b>	<b>189,404</b>
<b>Total liabilities</b>	<b>484,061</b>	<b>569,966</b>
<b>Total equity and liabilities</b>	<b>732,837</b>	<b>583,991</b>

Source: Management information for the nine-month period ended 30 September 2023G

#### Non-current assets

Non-current assets amounted to SAR 640.0 million as of 30 September 2023G consisting mainly of property and equipment (SAR 632.9 million) and right-of-use assets (SAR 7.1 million). The balance decreased from SAR 652.9 million as of 31 December 2022G to SAR 640.0 million as of 30 September, 2023G as a result of a decrease in right-of-use assets of SAR 57.0 million, partially offset by an increase in property and equipment of SAR 44.0 million.

#### Current assets

Current assets amounted SAR 44.0 million as of 30 September 2023G consisting mainly of prepaid expense and other debit balances (SAR 34.1 million), inventory (SAR 6.9 million), and cash and cash equivalents (SAR 3.0 million). Current assets decreased from SAR 80.0 million as of as of 31 December, 2022G to SAR 44.0 million as of 30 September 2023G mainly due to the decrease in cash and cash equivalents of SAR 60.1 million, partially offset by an increase in prepaid expense and other debit balances of SAR 22.5 million.

#### Equity

Equity amounted SAR 114.0 million as of 30 September 2023G and consists mainly of share capital (SAR 571.1 million) and accumulated losses (SAR 457.1 thousand). Equity decreased from SAR 248.8 million as of 31 December 2022G to SAR 114.0 million as of 30 September 2023G mainly due to an increase in accumulated losses amounting to (SAR 134.8 million).

#### Non-current liabilities

Non-current liabilities amounted SAR 380.6 million as of 30 September 2023G and mainly included long-term loans (SAR 370.0 million), lease liabilities (SAR 6.8 million) and employees' defined benefits liabilities (SAR 3.8 million). Non-current liabilities decreased from SAR 400.1 million as of 31 December 2022G to reach SAR 380.6 million as of September 30 2023G mainly due to a decrease in lease liabilities of SAR 18.0 million.

#### Current liabilities

Current liabilities amounted SAR 189.4 million as of 30 September 2023G consisting mainly of short-term loans (SAR 70.3 million), due to Related Parties (SAR 56.6 million) and accrued expenses and other credit balances (SAR 42.2 million). Current liabilities increased from SAR 84.0 million as of 31 December 2022G to SAR 189.4 million as of 30 September 2023G mainly due to the increase in short-term loans by SAR 70.3 million and an increase in due to Related Parties by SAR 52.2 million.

**Table (150): Statement of cash flows for the year ended 31 December 2022G and the nine-month period ended 30 September 2023G**

SAR in 000s	31 December 2022G (Audited)	30 September 2023G (Management)
<b>Loss before zakat</b>	<b>(168,606)</b>	<b>(134,751)</b>
<b>Adjustments for:</b>		
Depreciation	38,398	25,966
Provision for obsolete inventory	-	-
Finance cost	24,911	24,970
Employees defined benefits liabilities	1,733	2,196
Impairment losses on property, plant and equipment	15,194	-
<b>Total adjustments</b>	<b>(88,370)</b>	<b>(81,619)</b>
<b>Changes in operating assets and liabilities:</b>		
Inventory	447	(1,722)
Accounts and other receivables	-	(14,711)
Advance payments and other current assets	(3,411)	(7,808)
Restricted deposit	-	-
Contractors payable	(21,509)	-
Accounts payable	(9,295)	(5,243)
Accruals and other current liabilities	(3,935)	5,499
Retention payable	(11,442)	-
Due to Related Parties	2,430	50,847
<b>Cash used in operating activities</b>	<b>(135,085)</b>	<b>(54,757)</b>
Zakat paid	-	-
Finance cost paid	(18,214)	(24,970)
Employees defined benefits liabilities paid	(469)	(1,019)
<b>Net cash generated from / (used in) operating activities</b>	<b>(153,769)</b>	<b>(80,746)</b>
Addition to property, plant and equipment	(2,548)	(13,019)
Additions to right of use assets	-	-
Repayment of lease liabilities	-	(34,021)
Prepaid expense and other debit balances – non-current portion	1,012	-
<b>Net cash generated used in investing activities</b>	<b>(1,535)</b>	<b>(47,040)</b>
Net change in loans	33,342	70,305
Proceeds from long term loans	-	(2,658)

SAR in 000s	31 December 2022G (Audited)	30 September 2023G (Management)
Capital increase	200,000	-
Lease liabilities paid	(15,168)	-
Shareholders' loans	-	-
<b>Net cash used in financing activities</b>	<b>218,175</b>	<b>67,646</b>
Net change in cash and cash equivalents	62,871	(60,140)
Cash and cash equivalents at the beginning of the year	278	63,148
<b>Cash and cash equivalents at the end of the year</b>	<b>63,148</b>	<b>3,008</b>

Source: Management information for the nine-month period ended 30 September 2023G

#### **Net cash used in operating activities**

Net cash used in operating activities amounted SAR 80.7 million in the financial period ended 30 September 2023G mainly due to net losses during the period.

#### **Net cash used in investing activities**

Net cash used in investing activities amounted SAR 47.0 million in the financial period ended 30 September 2023G due to the payment of lease liabilities amounting SAR 34.0 million.

#### **Net cash generated from financing activities**

Net cash generated from financing activities amounted to SAR 67.6 million in the financial period ended 30 September 2023G mainly due to a net change in loans and borrowings of SAR 70.3 million.

Note: The number of patients in outpatient clinics represents the number of income-generating visits during the period under review while the number of patients in inpatient clinics represents the number of admissions during the period under review.



فقيه

مركز د. سليمان فقيه الطبي  
Dr. Soliman Fakeeh Medical Center

## 7. DIVIDEND DISTRIBUTION POLICY

Pursuant to Article 107 of the Companies Law, each shareholder shall enjoy all the rights associated with shares, in particular the right to a portion of the dividends to be distributed. The Board of Directors recommends, in its annual report, the distribution of any dividends prior to their approval by the shareholders at the General Assembly meeting. However, there are no guarantees of actual dividend distribution. Any resolution to distribute dividends depends on a number of factors, including the Company's past and expected profits, cash flows, financing and capital requirements, market data, general economic factors, Zakat other factors the Board consider important, as well as other legal and regulatory considerations. The Company's expectations with respect to these factors are subject to numerous assumptions, risks and uncertainties that may be beyond the Company's control (for further details about the risks related to the Dividend Distribution, please refer to Section 2.3.5 ("**Risks Related to the Company's Ability to Divide Distribution**") of this Prospectus).

The Company intends to distribute dividends to its shareholders with the aim of enhancing the value of their investments based on the profits achieved by the Company in proportion to its financial position, capital expenses, investment requirements, the restrictions which are applicable to the dividend distribution under financing and debt agreements, the results of the Company's activities, the Company's current and future cash needs, expansion plans, and other factors including market condition, analysis of investment opportunities, requirements to reinvest such dividends, cash and capital requirements, business expectations and the impact of any such distributions on any legal and regulatory considerations.

In addition, investors wishing to invest in the Offer Shares shall be aware that the dividend policy may change from time to time.

Although the Company intends to distribute dividends to its shareholders, there are no guarantees of an actual dividend distribution, nor is there any guarantee regarding the amounts that shall be paid in any year.

According to the Company's Bylaws, a certain percentage of the net dividends may be set aside to form a reserve allocated for specific purposes. The Ordinary General Assembly, when determining the amount of shares in the net dividends, may decide to form other reserves to the extent that achieves the interest of the Company or ensures the distribution of fixed dividends as much as possible to the shareholders. The General Assembly may use retained earnings and distributable reserves to pay the remaining amount of the value of the share or part thereof, provided that this does not prejudice fairness between shareholders in accordance with the provisions of the Companies Law.

The Board of Directors may decide to distribute interim dividends to the Company's shareholders in accordance with the controls stipulated in Article 38 of the Regulations for Non-Listed Joint-stock Companies, and Article 45 of its Bylaws.

The shareholder shall be entitled to its share of the dividends in accordance with the General Assembly's resolution issued in this regard, which indicates the maturity date and the distribution date. Shareholders registered in the shareholders' registers at the end of the day on the specified maturity date shall be entitled to dividends.

The Company's Bylaws stipulate that the Board of Directors has the right to decide on the distribution of interim dividends (quarterly or half-yearly) to its shareholders in accordance with the controls set by the competent authority.



The following table sets out a summary of the dividends the Company distributed during the previous three years and the nine-month period ended 30 September 2023G:

**Table (151): Cash dividends during the Financial Years ended 31 December 2020G, 2021G, and 2022G, and the nine-month period ended 30 September 2023G**

(SAR)	FY2020G	FY2021G	FY2022G	Nine-Month Period Ended 30 September 2023G
Net income attributable to the owners of the company	203,178,143	334,281,868	326,316,488	205,606,379
Dividends declared during the period	22,600,000(*)	35,000,000(**)	50,000,000(***)	1,100,000,000(****)
Dividends distributed during the period	- 22,266,934(*)	- 22,600,000(**)	-35,000,000(***)	- 939,763,000(****)
The proportion of declared profits to net income	11.12%	10.47%	15.32%	535%

Source: The Company

(\*) During its meeting held on 30 June 2021G, the General Assembly approved the distribution of dividends in the amount of SAR 22.6 million for the year ended 31 December 2020G. Dividends distributed during FY2020 represent the declared and unpaid dividends of FY2019 amounting to SAR 22.3 million.

(\*\*) During its meeting held on 20 June 2022G, the General Assembly approved the distribution of dividends in the amount of SAR 35 million for the year ended 31 December 2021G. Dividends distributed during FY2021 represent the declared and unpaid dividends of FY2020 amounting to SAR 22.6 million.

(\*\*\*) During its meeting held on 20 June 2023G, the General Assembly approved the distribution of dividends in the amount of SAR 50 million for the year ended 31 December 2022G. Dividends distributed during FY2022 represent the declared and unpaid dividends of FY2021 amounting to SAR 35.0 million.

(\*\*\*\*) During its meeting held on 27 September 2023G, the General Assembly approved the distribution of dividends in the amount of SAR 1.1 billion. The dividends distributed during the nine-month period ended 30 September 2023G represent: (1) a portion of the dividends declared during the same period and amounting to SAR 900 million, and (2) a portion of the dividends declared and unpaid of FY2022G, amounting to SAR 39.8 million. It is worth noting that, as of 31 December 2023, all declared and unpaid dividends related to FY2022G and the nine-month period ended 30 September 2023G have been paid, equivalent to SAR 210.2 million, which were paid during Q4 2023G, will be disclosed in the audited financial statements for FY2023G. As of the date of this Prospectus, the Company has not declared any distributions that have not been paid.

As at 31 December 2022G, the Company provided a SAR 1.3 billion loan to Fakeeh Medical Centre in Dubai. This loan was fully repaid during the nine-month period ended 30 September 2023G. As a result, special dividends amounting to SAR 1.1 billion were paid to current Shareholders upon receipt of the due amount. It should be noted that this payment is of a non-recurring nature and is linked to the repayment from the Dubai hospital.

Shares grant their holders the right to receive the dividends declared by the Company as of the date of this Prospectus and the Financial Years that follow. The Offer Shares shall not be entitled to any dividends declared prior to the date of this Prospectus, as the first entitlement for the Offer Shares shall be the dividends declared by the Company as of the date of this Prospectus and subsequent Financial Years.

## 8. USE OF PROCEEDS

### 8.1 Offering Proceeds

Total proceeds from the Offering are estimated at SAR 2,863,500,000 of which approximately SAR 75.0 million will be provisionally used to settle all the Offering expenses, which include the fees of the Financial Advisor, the Bookrunners, the Lead Manager, the Underwriters, the legal advisors, the Financial Due Diligence Advisor, the Auditor, the Receiving Agents, the Market Consultant, as well as marketing and distribution fees and other costs and expenses related to the Offering.

The Offering expenses will be deducted from the Offering Proceeds and will be divided between the Company and the Selling Shareholders on a pro-rata basis according to the number of Offering Shares sold by each Selling Shareholder and the new Offering Shares.

### 8.2 Use of Net Proceeds from the Offering

The Net Proceeds from the Offering of approximately SAR 2,788,500,000 will be distributed (after deduction of Offering expenses) as follows:

- 1- approximately SAR 1,108,680,723 will be distributed to the Selling Shareholders on a pro-rata basis based on each Selling Shareholder's percentage of ownership in the Sale Shares being sold in the Offering;
- 2- approximately SAR 1,679,819,277 will be distributed to the Company. The Company intends to use its share of the Net Proceeds, in addition to other financial sources such as cash flows and loans to finance the following activities
  - Financing the Group's growth strategy.
  - General purposes of the Company.

The following table summarizes the expected use of the Company's share of the Net Proceeds from the Offering based on the Item:

**Table (152): Expected Use of the Company's Share of Net Proceeds from the Offering Based on the Item**

Item	Expected Use of the Company's Share of Net Proceeds from the Offering (%) (*)
Financing the Group's growth strategy	70% - 80%
General purposes of the Company	20% - 30%

(\*) The total expenses for both items above shall not exceed 100% of the Company's share of the Net Proceeds from the Offering.

#### Financing the Group's Growth Strategy

As part of its general strategy, the Group has expanded through the acquisition of shares in Riyadh Hospital Company in 2022G. The Group has also begun establishing and developing parts of hospitals and medical centers, which have been mainly financed through loans.

The Company is also continuously working to implement its strategic growth plans through the establishment and development of new hospitals and medical centers, in addition to the expected expansion of its educational facilities affiliated with Fakeeh College of Medical Sciences. Accordingly, the Group will allocate most of its share of the Net Proceeds from the Offering to finance the capital expenditures it will incur therein.

Below is a summary of the projects that the Company will finance through the Offering Proceeds, in addition to other financial sources comprised partially of cash flows and primarily of loans. For further information, please refer to Section 4.10 (“**Current and Future Projects**”) and 2.1.22 (B) (“**Risks related to funding sources required to develop and expand the Group’s business**”) of this Prospectus.

Project Name	Project Description	Project Cost	Completion Date
Dr. Soliman Fakeeh Hospital – Madinah	Establishing a new 200 bed tertiary healthcare hospital located in the northwest of Al Madinah Al Munawwarah, expected to accommodate with a total built-up area of approximately 73,500 square meters.	Approximately SAR 500 million	Second half of 2024G
Dr. Soliman Fakeeh Hospital - Masar - Makkah	Establishing a new 200 bed hospital in the “ <b>Makkah Route</b> ” project, with a total built-up area of approximately 95,000 square meters.	Approximately SAR 600 million	Second half of 2027G
Dr. Soliman Fakeeh Hospital - South Obhur - Jeddah	Establishing a new 300 bed hospital with a total built-up area of approximately 120,000 square meters, erected on land owned by the group covering an area of approximately 10,000 square meters.	Approximately SAR 900 million	First half of 2028G
Expansion of the Jeddah Hospital Complex “The Surgical Tower”	A new building consisting of ten (10) floors to be constructed as an annex to Jeddah Hospital Complex with a capacity of 140 beds, covering a total built-up area of approximately 42,400 square meters.	Approximately SAR 400 million	Second half of 2027G
Post-Acute Medical Care Al-Hamra Hospital	Establishing a new 200 bed hospital with a total built-up area of approximately 21,270 square meters.	Approximately SAR 260 million	First half of 2026G
Dr. Soliman Fakeeh Medical Center, Alawali District, Makkah	A new medical center with a total built-up area of approximately 14,400 square meters.	Total expected cost of up to SAR 405 million (*)	First half of 2025G
Dr. Soliman Fakeeh Medical Center, North Obhur, Jeddah	A new medical center with a total built-up area of approximately 8,600 square meters.		First half of 2025G
Dr. Soliman Fakeeh Medical Center, Al Zahra District, Jeddah	A new medical center with a total built-up area of approximately 18,620 square meters.		Second half of 2025G
Dr. Soliman Fakeeh Medical Center, Al Hamra District, Riyadh	A new medical center with a total built-up area of approximately 8,600 square meters.		Second half of 2026G
Expansion of Fakeeh College of Medical Sciences	Launching an independent college for each of the medical, nursing, pharmacy, and Business Technology and Innovation disciplines, in addition to opening new buildings.		Approximately SAR 500 million

(\*) The Group is working on establishing five new medical centers in the Kingdom, with a total expected cost of approximately SAR 405 million, which will be financed through the Company’s cash flows and loans, in addition to a portion of the Offering Proceeds. The final project cost depends on a number of factors including the project location, construction plan, and ownership structure (i.e. owned or rented). As of the date of this Prospectus, the Company is working on three centers.

### General Corporate Purposes of the Company

The Group may use 20% to 30% of its share of the Net Proceeds from the Offering to finance the general corporate purposes of the Group, which mainly include its strategic initiatives, business development programs, capital expenditures and other general purposes, and the Group may use part of the Net Proceeds from the Offering to pay part of these loans. Said expenses are expected to be financed by the Group through its cash flows and Share of the Net Proceeds from the Offering.

## 8.3 Timeline for Expected Use of Net Proceeds from the Offering and Potential Changes

The Company intends to deploy and use its share of Net Proceeds from the Offering for the purpose of covering some or all of the above uses within thirty-six (36) months as of the date of this Prospectus, in accordance with the following expected timetable:

Project Name	Expected Timetable relating to the Use of Net Proceeds from the Offering
<b>Financing the Group's Growth Strategy</b>	
Dr. Soliman Fakeeh Hospital – Madinah	Six (6) months to twelve (12) months
Dr. Soliman Fakeeh Hospital - Masar - Makkah	Twenty-four (24) months to forty-eight (48) months
Dr. Soliman Fakeeh Hospital - South Obhur - Jeddah	Twenty-four (24) months to forty-eight (48) months
Expansion of the Jeddah Hospital Complex "The Surgical Tower"	Twenty-four (24) months to forty-eight (48) months
Post-Acute Medical Care Al-Hamra Hospital	Twelve (12) months to twenty-four (24) months
Dr. Soliman Fakeeh Medical Center, Alawali District, Makkah	Six (6) months to twelve (12) months
Dr. Soliman Fakeeh Medical Center, Al Zahra District, Jeddah	Six (6) months to twelve (12) months
Dr. Soliman Fakeeh Medical Center, North Obhur, Jeddah	Six (6) months to twelve (12) months
Dr. Soliman Fakeeh Medical Center, Al Hamra District, Riyadh	Twelve (12) months to twenty-four (24) months
Expansion of Fakeeh College of Medical Sciences	Twenty-four (24) months to forty-eight (48) months
<b>Other Uses</b>	
General purposes of the Company	Twelve (12) months to twenty-four (24) months

The expected use plans for the Company's share in the Net Proceeds reflect the Company's business plan and market conditions as of the date of this Prospectus. Accordingly, the expected use of the Company's share in the Net Proceeds of the Offering is subject to change in accordance with any economic, social or political developments, in addition to any possible changes in the Company's business plan.

## 9. CAPITALIZATION AND INDEBTEDNESS

Prior to the Offering, Substantial Shareholders, directly or indirectly, own 100% of the Company's shares, and upon the completion of the Offering, they will collectively own 76.97% of the Company's shares.

The table below sets out the details of the Company's capitalization as shown in the financial statements of the Company for the years ended 31 December 2020G, 2021G, and 2022G, and the nine-month period ended 30 September 2023G. The following table should be read in conjunction with the relevant financial statements, including the notes thereto set out in Section 19 ("Financial Statements and Auditor's Report") of this Prospectus.

**Table (153): The Company's capitalization and indebtedness for the years ended 31 December 2020G, 2021G, and 2022G, and the nine-month period ended 30 September 2023G**

(Thousands of Saudi Riyals)	FY2020G	FY2021G	FY2022G	Nine-Month Period Ended 30 September 2023G
Total loans	938,637	888,219	1,848,002	1,402,230
<b>Shareholders' Rights</b>				
Capital	100,000	100,000	100,000	200,000
Legal Reserve	50,000	50,000	50,000	0
Voluntary Reserve	0	0	0	0
Retained earning	1,157,281	1,463,232	1,747,639	753,245
Total Shareholders' Rights	1,307,281	1,613,232	1,897,639	953,245
non-controlling interest	84,662	110,206	259,606	236,405
Total Equity	1,391,942	1,723,438	2,157,244	1,189,649
Total Capitalization (Total Loans + Total Shareholders' Rights)	2,330,579	2,611,657	4,005,247	2,591,880
<b>Total Loans/ Total Capitalization</b>	<b>40.27%</b>	<b>34.01%</b>	<b>46.14%</b>	<b>54.1%</b>

Source: The audited consolidated financial statements for the years ended 31 December 2020G, 2021G, and 2022G, the reviewed consolidated financial statements for the nine-month period ended 30 September 2023G, and Company Information

**The Directors declare that:**

- 1- The Company's shares are not subject to any option rights
- 2- The Company does not have any debt instruments as of the date of this Prospectus
- 3- The Company's balances and cash flow are sufficient to meet its anticipated cash needs for working capital and capital expenditures for at least twelve (12) months as of the date of this Prospectus, subject to any material adverse affecting the Company's business.

## 10. EXPERT STATEMENTS

All advisors and auditors whose names are listed in pages (vii), (viii) and (ix) of this Prospectus have given their written consent to the reference to their names and logos and to the publication of their statements in this Prospectus, and none of them has withdrawn their consent as of the date of this Prospectus. None of the advisors or their employees within the team providing services to the Company or their relatives own any shares in the Company or have any interest whatsoever in the Company or its Subsidiaries as of the date of this Prospectus which may affect their independence.

## 11. DECLARATIONS

The Directors declare that:

- 1- There has been no interruption in the business of the Company or any of its Subsidiaries which may have or has had a significant effect on the Company's financial position during the last 12 months.
- 2- Except as described in Section 6 ("**Management Discussion and Analysis of Financial Position and Results of Operations**") of this Prospectus, No commissions, discounts, brokerage fees or other non-cash compensation have been granted within the three years immediately preceding the date of filing the application for registration and offer of securities that are subject to this Prospectus, in connection with the issuance or offer of any securities by the Company or any of its Subsidiaries.
- 3- Except as described in Section 6 ("**Management Discussion and Analysis of Financial Position and Results of Operations**") of this Prospectus, there has been no material adverse change in the financial or trading position of the Company or any of its Subsidiaries in the three Financial Years preceding the filing of the application for registration and offer of securities subject to this Prospectus and the period covered in the Auditor's report, up to the date of the approval of this Prospectus.
- 4- Except as described in Section 5.8 ("**Direct and Indirect Interests of the Directors and the Executive Management**") of this Prospectus, none of the Directors or any of their relatives have any shareholding or interest of any kind in the Company or any of its Subsidiaries.
- 5- The Company, individually or jointly with its Subsidiaries, has working capital sufficient for a period of at least twelve (12) months immediately following the date of publication of this Prospectus.
- 6- None of the Directors, proposed Directors, Senior Executives or Board Secretary have ever been declared bankrupt or subject to bankruptcy proceedings.
- 7- No insolvency has been declared during the previous five years for a company in which any of the Directors, proposed Directors, Senior Executives, or Board Secretary were appointed to an administrative or supervisory position.
- 8- Except as disclosed in Section 12.7 ("**Transactions with Related Parties**"), none of the Directors, Senior Executives, Board Secretary or any of their relatives or affiliates have any interest in any current contracts or arrangements, whether written or oral, or contracts or arrangements contemplated or expected to be concluded with the Company or its Subsidiaries as of the date of this Prospectus.
- 9- Except as disclosed in Section 5.7 ("**Conflicts of Interest**"), there are no conflicts of interest related to the Directors with respect to contracts or transactions concluded with the Company.
- 10- There is no intention to materially change the nature of the activity of the Company or its Subsidiaries.
- 11- The Directors will not participate in voting on resolutions related to business and contracts in which they have a direct or indirect interest.
- 12- Except as stated in section 5.13 ("**Shares Available for Subscription by the Group Employees**") of this Prospectus, the Company does not have employee stock purchase plans allowing employee contributions to the Company's capital, and there are no similar arrangements in place as of the date of this Prospectus.
- 13- Neither the Company nor any of its Material Subsidiaries has any securities (contractual or otherwise) or any assets that are subject to fluctuation which would adversely and materially affect its financial position.
- 14- Except as disclosed in Section 2 ("**Risk Factors**") and Section 2.1 ("**Risks Related to the Company's Business and Operations**"), the Company is not aware of any information regarding any governmental, economic, financial, monetary or political policies or any other factors that have or may have a material impact (directly or indirectly) on its business and the business of its Subsidiaries.
- 15- Except as disclosed in Section 2 ("**Risk Factors**"), the Company is not aware of any seasonal factors or economic cycles related to the business that may have an impact on the Company's business, its Subsidiaries or its financial position.
- 16- The statistical information included in Section 3 ("**Overview of the Market and Sector**") was obtained from external sources and represents the latest information available from the relevant source.
- 17- Except as disclosed in Section 2 ("**Risk Factors**"), the insurance policies of the Company and its Subsidiaries sufficiently cover the Company's performance of its business. The Company and its Subsidiaries periodically renew their insurance policies and contracts to ensure continued insurance coverage.

- 18- This Prospectus contains all the information required to be included pursuant to the OSCOs, and there are no other facts that could affect the application for the registration and offer of securities which have not been included in this Prospectus.
- 19- All contracts and agreements that the Company believes to be significant or material or which may affect investors' decisions to invest in the Offer Shares have been disclosed. There are no other material contracts or agreements that have not been disclosed.
- 20- All terms and conditions that may affect investors' decisions to invest in the Offer Shares have been disclosed.
- 21- All terms and conditions that may affect the decisions of Subscribers to the Company's shares have been disclosed.
- 22- They have developed procedures, controls and systems to enable the Company to meet the requirements of the relevant laws, regulations and instructions, including the Companies Law, the Capital Market Law and its Implementing Regulations, the Rules on the Offer of Securities and Continuing Obligations and the Listing Rules.
- 23- Except as disclosed in Risk Factor 2.1.35 ("**Risks related to foreign employees and Labor Law requirements**"), all of the Company's non-Saudi employees are under its sponsorship.
- 24- The individuals whose names are listed in Section 4.11 ("**The Company's Ownership Structure Before and After the Offering**") are the direct and indirect legal and beneficial owners of the Company's shares.
- 25- The Offering does not contravene relevant laws and regulations in the Kingdom of Saudi Arabia.
- 26- Except as disclosed in Section 2 ("**Risk Factors**"), and to the best of their knowledge and belief, there are no other material risks that may affect a prospective investor's decision to invest in the Offer Shares.
- 27- Except as disclosed in Section 2.1.14 ("**Risks related to expiry, suspension and non-renewal of regulatory or operational licenses, permits or approvals**") and Section 2.1.15 ("**Risks related to non-renewal or issuance of material accreditations**"), the Company and its Subsidiaries have obtained all essential licenses and approvals to carry out their activities.
- 28- Except as disclosed in Section 12.8 ("**Financing Agreements**"), the Company and its Subsidiaries have not issued any debt instruments or received any term loans, nor does it have any outstanding loans or debts.
- 29- Except as disclosed in Section 12.8 ("**Financing Agreements**"), the Board of Directors declares there are no mortgages, rights and encumbrances on the property of the Company or its Subsidiaries as of the date of this Prospectus.
- 30- Except as stated in the ("**Summary of the Offering**") Section and Section 12.8 ("**Financing Agreements**"), none of the Company's shares or the shares or stocks of its Subsidiaries are subject to any mortgages or option rights.
- 31- Except as disclosed in Section 4.5 ("**Research and Development**"), neither the Company nor its Subsidiaries have had a policy on the research and development, nor does the Company manufacture any products.
- 32- The Company is capable of preparing the necessary reports in a timely manner according to the Implementing Regulations issued by the CMA.
- 33- All necessary approvals for offering and listing the Company's shares on the Exchange have been obtained.
- 34- Except as stated in Section 12.7 ("**Transactions with Related Parties**"), Directors or any of their relatives do not hold any shares or interests of any kind in the Issuer or any of its subsidiaries.
- 35- Third party information and data included in this Prospectus, including the information derived from the market study report prepared by the Market Consultant, is reliable and there is no reason for the Company to believe that such information is materially inaccurate.
- 36- The Company has prepared appropriate internal control systems, including a written policy to regulate conflicts of interest and address any possible conflicts, which include misuse of the Company's assets and abuse resulting from transactions with Related Parties. In addition, the Company has verified the integrity of financial and operational systems and the application of appropriate risk management controls as required by Chapter 5 of the CGRs. The Directors also review the Company's internal control procedures on an annual basis.
- 37- The accounting and internal control systems and information technology systems are adequate and appropriate.
- 38- Except as disclosed in Section 5.7 ("**Conflict of Interest**"), none of the Directors have participated in any activity similar to or competitive with that of the Company or its Subsidiaries. The Directors undertake to comply with this regulatory requirement in the future, in accordance with Articles 27 and 71 of the Companies Law and Chapter 6 of Part 3 of the CGRs.
- 39- The Directors are not permitted to have any direct or indirect interest in the Company's business and contracts except with authorization from the General Assembly.



- 40- The Directors shall notify the Board of any direct or indirect personal interest they have in the business and contracts entered into by the Company, and this will be recorded in the Board of Directors' meeting minutes.
- 41- All transactions with Related Parties disclosed in Section 12.7 ("**Transactions with Related Parties**"), including the determination of financial consideration to contract, have been entered into in a legal manner and on a fair trade principles similar to transactions with third parties.
- 42- All transactions with Related Parties shall be entered into on a commercial basis, and all business and contracts with Related Parties shall be voted on during the meetings of the Board of Directors and, if required by law, the Company's General Assembly. A member of the Board of Directors may not vote, whether at the Board of Directors or the General Assembly, on resolutions related to the business and contracts of the Company in which the Member holds a direct or indirect interest, in accordance with Article 71 of the Companies Law and Chapter 6 of Part 3 of the CGRs.
- 43- The Directors and the Managing Director- Group President, do not have the right to vote on resolutions relating to their compensation and remuneration.
- 44- The Directors and the Managing Director- Group President, do not have the right to vote on contracts or proposals in which they have an interest.
- 45- Neither the Directors nor any Senior Executives may obtain a loan from the Company or its Subsidiaries, and the Company shall not guarantee any loan entered into by any of the Directors.
- 46- The Company is in compliance with all terms and conditions under the agreements entered into with the entities that have granted loans, facilities and financing.
- 47- As at the date of this Prospectus, there is no breach of the contractual terms and conditions under agreements with the entities that have granted loans, facilities and financing, and the Company is bound by all such terms and conditions.
- 48- All documents required pursuant to the CML and the OSCOs have been submitted and will be submitted to the CMA.
- 49- The issuance does not constitute a breach of the relevant laws and regulations in The Kingdom of Saudi Arabia.
- 50- The issuance does not constitute a breach of any contract or agreement to which the Issuer is a party.
- 51- All material legal information concerning the Issuer has been disclosed in the Prospectus.
- 52- Except as disclosed under Section 12.14 ("**Claims, Disputes and Regulatory Compliance**") of this Prospectus, the Issuer and its Subsidiaries are not subject to any existing claims, lawsuits or legal proceedings that may individually or collectively have a material effect on the business of the Issuer or its Subsidiaries or their financial position.
- 53- The Directors are not subject to any claims or legal proceedings that may individually or collectively have a material effect on the business of the Issuer or its Subsidiaries or their financial position.

The Directors undertake to:

- 1- Record all resolutions and deliberations in the form of written meeting minutes signed by the Members of Board of Directors.
- 2- Disclose the details of any Related Party transactions in accordance with the requirements of the Companies Law and the CGRs.

## 12. LEGAL INFORMATION

### 12.1 Legal Declarations

The Directors declare that:

- a- the Offering does not violate the relative laws and regulations in the Kingdom;
- b- the Offering does not constitute a breach of any of the contracts or agreements to which the Issuer is a party;
- c- all material legal information relating to the Company and its Subsidiaries have been disclosed in the Prospectus;
- d- except as disclosed in Section 12.14 (“**Litigation, Disputes, and Regulatory Compliance**”) of this Prospectus, the Issuer and its Subsidiaries are not involved in any lawsuits or legal proceedings that may, individually or collectively, have a material effect on the business of the Issuer or its Subsidiaries or their financial position; and
- e- Except as disclosed in Section 12.14 (“**Litigation, Disputes, and Regulatory Compliance**”), the Directors are not involved in any lawsuits or legal proceedings that may, individually or collectively, have a material effect on the business or financial position of the Issuer, its Subsidiaries or their financial position.

### 12.2 The Company

Dr. Soliman Abdel Kader Fakeeh Hospital Company is a Saudi closed joint-stock company registered in Jeddah under Commercial Registration No. 4030014511 dated 11/05/1398H (corresponding to 20/03/1978G) and its registered address is 3590 Palestine Road, Al Hamra District, Jeddah 23323, the Kingdom. On 01/06/1432H (corresponding to 05/05/2011G), Dr. Soliman Abdel Kader Fakeeh Hospital Company was converted from an Individual Commercial Institution to closed joint-stock company.

As per its Bylaws, the Company’s activities are as follows: manage, establish, and operate hospitals, clinics, and medical centers; manage and operate medical services, medical laboratories, and radiology centers, as well as manage and establish pharmacies; manage, operate, and establish educational and training medical centers; launch medical projects; manage and establish hospitals specializing in various areas of medicine, including without limitation psychotherapy, addiction recovery, physiotherapy, long-term health care, and home health care and nursing; teach, train, and qualify people with special needs; wholesale and retail of: prosthetics and devices for the disabled; eyeglasses; medical and wellness products for medical purposes; weight loss products, infant and baby food, medical plasters, wound dressings, dental fillings, orthodontic waxes, and sanitizers; and medical drugs and importation thereof; private hospital and clinic services; and medical laboratory and radiology center services

### 12.3 Ownership Structure

As at the date of this Prospectus, the Company’s current share capital is SAR 200,000,000 fully paid and divided into 200,000,000 ordinary shares with a nominal value of SAR 1 per Share. On 09/05/1445H (corresponding to 23/11/2023G), the Extraordinary General Assembly of the Company approved to increase the share capital of the Company from two hundred million Saudi Riyals (SAR 200,000,000) to two hundred and thirty-two million Saudi Riyals (SAR 232,000,000) divided into two hundred and thirty-two million (232,000,000) ordinary shares of equal nominal value of one Saudi Riyal (SAR 1) each.

The following table sets out the Ownership Structure of the Company pre-Offering and post-Offering:

**Table (154): Company’s Ownership Structure Pre-Offering and Post-Offering**

#	Shareholder	Pre-Offering			Post-Offering		
		No. of Shares	Total Par Value (SAR)	Ownership Percentage (%)	No. of Shares	Total Par Value (SAR)	Ownership Percentage (%)*
1	Mazen Soliman Abdel Kader Fakeeh	79,984,000	79,984,000	39.992%	71,424,000	71,424,000	30.79%
2	Ammar Soliman Abdel Kader Fakeeh	79,984,000	79,984,000	39.992%	71,424,000	71,424,000	30.79%
3	Manal Soliman Abdel Kader Fakeeh	39,992,000	39,992,000	19.996%	35,712,000	35,712,000	15.39%

#	Shareholder	Pre-Offering			Post-Offering		
		No. of Shares	Total Par Value (SAR)	Ownership Percentage (%)	No. of Shares	Total Par Value (SAR)	Ownership Percentage (%)*
4	Soliman Abdel Kader Fakeeh Real Estate Company	20,000	20,000	0.01%	20,000	20,000	0.01%
5	Al Sulaimania United Company	20,000	20,000	0.01%	20,000	20,000	0.01%
6	Treasury Shares*	-	-	-	2,000,000	2,000,000	0.86%
7	Shares available for subscription by the Group employees	-	-	-	1,600,000	1,600,000	0.69%
8	Public				49,800,000	49,800,000	21.47%
<b>Total</b>		<b>200,000,000</b>	<b>200,000,000</b>	<b>100%</b>	<b>232,000,000</b>	<b>232,000,000</b>	<b>100%</b>

Source: The Company

\*The Extraordinary General Assembly of the Company approved the issuance of shares, to be retained as treasury shares and allocated to the Employee Share Program of the Company and its Subsidiaries, in accordance with the terms and conditions of this program (for further information about this Program, please refer to Section 5.12 ("Employee Share Program") of this Prospectus)

## 12.4 The Company's Branches and Subsidiaries

### 12.4.1 Material Subsidiaries

The following is an overview of the Material Subsidiaries. For the purpose of measuring the materiality of the Company's Subsidiaries, the Company has taken into account whether the Subsidiaries constitute 5% or more of the Group's consolidated revenue, assets, profits, or liabilities as of 31 December 2022G. Accordingly, the Company has (3) Material Subsidiaries and (11) Non-Material Subsidiaries. Below are details of each of the Material Subsidiaries.

The following table sets out the details of the Material Subsidiaries as of the date of this Prospectus:

**Table (155): Material Subsidiaries:**

#	Material Subsidiary	Country of Incorporation	Commercial Registration No.	Date of Registration in the Commercial Register	Nature of Business	Share Capital	Group Shareholding Percentage	Revenues for the Year 2022G (Thousands of SAR)	Group Revenues Percentage
1	Riyadh Hospital Company (Limited Liability Company)	The Kingdom	1010461123	03/08/1437H (corresponding to 10/05/2016G)	Management, operation, and maintenance of hospitals, including the Riyadh Hospital	SAR 571,096,520	60.56%	9,461	-

#	Material Subsidiary	Country of Incorporation	Commercial Registration No.	Date of Registration in the Commercial Register	Nature of Business	Share Capital	Group Shareholding Percentage	Revenues for the Year 2022G (Thousands of SAR)	Group Revenues Percentage
2	Saudi Airlines Medical Services Company (Limited Liability Company)	The Kingdom	4030182072	14/08/1429H (corresponding to 15/08/2008G)	Management, operation and establishment of hospitals and healthcare facilities, providing comprehensive and specialized medical services related to the employees of Saudi Arabian Airline Corporation Group	SAR 500,000	75%	307,514	15.3%
3	Dr. Soliman Abdel Kader Fakeeh Medical Education Company (Limited Liability Company)	The Kingdom	4030144912	05/08/1424H (corresponding to 02/10/2003G)	Establishment and management of the operations of College of Nursing and Medical Sciences	SAR 1,000,000	80%	87,692	4.4%

Source: The Company

**Table (156): Revenues of the Company and its Subsidiaries**

Company	2022G Revenues (SAR '000)	Group Percentage Thereof	Revenues for the Nine-month Period ended 30 September 2023G (SAR '000)	Group Percentage Thereof
The Company (Issuer)	1,551,431	77.1%	1,270,754	76.4%
Riyadh Hospital Company (Limited Liability Company)	2,240	0.1%	33,711	2.0%
Saudi Airlines Medical Services Company (Limited Liability Company)	307,514	15.3%	233,824	14.0%
Dr. Soliman Abdel Kader Fakeeh Medical Education Company (Limited Liability Company)	87,692	4.4%	71,342	4.3%
Other Subsidiaries	63,514	3.2%	54,737	3.3%

Source: The Company

### 12.4.2 Company's Branches

The Company has (9) branches in various cities within the Kingdom namely: Makkah, Jeddah and Neom. The following table sets out the details of the Company's registered branches:

**Table (157): Company's Branches**

No.	Branch	Commercial Registration No.	Issue Date	Expiration Date
1.	Makkah Branch (Awali District)	4031267473	27/11/1443H (corresponding to 26/06/2022G)	27/11/1448H (corresponding to 04/05/2027G)
2.	Jeddah Branch (Basateen District)	4030306861	17/11/1439H (corresponding to 30/07/2018G)	17/11/1449H (corresponding to 12/04/2028G)
3.	Jeddah Branch (AlNuzha District)	4030323552	07/06/1440H (corresponding to 12/02/2019G)	07/06/1450H (corresponding to 25/10/2028G)
4.	Jeddah Branch (Fakeeh Executive Clinic)	4030617009	12/07/1439H (corresponding to 29/03/2018G)	12/07/1449H (corresponding to 10/12/2027G)
5.	Jeddah Branch (External Clinic)	4030507678	13/09/1444H (corresponding to 04/04/2023G)	13/09/1449H (corresponding to 09/02/2028G)
6.	Jeddah Branch (Maaber Rehabilitation Center)	4030243247	14/05/1434H (corresponding to 26/03/2013G)	10/02/1448 (corresponding to 24/07/2026G)
7.	Duba Branch (Neom Hospital)	3555102483	06/09/1444H (corresponding to 28/03/2023G)	06/09/1449H (corresponding to 02/02/2028G)
8.	Jeddah Branch (Obhour District)	4030509584	06/10/1444H (corresponding to 26/04/2023G)	06/10/1449H (corresponding to 02/03/2028G)
9.	Neom Branch (Advance Health Center)	3550155053	22/04/1445H (corresponding to 06/11/2023G)	22/04/1450H (corresponding to 12/09/2028G)

Source: The Company

### 12.5 Key Licenses, Approvals and Permits Obtained by the Company and its Material Subsidiaries<sup>3</sup>

The following is a summary of the key licenses, approvals, and permits obtained by the Company and its Material Subsidiaries issued by different authorities in the Kingdom which are necessary for the business activities of the Company:

**Table (158): Key Licenses, Approvals and Permits Obtained by the Company and its Material Subsidiaries<sup>4</sup>**

No.	Type of License/ Approval/ Permit	License No.	Issue date	Expiration date	Issuing authority
1- The Company					
1	Commercial Registration Certificate	4030014511	11/04/1398H (corresponding to 20/03/1978G)	18/05/1447H (corresponding to 09/11/2025G)	Ministry of Commerce
2	Chamber of Commerce Registration Certificate	7001713341	11/04/1398H (corresponding to 20/03/1978G)	18/05/1447H (corresponding to 09/11/2025G)	Chamber of Commerce
3	Chamber of Commerce Registration Certificate	7004485079	17/11/1439H (corresponding to 30/07/2018G)	17/11/1449H (corresponding to 12/04/2028G)	Chamber of Commerce
4	GOSI Certificate	61330026	23/07/1445H (corresponding to 04/02/2024G)	23/08/1445H (corresponding to 04/03/2024G)	General Organization for Social Insurance

3- Expired Civil Defense Permits are still under renewal and are expected to be issued during the first quarter of the current year 2024G.

4- The Company's license from the Ministry of Municipal and Rural Affairs and its Good Manufacturing Practice (GMP) certificate for blood banks are still pending renewal. It is expected that these licenses will be renewed during March 2024G.

No.	Type of License/ Approval/ Permit	License No.	Issue date	Expiration date	Issuing authority
5	Saudization Certificate	11779758-597122	02/07/1445H (corresponding to 14/01/2024G)	26/10//1445H (corresponding to 05/05/2024G)	Ministry of Human Resources and Social Development
6	MOMRAH License	40072078969	18/07/1440H (corresponding to 25/03/2019G)	18/07/1445H (corresponding to 29/01/2024G)	Municipality of Jeddah
7	Civil Defense Permit	-	-	-	-
8	Australian Medical Coding License	URH-007189	12/06/1445H (corresponding to 25/12/2023G)	24/06/1446H (corresponding to 25/12/2024G)	Saudi Health Council
9	Nuclear Medicine License	8-00016MK-27	24/07/1444H (corresponding to 15/02/2023G)	08/09/1448H (corresponding to 15/02/2027G)	Nuclear and Radiological Regulatory Commission
10	Nuclear Medicine License	4-00016MK-09	21/02/1445H (corresponding to 06/09/2023G)	23/03/1448H (corresponding to 05/09/2026G)	Nuclear and Radiological Regulatory Commission
11	Private Health Institution Permit	261010100100006	02/05/1403H (corresponding to 15/02/1983G)	19/10/1447H (corresponding to 08/04/2026G)	Ministry of Health
12	Accreditation Certificate (CBAHI)	JED/PVT/HOS/0209	06/03/1443H (corresponding to 12/10/2021G)	08/04/1446H (corresponding to 11/10/2024G)	Saudi Central Board for Accreditation of Healthcare Institutions (CBAHI)
13	Good Practice Certificate for Blood Establishment	05/GP/2022	07/07/1443H (corresponding to 08/02/2022G)	26/07/1445H (corresponding to 07/02/2024G)	Saudi Food and Drug Authority (SFDA) – Drug Sector
14	Certificate of Qualification for Operators of Private Health Institutions	05/GP/2022	24/01/1444H (corresponding to 22/08/2022G)	28/02/1447H (corresponding to 22/08/2025G)	Ministry of Health
15	Zakat Certificate	1110248980	18/12/1444H (corresponding to 06/07/2023G)	21/10/1445H (corresponding to 30/04/2024G)	Zakat, Tax and Customs Authority
16	American Society for Clinical Pathology Accreditation Certificate	8648938	-	25/08/1446H (corresponding to 24/02/2025G)	American Society for Clinical Pathology
<b>a- Duba Branch (Neom Hospital)</b>					
17	Commercial Registration Certificate	3555102483	06/09/1444H (corresponding to 28/03/2023G)	06/09/1449H (corresponding to 02/02/2028G)	Ministry of Commerce
18	MOMRAH License	2	02/11/1444H (corresponding to 22/05/2023G)	02/11/1445H (corresponding to 10/05/2024G)	Municipality of Tabuk
19	Australian Medical Coding License	URH-05920	17/11/1444H (corresponding to 06/06/2023G)	29/11/1445H (corresponding to 06/06/2024G)	Saudi Health Council
20	Private Health Institution Permit	4400043842	09/12/1444H (corresponding to 27/06/2023G)	04/02/1450H (corresponding to 23/04/2029G)	Ministry of Health
<b>b- Jeddah Branch (Fakeeh Executive Clinic – Jeddah – Al Shatee District)</b>					

No.	Type of License/ Approval/ Permit	License No.	Issue date	Expiration date	Issuing authority
21	Commercial Registration Certificate	4030617009	12/07/1439H (corresponding to 29/03/2018G)	12/07/1449H (corresponding to 10/12/2027G)	Ministry of Commerce
22	MOMRAH License	43089564690	24/01/1444H (corresponding to 22/08/2022G)	24/01/1447H (corresponding to 16/07/2025G)	Municipality of Jeddah
23	Civil Defense Permit	43-000917506-1	20/01/1444H (corresponding to 18/08/2022G)	20/01/1445H (corresponding to 07/08/2023G)	General Directorate of Civil Defense
24	Australian Medical Coding License	URH-05703	20/09/1444H (corresponding to 11/04/2023G)	02/10/1445H (corresponding to 11/04/2024G)	Saudi Health Council
25	Private Health Institution Permit	2610101301200395	08/03/1439H (corresponding to 26/11/2017G)	12/08/1450H (corresponding to 28/12/2028G)	Ministry of Health
<b>c- External Clinic - Jeddah Branch</b>					
26	Commercial Registration Certificate	4030507678	13/09/1444H (corresponding to 04/04/2023G)	13/09/1449H (corresponding to 09/02/2028G)	Ministry of Commerce
<b>d- Maaber Rehabilitation Center - Jeddah Branch</b>					
27	Commercial Registration Certificate	4030243247	14/05/1434H (corresponding to 26/03/2013G)	10/02/1448H (corresponding to 24/07/2026G)	Ministry of Commerce
<b>e- Jeddah Branch (DSFMC – Jeddah - Al Basateen District)</b>					
28	Commercial Registration Certificate	4030306861	17/11/1439H (corresponding to 30/07/2018G)	17/11/1449H (corresponding to 12/04/2028G)	Ministry of Commerce
29	Chamber of Commerce Certificate	7004485079	17/11/1439H (corresponding to 30/07/2018G)	17/11/1449H (corresponding to 12/04/2028G)	Chamber of Commerce
30	MOMRAH License	40021698841	29/01/1440H (corresponding to 09/10/2018G)	28/01/1447H (corresponding to 23/07/2025G)	Municipality of Jeddah
31	Civil Defense Permit	40-000388914-1	03/02/1441H (corresponding to 02/10/2019G)	03/02/1442H (corresponding to 20/09/2020G)	General Directorate of Civil Defense
32	Private Health Institution Permit	2610101201002202	12/03/1440H (corresponding to 20/11/2018G)	27/07/1450H (corresponding to 14/12/2028G)	Ministry of Health
33	Accreditation Certificate (CBAHI)	JED/PVT/AMB/144875	16/06/1444H (corresponding to 09/01/2023G)	19/07/1447H (corresponding to 08/01/2026G)	Saudi Central Board for Accreditation of Healthcare Institutions (CBAHI)
34	Australian Medical Coding License	URH-007065	20/05/1445H (corresponding to 04/12/2023G)	03/06/1446H (corresponding to 04/12/2024G)	Saudi Health Council
<b>f- Jeddah Branch (Al Nuzha District)</b>					
35	Commercial Registration Certificate	4030323552	07/06/1440H (corresponding to 12/02/2019G)	07/06/1450H (corresponding to 25/10/2028G)	Ministry of Commerce

No.	Type of License/ Approval/ Permit	License No.	Issue date	Expiration date	Issuing authority
36	Private Health Institution Permit	2610101201002187	05/03/1439H (corresponding to 23/11/2017G)	22/12/1449H (corresponding to 17/05/2028G)	Ministry of Health
37	Accreditation Certificate (CBAHI)	MKH/PVT/AMB/146291	21/08/1444H (corresponding to 13/03/2023G)	23/03/1447H (corresponding to 12/03/2026G)	Saudi Central Board for Accreditation of Healthcare Institutions (CBAHI)
38	Australian Medical Coding License	URH-007279	29/06/1445H (corresponding to 11/01/2024G)	11/07/1446H (corresponding to 11/01/2025G)	Saudi Health Council
<b>g- Jeddah Branch – (Obhur District)</b>					
39	Commercial Registration Certificate	4030509584	06/10/1444H (corresponding to 26/04/2023G)	06/10/1449H (corresponding to 02/02/2028G)	Ministry of Commerce
40	Initial Approval of Private Health Institution	2600053518	27/05/1445H (corresponding to 11/12/2023G)	09/06/1446H (corresponding to 10/12/2024G)	Ministry of Health
<b>h- Makkah Branch (Awali District)</b>					
41	Commercial Registration Certificate	4031267473	27/11/1443H (corresponding to 26/06/2022G)	27/11/1448H (corresponding to 04/05/2027G)	Ministry of Commerce
<b>2- Riyadh Hospital Company (Riyadh – Al Yasmin District)</b>					
42	Commercial Registration Certificate	1010461123	03/08/1437H (corresponding to 11/05/2026G)	01/01/1446H (corresponding to 07/07/2024G)	Ministry of Commerce
43	GOSI Certificate	61775389	03/08/1445H (corresponding to 13/02/2024G)	03/09/1445H (corresponding to 13/03/2024G)	General Organization for Social Insurance
44	Saudization Certificate	12138848-824218	22/12/1444H (corresponding to 10/07/2023G)	15/10/1445H (corresponding to 24/04/2024G)	Ministry of Human Resources and Social Development
45	Chamber of Commerce Certificate	353996	03/08/1437H (corresponding to 10/05/2016G)	01/01/1446H (corresponding to 07/07/2024G)	Chamber of Commerce
46	MOMRAH License	42095499932	14/09/1442H (corresponding to 26/04/2021G)	14/09/1446H (corresponding to 14/03/2025G)	Municipality of Riyadh
47	Civil Defense Certificate	45-000720661-3	05/05/1445H (corresponding to 19/11/2023G)	05/05/1446H (corresponding to 07/11/2024G)	General Directorate of Civil Defense
48	Private Health Institution Permit	1410101009700061	17/02/1436H (corresponding to 10/12/2014G)	27/10/1447H (corresponding to 15/04/2026G)	Ministry of Health
49	Zakat Certificate	3020072369	11/10/1444H (corresponding to 01/05/2023G)	21/10/1445H (corresponding to 30/04/2024G)	Zakat, Tax and Customs Authority
50	Nuclear Medicine License	1-00864RY-72	24/07/1444H (corresponding to 15/02/2023G)	09/03/1446H (corresponding to 12/09/2024G)	Nuclear and Radiological Regulatory Commission



No.	Type of License/ Approval/ Permit	License No.	Issue date	Expiration date	Issuing authority
51	Accreditation Certificate (CBAHI)	RYD/PVT/HOS/146466	18/05/1445H (corresponding to 02/12/2023G)	08/07/1448H (corresponding to 17/12/2026G)	Saudi Central Board for Accreditation of Healthcare Institutions (CBAHI)
<b>3- Saudi Airlines Medical Services Company</b>					
52	Commercial Registration Certificate	4030182072	17/08/1429H (corresponding to 20/08/2008G)	18/07/1447H (corresponding to 07/01/2026G)	Ministry of Commerce
53	GOSI Certificate	61756514	03/08/1445H (corresponding to 13/02/2024G)	03/09/1445H (corresponding to 13/03/2024G)	General Organization for Social Insurance
54	Saudization Certificate	13020888-177486	10/07/1445H (corresponding to 22/01/2024G)	12/10/1445H (corresponding to 21/04/2024G)	Ministry of Human Resources and Social Development
55	Chamber of Commerce Certificate	7010455447	17/08/1429H (corresponding to 19/08/2008G)	17/08/1447H (corresponding to 05/02/2026G)	Chamber of Commerce
56	MOMRAH License	440410880502	21/08/1444H (corresponding to 13/03/2023G)	21/08/1445H (corresponding to 02/03/2024G)	Municipality of Jeddah
57	Civil Defense Permit	44-001037542-1	21/08/1444H (corresponding to 13/03/2023G)	21/08/1445H (corresponding to 02/03/2024G)	General Directorate of Civil Defense
58	Private Health Institution Permit	2610101201002170	21/02/1438H (corresponding to 22/11/2016G)	06/07/1448H (corresponding to 15/12/2026G)	Ministry of Health
59	Accreditation Certificate (CBAHI)	JED/PVT/AMB/203704	17/05/1443H (corresponding to 21/12/2021G)	19/06/1446H (corresponding to 20/12/2024G)	Saudi Central Board for Accreditation of Healthcare Institutions (CBAHI)
60	Zakat Certificate	1110201198	05/10/1444H (corresponding to 25/04/2023G)	21/10/1445H (corresponding to 30/04/2024G)	Zakat, Tax and Customs Authority
<b>4- Dr. Soliman Abdel Kader Fakeeh Medical Education Company</b>					
61	Commercial Registration Certificate	4030144912	05/08/1424H (corresponding to 02/10/2003G)	05/08/1447H (corresponding to 24/01/2026G)	Ministry of Commerce
62	GOSI Certificate	502394681	25/07/1445H (corresponding to 06/02/2024G)	25/08/1445H (corresponding to 06/03/2024G)	General Organization for Social Insurance
63	Saudization Certificate	16425630-875350	10/04/1445H (corresponding to 25/10/2023G)	05/11/1445H (corresponding to 13/05/2024G)	Ministry of Human Resources and Social Development
64	Chamber of Commerce Certificate	7001502819	08/08/1447H (corresponding to 04/10/2003G)	05/08/1447H (corresponding to 24/01/2026G)	Chamber of Commerce
65	Training and Simulation Center Building Permit	4500020826	25/03/1445H (corresponding to 10/10/2023G)	25/03/1448H (corresponding to 07/09/2026G)	Municipality of Jeddah

No.	Type of License/ Approval/ Permit	License No.	Issue date	Expiration date	Issuing authority
66	Zakat Certificate	1020206279	07/10/1444H (corresponding to 27/04/2023G)	21/10/1445H (corresponding to 30/04/2024G)	Zakat, Tax and Customs Authority
67	Final License from the Ministry of Education	1/4500003905	21/01/1445H (corresponding to 08/08/2023G)	20/11/1449H (corresponding to 15/04/2028G)	Ministry of Education
68	Initial License	15836	19/06/1424H (corresponding to 14/08/2003G)	Valid	Ministry of Education
69	General Accreditation License	1/4400857085	14/09/1444H (corresponding to 05/04/2023G)	Valid	Ministry of Education
70	Approval of Study Plans for the Bachelor's in Nursing Program	32627	25/12/1425H (corresponding to 23/01/2005G)	Valid	Ministry of Education
71	Specific Accreditation License for Bachelor of Laboratory Science	25035	16/03/1431H (corresponding to 02/03/2010G)	Valid	Ministry of Education
72	Specific Accreditation License for Masters of Mental Health Nursing.	88703	11/09/1436H (corresponding to 28/06/2015G)	Valid	Ministry of Education
73	Specific Accreditation License for Bachelor of Pharmacy	7894	20/01/1440H (corresponding to 30/09/2018G)	Valid	Ministry of Education
74	Specific Accreditation License for Bachelor of Medicine and Surgery	7143	15/01/1439H (corresponding to 05/10/2017)	Valid	Ministry of Education
75	Specific Accreditation License for Master of Nursing Science (Tumors and Palliative Care (and Masters of Critical Nursing Care	26713	29/02/1441H (corresponding to 28/10/2019G)	Valid	Ministry of Education
76	Specific Accreditation License for Master of Medical Education	53382	03/05/1441H (corresponding to 29/12/2019G)	Valid	Ministry of Education
77	Specific Accreditation License for Masters of Critical Care Nursing for Newborns	66530	28/06/1442H (corresponding to 10/02/2021G)	Valid	Ministry of Education
78	Specific Accreditation License for Masters of Women Health Nursing	66529	28/06/1442H (corresponding to 10/02/2021G)	Valid	Ministry of Education
79	Specific Accreditation License for Masters of Community Health Nursing	1/4400610819	02/11/1444H (corresponding to 22/05/2023G)	Valid	Ministry of Education

## 12.6 Material Agreements

The Company and its Subsidiaries have entered into a number of material agreements, contracts and transactions with multiple parties. This section sets out a summary of the agreements and contracts that the Directors consider material or significant with respect to the Company's business or its Subsidiaries or which may affect investors' decision to subscribe for the Offer Shares. The summary of agreements and contracts referred to below does not include all terms and conditions and it cannot be considered a substitute for the terms and conditions of these agreements and forms. The Directors declare that all material agreements entered into by the Company and its Subsidiaries have been disclosed in this section and that there are no other undisclosed contracts or agreements that may affect the decision of the Subscribers. For the purposes of this section, agreements or transactions are deemed material in the following cases:

- If they involve liabilities or equity representing 5% or more of the Company's assets, liabilities or revenue as of 30 September 2023G.
- If they are of strategic importance to the Company regardless of their value or required to be disclosed by the CMA.

### 12.6.1 Material Agreements Entered by the Company

This section shows a summary of the material agreements and contracts concluded by the Company.

#### 12.6.1.1 Medical Services Agreement with Bupa Arabia for Cooperative Insurance

<b>Parties</b>	Bupa Arabia for Cooperative Insurance (the " <b>First Party</b> ") The Company (the " <b>Second Party</b> ")
<b>Execution Date</b>	21/09/1442H (corresponding to 01/05/2021G).
<b>Effective Date</b>	21/09/1442H (corresponding to 01/05/2021G).
<b>Term &amp; Renewal Mechanism</b>	The agreement is valid for a period of three (3) years starting from 01/05/2021G and is automatically renewed for a similar period with the same terms and conditions unless one of the parties expresses in writing their unwillingness to renew the agreement at least (60) days prior to the termination of the initial term or any renewal term thereof.
<b>Subject Matter</b>	The Second Party is required to provide various healthcare services such as urgent medical assistance, medical review and prescription of medication to the beneficiaries insured by the First Party.
<b>Pricing &amp; Adjustments</b>	The agreement sets out the prices mutually agreed by the parties in respect of the provision of the medical services. The service fees breakdown is set out under Appendix 6 to the agreement. The agreement includes pre-set price increases. Any adjustments to pricing or the introduction of new services should be made no later than (45) working days prior to the expiration of the contract term.
<b>Exclusivity</b>	The agreement does not impose any exclusivity restrictions on either party.
<b>Termination</b>	Either party may terminate the agreement immediately upon notice if the other party fails to fulfil or violates the obligations set out thereunder and is unable to rectify such default within (60) days from receiving notice of such default. Furthermore, the agreement may be terminated by virtue of a written notice in the event the Second Party fails to procure or renew, during the term of the agreement, its qualifications and accreditations issued by the Council of Cooperative Health Insurance. If either party becomes insolvent, bankrupt or dissolves, the agreement may be subject to immediate termination provided that a written notice is communicated to the other party.
<b>Assignment / Change of Control</b>	Neither party may assign or transfer its rights and obligations under this agreement without obtaining the prior consent of the other party. However, the parties may delegate certain tasks to either a revenue cycle management company or a claim management company.
<b>Governing Law and Jurisdiction</b>	The agreement shall be governed by the laws of Saudi Arabia and any dispute arising from the agreement shall be first referred and resolved amicably by the Council of Cooperative Health Insurance's dispute conciliation center and ultimately, the competent judicial courts in Saudi Arabia.
<b>Other provisions</b>	<ul style="list-style-type: none"> <li>• The agreement contains standard confidentiality obligations prohibiting the parties from divulging any confidential information unless such information is available to the public or mandated by the Council of Cooperative Health Insurance or any entity having legal jurisdiction over the parties.</li> <li>• In the event it is proven that a party has (a) engaged in practices that result in unauthorized access to benefits or advantages; or (b) committed fraud, this agreement will be automatically revoked. As such, the defaulting party shall indemnify the non-defaulting party for all damages incurred by the non-defaulting party.</li> </ul>

### 12.6.1.2 Medical Services Agreement with Tawuniya Insurance Company

<b>Parties</b>	Tawuniya Insurance Company (the "First Party") The Company (the "Second Party")
<b>Execution Date</b>	24/10/1445H (corresponding to 14/05/2023G)
<b>Effective Date</b>	08/06/1445H (corresponding to 01/01/2023G)
<b>Term &amp; Renewal Mechanism</b>	The agreement is valid for a period of three (3) years starting on 01/01/2023G and is automatically renewed for similar periods with the same terms and conditions unless one of the parties expresses in writing its unwillingness to renew the agreement at least (60) days prior to the termination of the initial term or any renewal term thereof.
<b>Subject Matter</b>	
<b>Pricing &amp; Adjustments</b>	
<b>Exclusivity</b>	
<b>Termination</b>	Same terms as for the Medical Services Agreement with Bupa Arabia for Cooperative Insurance here above, which are based on the template of the Medical Services Agreements issued by the Council of Cooperative Health Insurance.
<b>Assignment / Change of Control</b>	
<b>Governing Law and Jurisdiction</b>	
<b>Other Provisions</b>	

## 12.6.2 Medical Services Agreements with Third Parties

### 12.6.2.1 Medical Services Framework Agreement with Neom Company

<b>Parties</b>	Neom Company (the "First Party"). The Company (the "Second Party").
<b>Execution Date</b>	23/08/1444H (corresponding to 15/03/2023G)
<b>Effective Date</b>	23/08/1444H (corresponding to 15/03/2023G)
<b>Term &amp; Renewal Mechanism</b>	The agreement is valid for a period of three (3) years starting from 15/03/2023G. The First Party may, in its sole discretion, extend the term of this agreement for two additional periods of one (1) year provided that a written notice is communicated to the Second Party (90) days prior to the end of the initial term or the first extension.
<b>Subject Matter</b>	The First Party has entrusted the Second Party with the responsibility of staffing and managing the day-to-day operations of its hospital, with the aim of establishing an advanced and well-equipped healthcare system that caters to its community. The Second Party is also required to provide medical and clinical services which include, inter alia, emergency services and support care.  According to the agreement, the parties shall enter into separate work orders identifying the scope of work and addressing the financial and operational aspects of the services to be carried out. It is worth noting that the agreement incorporates a set of general terms and conditions applicable on the parties.

## 12.6.3 Supply Agreements

### 12.6.3.1 Supply Agreement with Salehiya Trading Co.

<b>PARTIES</b>	Salehiya Trading Co (the "First Party") The Company (the "Second Party")
<b>EXECUTION DATE</b>	08/06/1444H (corresponding to 01/01/2023G)
<b>EFFECTIVE DATE</b>	08/06/1444H (corresponding to 01/01/2023G)
<b>TERM &amp; RENEWAL MECHANISM</b>	The term of the agreement is one (1) year starting from 01/01/2023G and ending on 31/12/2023G <sup>5</sup> . Any renewal or extension of the duration is subject to the approval of the First Party, without which will occur non-payment of supplies.

<sup>5</sup> The supply agreement with Salehiya Trading Co. is still pending renewal, and it is expected to be renewed during February 2024G.

<b>SUBJECT MATTER</b>	The First Party is required to supply the Second Party with medicines, cosmetics, medical and non-medical products or devices based on purchase orders to be issued by the Second Party, as needed. According to the agreement, the parties shall enter into separate purchase orders identifying the products to be provided by the First Party and addressing the financial aspect of each individual order.
<b>PRICING &amp; ADJUSTMENTS</b>	The agreement does not explicitly set out the prices agreed by the parties. However, the First Party shall be entitled to the fees subject matter of each purchase order.
<b>EXCLUSIVITY</b>	The agreement does not impose any exclusivity restrictions on either party.
<b>TERMINATION</b>	Either party may terminate the agreement if (i) the other party fails to fulfil or violates the obligations set out thereunder, (ii) the other party breaches its contractual obligations and is unable to rectify such breach within (30) days following written notice from the non-defaulting party and (iii) in the event of liquidation or if the other party commences any insolvency or bankruptcy proceedings. Upon termination or expiry of the agreement's term, the First Party will be under the obligation of purchasing all remaining products stored by the Second Party within (30) days from the financial reconciliation, which must be carried out within a maximum of (30) days of the expiry or termination date.
<b>ASSIGNMENT / CHANGE OF CONTROL</b>	The First Party may not assign, or otherwise transfer any right or obligation under the terms of this agreement without the prior written consent (such consent not to be unreasonably delayed or refused) of the Second Party.
<b>GOVERNING LAW AND JURISDICTION</b>	The agreement shall be governed by the laws of Saudi Arabia and any dispute arising from the agreement shall be first referred to the senior representatives of each party. If the senior representatives fail to reach an agreement within (30) days from such referral, the dispute will be settled by the competent courts of Jeddah, Saudi Arabia.
<b>OTHER PROVISIONS</b>	<ul style="list-style-type: none"> <li>The agreement contains standard confidentiality and data privacy obligations prohibiting the First Party from divulging any confidential information relating directly or indirectly to the business operations of the Second Party unless such information is disclosed by the First Party to officers, directors, or employees on a need-to-know basis. In addition, the First Party is prohibited from disclosing the contents of the agreement without the prior written consent of the Second Party. Accordingly, the First Party should seek consent from the Second Party. Failure to seek consent would result in the immediate right to terminate the agreement.</li> <li>The First Party must obtain and maintain the necessary operational licenses as a prerequisite for the commencement of the agreement. Furthermore, the First Party is under the obligation of submitting such licenses and permits to the Second Party prior to proceeding with the agreement.</li> <li>The First Party will be held liable for any damages that may occur to the products during loading, handling or storage. Pursuant to the agreement, the First Party is required to replace or collect the damaged products within a period not exceeding one (1) week from the delivery date. The First Party shall further be responsible for any claims brought by any third party whenever the cause of those claims is due to manufacturing defects. If the First Party provides damaged or expired products, the Second Party shall be compensated and may return them.</li> </ul>

### 12.6.3.2 Supply Agreement with Saudi International Trading Company<sup>6</sup>

<b>Parties</b>	Saudi International Trading Company Ltd (the " <b>First Party</b> ") The Company (the " <b>Second Party</b> ")
<b>Execution Date</b>	08/06/1445H (corresponding to 01/01/2023G)
<b>Effective Date</b>	08/06/1445H (corresponding to 01/01/2023G)
<b>Term &amp; Renewal Mechanism</b>	The term of the agreement is one (1) year starting from 01/01/2023G and ending on 31/12/2023G. Any renewal or extension of the duration is subject to the approval of the First Party, without which will occur non-payment of supplies.
<b>Subject Matter</b>	The First Party is required to supply the Second Party with medicines, cosmetics, medical and non-medical products or devices based on purchase orders to be issued by the Second Party, as needed. According to the agreement, the parties shall enter into separate purchase orders identifying the products to be provided by the First Party and addressing the financial aspect of each individual order.
<b>Pricing &amp; Adjustments</b>	The agreement does not explicitly set out the prices agreed by the parties. However, the First Party shall be entitled to the fees subject matter of each purchase order.

<sup>6</sup>- The supply agreement with with Saudi International Trading Company is still pending renewal, and it is expected to be renewed during February 2024G.

<b>Exclusivity</b>	The agreement does not impose any exclusivity restrictions on either party
<b>Termination</b>	<p>Either party may terminate the agreement if (i) the other party fails to fulfil or violates the obligations set out thereunder, (ii) the other party breaches its contractual obligations and is unable to rectify such breach within (30) days following written notice from the non-defaulting party and (iii) in the event of liquidation or if the other party commences any insolvency or bankruptcy proceedings.</p> <p>Upon termination or expiry of the agreement's term, the First Party will be under the obligation of purchasing all remaining products stored by the Second Party within (30) days from the final reconciliation, which must be carried out within a maximum of (30) days of expiry or termination.</p>
<b>Assignment / Change of Control</b>	The First Party may not assign, or otherwise transfer any right or obligation under the terms of this agreement without the prior written consent (such consent not to be unreasonably delayed or refused) of the other party.
<b>Governing Law and Jurisdiction</b>	The agreement shall be governed by the laws of Saudi Arabia and any dispute arising from the agreement shall be first referred to the senior representatives of each party. If the senior representatives fail to reach an agreement within (30) days from such referral, the dispute will be settled by the competent courts of Jeddah, Saudi Arabia.
<b>Other Provisions</b>	<ul style="list-style-type: none"> <li>• The agreement contains standard confidentiality and data privacy obligations prohibiting the First Party from divulging any confidential information relating directly or indirectly to the business operations of the Second Party unless such information is disclosed by the First Party to the officers, directors, or employees on a need-to-know basis. In addition, the First Party is prohibited from disclosing the contents of the agreement without the prior written consent of the Second Party. Accordingly, the First Party should seek consent from the Second Party. Failure to seek consent would result in the immediate right to terminate the agreement.</li> <li>• The First Party must obtain and maintain the necessary operational licenses as a prerequisite for the commencement of the agreement. Furthermore, the First Party is under the obligation of submitting such licenses and permits to the Second Party prior to proceeding with the agreement.</li> <li>• The First Party will be held liable for any damages that may occur to the products during loading, handling or storage. Pursuant to the agreement, the First Party is required to replace or collect the damaged products within a period not exceeding one (1) week from the delivery date. The First Party shall further be responsible for any claims brought by any third party whenever the cause of those claims is due to manufacturing defects. If the First Party provides damaged or expired products, the Second Party shall be compensated and may return them.</li> <li>• The Second Party shall notify the First Party in the event of any fault, misconduct or breach of the terms and provisions outlined in the agreement.</li> </ul>

### 12.6.3.3 Supply Agreement with Farouk Ma'amoun Tamer

<b>Parties</b>	Farouk Ma'amoun Tamer (the " <b>First Party</b> ") The Company (the " <b>Second Party</b> ")
<b>Execution Date</b>	08/06/1444H (corresponding to 01/01/2023G)
<b>Effective Date</b>	08/06/1444H (corresponding to 01/01/2023G)
<b>Term &amp; Renewal Mechanism</b>	The term of the agreement is one (1) year starting from 01/01/2023G and ending on 31/12/2023G. Any renewal or extension of the duration is subject to the approval of the First Party, without which will occur non-payment of supplies.
<b>Subject Matter</b>	<p>The First Party is required to supply the Second Party with medicines, cosmetics, medical and non-medical products or devices based on purchase orders to be issued by the Second Party, as needed.</p> <p>According to the agreement, the parties shall enter into separate purchase orders identifying the products to be provided by the First Party and addressing the financial aspect of each individual order.</p>
<b>Pricing &amp; Adjustments</b>	The agreement does not explicitly set out the pricing of the products. However, the First Party shall be entitled to the fees subject matter of each purchase order.
<b>Exclusivity</b>	The agreement does not impose any exclusivity restrictions on either party.

<b>Termination</b>	<p>The agreement may be terminated immediately by the First Party in the following events: (i) if the Second Party fails to adhere and comply with the rules and regulations set out under the agreement; and (ii) if the Second Party repeatedly commits minor violations or is in constant delay of his obligations.</p> <p>Furthermore, the agreement contains standard termination provisions allowing either party to immediately terminate the agreement if (i) the other party fails to fulfil or violates the obligations set out thereunder, (ii) the other party is in breach of any contractual provision and such breach goes unremedied for (30) days following written notice from the non-defaulting party and (iii) in the event of liquidation or if the other party commences any insolvency or bankruptcy proceedings.</p> <p>Upon termination or expiry of the agreement's term, the First Party will be under the obligation of purchasing all remaining products stored by the Second Party within (30) days from the financial reconciliation, which must be carried out within a maximum of (30) days of the expiry or termination date.</p>
<b>Assignment / Change of Control</b>	The First Party may not assign or transfer any right or obligation under this agreement without the prior written consent (such consent not to be unreasonably delayed or refused) of the Second Party.
<b>Governing Law and Jurisdiction</b>	The agreement shall be governed by the laws of Saudi Arabia and any dispute arising from the agreement shall be first referred to the senior representatives of each party. If the senior representatives fail to reach an agreement within (30) days from such referral, the dispute will be settled by the competent courts of Jeddah, Saudi Arabia.
<b>Other Provisions</b>	<ul style="list-style-type: none"> <li>We note that the agreement contains standard confidentiality and data privacy obligations prohibiting the First Party from divulging any confidential information relating directly or indirectly to the business operations of the Second Party unless such information is disclosed by the First Party to officers, directors, or employees on a need-to-know basis. In addition, the First Party is prohibited from disclosing the contents of the agreement without the prior written consent of the Second Party. Accordingly, the First Party should seek consent from the Second Party. Failure to seek consent would result in the immediate right to terminate the agreement.</li> <li>The First Party must obtain and maintain the necessary operational licenses as a prerequisite for the commencement of the agreement. Furthermore, the First Party is under the obligation of submitting such licenses and permits to the Second Party prior to proceeding with the agreement.</li> <li>The First Party will be held liable for any damages that may occur to the products during loading, handling or storage. Pursuant to the agreement, the First Party is required to replace or collect the damaged products within a period not exceeding one (1) week from the delivery date. The First Party shall further be responsible for any claims brought by any third party whenever the cause of those claims is due to manufacturing defects. If the First Party provides damaged or expired products, the Second Party shall be compensated and may return them.</li> </ul>

## 12.6.4 Investment Agreement

### 12.6.4.1 Investment Agreement with the Endowment of Sheikh Abdelbary Mohamed Eid AlShawi

<b>Parties</b>	<p>The endowment of Sheikh Abdelbary Mohamed Eid AlShawi, represented by his Heirs: Mr. Hamzah Abdelbary AlShawi and Eng. Omar Ben Abdelbary AlShawi (the "<b>First Party</b>")</p> <p>The Company (the "<b>Second Party</b>").</p>
<b>Execution Date</b>	21/02/1440H (corresponding to 30/10/2018G)
<b>Effective Date</b>	21/02/1440H (corresponding to 30/10/2018G)
<b>Term &amp; Renewal Mechanism</b>	The agreement is valid for a period of (25) years starting from 21/02/1440H (corresponding to 30/10/2018G) and is renewable for similar periods with the same terms and conditions by virtue of the written consent of both parties.
<b>Subject Matter</b>	The parties have agreed to construct a hospital in Medina, which will have a capacity of 200 beds and will be built in accordance with international standards. The First Party will contribute and invest 49% of the funding, while the Second Party will invest an amount equal to 51%. The First Party will be responsible for obtaining all construction permits and licenses from the competent authorities whereas the Second Party will assume responsibility for the overall operation and management of the hospital.
<b>Pricing &amp; Adjustments</b>	<p>The estimated value of the project is SAR 300,000,000, each party will contribute an amount equal to its respective ownership percentage.</p> <p>Furthermore, the Second Party has usufruct of the land. Pursuant to the agreement, the Second Party is granted the right to use the land without making any payment, and in exchange, the First Party will not be required to pay fees in return for the services provided by the Second Party or for the utilization for DSFH's trade name.</p>

<b>Exclusivity</b>	The agreement does not impose any exclusivity restrictions on either party.
<b>Termination</b>	<p>This agreement shall be terminated, without any consequences, for the following reasons:</p> <ul style="list-style-type: none"> <li>a- Expiry of its term;</li> <li>b- If the First Party is unable to obtain the required governmental approvals to initiate or resume the project;</li> <li>c- Force majeure events;</li> <li>d- If both parties agree in writing to terminate the contract; and</li> <li>e- If the parties decide not to renew the contract after its term.</li> </ul> <p>The First Party may terminate the agreement if the Second Party fails to adhere to its contractual obligations or commits a material breach. In addition, in the event the agreement is terminated prior to the commencement of operations and without cause, the affected party is entitled to compensation.</p>
<b>Assignment / Change of Control</b>	Neither party may assign or otherwise dispose of any or all of its quota without the prior written consent of the other party. Moreover, the First Party is obligated to receive the written consent of the person managing the endowment funds.
<b>Governing Law and Jurisdiction</b>	The agreement shall be governed by the laws of Saudi Arabia and any dispute arising out of or in relation to the agreement shall be settled by the competent judicial courts in Medina.
<b>Other Provisions</b>	<ul style="list-style-type: none"> <li>• The First Party will be eligible to obtain revenues, returns, or profits from the project once they have contributed their allocated funding of 49%. If the First Party is unable to provide the agreed-upon funding, it will be deducted from their share of profits until the total amount is covered.</li> <li>• Both parties are committed to jointly bear responsibility for any losses and deficits that may arise during any phase of the agreement.</li> <li>• The expenses and profits generated from the building shall remain separate and independent from the Group.</li> <li>• Prior to its expiry and in the event the governmental authorities expropriate the land for public usage, the First Party shall be entitled to full compensation and will receive the complete value of the land. Additionally, the government shall compensate the First Party for damages caused by the removal of debris, and the Second Party shall obtain a reimbursement amount equal to their investment.</li> <li>• If either party ceases or abstains from fulfilling all or part of its obligations and is unable to rectify such non-compliance within two (2) weeks from notice, the non-defaulting party may take all reasonable measures to mitigate potential losses.</li> <li>• In the event that one party wishes for the other party to withdraw from the Company, or if the First Party intends to terminate the agreement for any reason, or if the contract period reaches its conclusion, the value of the quotas of the Second Party shall be calculated and the First Party shall have the preemptive right to acquire them. However, if the First Party chooses not to exercise this right, the Second Party shall have the right to sell its quota to a third party, provided that such sale is approved by the First Party.</li> </ul>

## 12.6.5 Shareholders' Agreements

### 12.6.5.1 Shareholders' Agreement between the Company, Rana Investment Company, Abdullah Alrayes, and Rana Medical Services Company<sup>7</sup>

<b>Parties</b>	Dr. Soliman Abdel Kader Fakeeh Hospital Co.; Rana Investment Company; Abdullah Alrayes; and Rana Medical Services Company ("RMSC")
<b>Execution Date</b>	18/11/1444H (corresponding to 07/06/2023G)
<b>Effective Date</b>	The agreement will come into effect immediately upon the completion date of the share purchase agreement ("SPA").

<sup>7</sup> -This agreement will be terminated, and this Section will be updated by removing this agreement as soon upon completion of the sale of the shares owned by Rana Investment Company and Abdullah Alrayes in Riyadh Hospital Company to the Substantial Shareholders.



<b>Subject Matter</b>	<p>On 08/08/2022G, the parties entered into an SPA, pursuant to which the Company acquired and subscribed to a number of 34,586,827 shares representing 60.56% of the total share capital of RMSC. Following such acquisition and subscription, the total number of shares held by Rana Investment Company in RMSC amounted to 20,540,725 shares representing 35.97% of the share capital of RMSC, whereas the number of shares held by Abdullah Alrayes amounted to 1,982,100 shares representing 3.47% of the share capital of RMSC.</p> <p>Thereafter, the parties agreed to enter into this agreement in order to govern their relationship as shareholders in RMSC and to organize the management and the affairs of RMSC.</p>
<b>The Board of Directors</b>	<p>The board shall comprise of seven (7) directors. So long as Abdullah Alrayes and Rana Investment Company collectively hold 20% of the share capital of RMSC, they shall have the right to appoint, remove and replace, three (3) directors to the board. However, should Abdullah Alrayes and Rana Investment Company collectively hold less than 20% of the share capital of RMSC, they shall be entitled to appoint, remove and replace, only two (2) directors to the board. DSFH shall be entitled to appoint, remove and replace, the rest of the directors, for so long as it holds at least 51% of the share capital of RMSC. The foregoing is subject to change in the event the Company's ownership percentage in RMSC decreases.</p> <p>The chairman shall be nominated by the Company, provided that the Company holds, whether directly or indirectly, at least 51% of the share capital of RMSC.</p>
<b>Termination</b>	<p>The agreement shall continue to be in full force and effect until terminated for any of the following reasons:</p> <ul style="list-style-type: none"> <li>a- by the written agreement of all parties;</li> <li>b- if RMSC undertakes an initial public offering and lists its shares on the Saudi Stock Exchange; and</li> <li>c- if all of the shares are owned by one person.</li> </ul> <p>Furthermore, the agreement shall be immediately terminated in the event the SPA is terminated prior to the completion date.</p>
<b>Assignment</b>	<p>No transfer of shares, except to affiliates, shall be made without the prior written consent of the shareholders. Furthermore, the parties are prohibited from transferring, in whole or in part, any of their shares in RMSC until the elapse of three (3) years commencing from the completion date of the acquisition. The parties are also prohibited from transferring any of their shares to a restricted person. In this regard, the agreement defines a restricted person as any person who is not a shareholder in RMSC and who is or owns any competing business within Saudi Arabia. Following expiry of the lock-in period, any of the shareholders wishing to transfer the entirety or a portion of their shares to a third party shall be entitled to solicit offers. Upon receipt of a bona fide third-party offer, the transferring shareholder must provide written notice to RMSC and the other shareholders along with a copy of the offer received. The agreement grants the non-transferring shareholders the right of first refusal. Moreover, the Company may exercise, in the event it wishes to transfer its shares, a drag-along option.</p>
<b>Governing Law and Jurisdiction</b>	<p>This agreement is governed and construed in accordance with the laws of the Kingdom of Saudi Arabia. Any dispute arising out of or in relation to the agreement shall result first in amicable negotiations between representatives of each party, and ultimately, arbitration under the Arbitrations Rules of the Saudi Center for Commercial Arbitration. The seat of the arbitration shall be Riyadh, Saudi Arabia, the language of the arbitration shall be English and the tribunal shall consist of three arbitrators.</p>

## Other Provisions

- In the event the Company decides an initial public offering and list its shares on the Saudi Stock Exchange, the shareholders namely Rana Investment Company and Abdullah Alrayes, shall have the right, but are under no obligation, to require the Company to purchase all of their shares in RMSC in exchange for obtaining the Company's shares upon listing. The agreement includes procedures to evaluate the fair market value at which such purchase shall be implemented.
- If RMSC undertakes an initial public offering, Rana Investment Company and Abdullah Alrayes, shall have the right, but not the obligation, to require the Company to purchase all of their shares at fair price.
- RMSC will require, in the year following the completion of the acquisition, additional equity contribution of SAR 100,000,000 from the shareholders. This contribution is necessary to settle outstanding liabilities, cover daily operating costs, and satisfy its ongoing financial obligations to third party lenders. The Company will fulfil its respective share of the initial post-completion of the acquisition funding by subscribing to new shares through an increase in RMSC's share capital. The issuance of new shares, other than for the initial post completion of the acquisition funding, shall require the unanimous approval of the shareholders.<sup>8</sup>
- If an event of default from one of the shareholders occurs, he may sell its shares to other non-defaulting shareholders at fair value, provided that a prior written notice has been served. Each of the following events shall be considered through: (a) a party is unable to pay its debts as they fall due or becomes bankrupt; (b) a liquidator, administrator, trustee in bankruptcy, or receiver and manager is appointed; (c) a party enters into an arrangement with its creditors, or any similar appointment is made or anticipated to be made; and (d) if a petition is taken with respect to winding up.
- The shareholders are prohibited from disclosure of any information that is deemed confidential. However, there is an exception for disclosures required by law, regulation or order of a competent authority and if such information is available to the public.
- After the completion date of the acquisition, RMSC and/or the business will be renamed as "**Dr. Soliman Fakeeh Hospital, North Riyadh**", or any other name deemed appropriate by the Company and approved by the relevant government authorities.
- The agreement imposes a requirement on RMSC to obtain insurance policies relevant to its business.

### 12.6.5.2 Shareholders' Agreement between the Company, Saudi Airlines Medical Services Company, and Saudi Arabian Airlines Corporation

Parties	The Company; Saudi Arabian Airlines Corporation (" <b>Saudia</b> "); and Saudi Airlines Medical Services Company.
Execution Date	17/13/1441H (corresponding to 14/11/2019G)
Effective Date	The agreement will come into effect immediately upon the closing of the share sale and purchase agreement entered into between the Company and Saudia (" <b>SPA</b> ").
Subject Matter	On the execution date of the agreement, the Company and Saudia entered into an SPA, pursuant to which Saudia agreed to sell and the Company agreed to purchase shares representing 75% of the share capital of Saudi Airlines Medical Services Company. Following such acquisition, the total number of shares held by the Company in Saudi Airlines Medical Services Company amounted to 3,750 shares, whereas the number of shares held by Saudia amounted to 1,250 shares representing 25% of the share capital of Saudi Airlines Medical Services Company.  Thereafter, the parties agreed to enter into this agreement in order to govern their relationship as shareholders in Saudi Airlines Medical Services Company.
The Board of Directors	The board shall comprise of four (4) directors. The Company is entitled to appoint and remove three (3) directors and Saudia is entitled to appoint and remove only one (1) director. The chairman shall be appointed among the directors of the Company.
Termination	The agreement shall continue to be in full force and effect until terminated for any of the following reason: a- by written agreement of all the parties; b- if all of the shares are owned by one person or members of the same shareholder group; and c- if the SPA is terminated in accordance with its terms.  Pursuant to this agreement, the parties are not relieved from any obligation or liability arising from its non-performance of a matter or undertaken that has not occurred prior to termination. In addition, termination of this agreement does not affect, in any way, the parties' accrued rights and obligations.

8- The Company injected SAR 100 million into its ownership account with the company in February 2024G.

<b>Assignment</b>	No party may assign or transfer any of its rights or obligations under this agreement. The parties are also prohibited from disposing of, in whole or in part, their rights and interest in it. However, the Company has the right to assign its rights and obligations to an investor SPV without the prior written consent of Saudia. In this regard, the agreement defines an Investor SPV as a company that is wholly, or majority owned by the Company.
<b>Governing Law and Jurisdiction</b>	This agreement is governed and interpreted in accordance with the laws of the Kingdom of Saudi Arabia. Any dispute arising out of or in relation to the agreement shall result first in amicable negotiations, and in the case where the parties were unable to resolve their differences amicably within thirty (30) business days, the dispute shall be referred and resolved by the competent court in the Kingdom of Saudi Arabia.
<b>Other Provisions</b>	<ul style="list-style-type: none"> <li>• The parties are prohibited, for a period of five (5) years from the closing date, from transferring any of their shares in Saudi Airlines Medical Services Company without the prior unanimous consent of all shareholders. Such restriction does not apply to transfers made to a permitted affiliate.</li> <li>• So long as the Company holds more than 51% of the share capital of Saudi Airlines Medical Services Company, it may, during the lock-in period and without prior consent or approval, transfer its shares to an investor SPV provided that it remains, at all times, the majority shareholder of such investor SPV. The Company is also granted a one-time right to transfer up to 24% of its shares to any investor that is not a health operator.</li> <li>• During the lock-in period, a shareholder may transfer its shares, without prior consent or approval, to another existing shareholder, provided that the Company holds, whether directly or indirectly through an investor SPV, at least 51% of the share capital of Saudi Airlines Medical Services Company.</li> <li>• The shareholders are prohibited from disclosure of any information that is deemed confidential. However, there is an exception for disclosure required by law, regulations or order of a competent authority or by the rules of a stock exchange, and in the event such information is available to the public or if a shareholder discloses to an adviser on a confidential basis.</li> <li>• As per the agreement, Saudi Airlines Medical Services Company shall be self-financed. In the case where Saudi Airlines Medical Services Company requires additional financing, Saudi Airlines Medical Services Company shall solicit the necessary funds from third-party banks. The shareholders shall not be responsible for such financing in any way.</li> <li>• No new shares shall be issued or granted by Saudi Airlines Medical Services Company, unless the requisite approval of the shareholders has been obtained. Further, the shareholders must be given the opportunity to subscribe for the new shares, pro rata to their ownership percentage.</li> <li>• If an event of default occurs, the defaulting shareholder may be required to sell part of its shares to the non-defaulting shareholder. Upon the occurrence of an event of default, the defaulting shareholder shall cease to have any rights to vote or give its consent in respect of any reserved matter. In addition, the pre-emption rights granted to such shareholder shall cease to apply. Each of the following events is an event of default: (a) a party is in material breach of the agreement that remains uncured for a period of 15 days; (b) a party is unable to pay its debts as they fall due or becomes bankrupt; (c) a liquidator, administrator, trustee in bankruptcy, or receiver and manager is appointed; (d) a party enters into an arrangement with its creditors, or any similar appointment is made or anticipated to be made; and (e) if a petition is taken with respect to winding up.</li> </ul>

## 12.6.6 Material Agreements entered by Riyadh Hospital Company

### 12.6.6.1 Medical Services Agreement with Bupa Arabia for Cooperative Insurance

<b>Parties</b>	Bupa Arabia for Cooperative Insurance (the <b>"First Party"</b> ) Riyadh Hospital Company (the <b>"Second Party"</b> )
<b>Execution Date</b>	08/06/1444H (corresponding to 01/01/2023G)
<b>Effective Date</b>	08/06/1444H (corresponding to 01/01/2023G)
<b>Term &amp; Renewal Mechanism</b>	The term of the agreement is three (3) years starting from 01/03/2023 and is automatically renewed for similar periods with the same terms and conditions unless one of the parties expresses in writing their unwillingness to renew the agreement at least (60) days prior to the termination of the initial term or any renewal term thereof.

Subject Matter	Same terms as for the Medical Services Agreement with Bupa Arabia for Cooperative Insurance here above, which are based on the template of the Medical Services Agreements issued by the Council of Cooperative Health Insurance.
Pricing & Adjustments	
Exclusivity	
Termination	
Assignment / Change of Control	
Governing Law and Jurisdiction	
Other Provisions	

### 12.6.6.2 Medical Services Agreement with Tawuniya Insurance Company

Parties	Tawuniya Insurance Company (the "First Party") Riyadh Hospital Company (the "Second Party")
Execution Date	26/09/1444H (corresponding to 17/04/2023G)
Effective Date	19/10/1444H (corresponding to 09/05/2023G)
Term & Renewal Mechanism	The term of the agreement is three (3) years starting from 09/05/2023G and is automatically renewed for similar periods with the same terms and conditions unless one of the parties expresses in writing their unwillingness to renew the agreement at least (60) days prior to the termination of the initial term or any renewal term thereof.
Subject Matter	Same terms as for the Medical Services Agreement with Bupa Arabia for Cooperative Insurance here above, which are based on the template of the Medical Services Agreements issued by the Council of Cooperative Health Insurance.
Pricing & Adjustments	
Exclusivity	
Termination	
Assignment/Change of Control	
Governing Law and Jurisdiction	
Other Provisions	

## 12.6.7 Material Agreements Entered by Saudi Airlines Medical Services Company

### 12.6.7.1 Medical Services Agreement with Tawuniya Insurance Company

Parties	Tawuniya Insurance Company (the "First Party") Saudi Airlines Medical Services Company.
Execution Date	20/09/1444H (corresponding to 11/04/2023G)
Effective Date	10/09/1444H (corresponding to 01/04/2023G)
Term & Renewal Mechanism	The agreement is valid for a period of one (1) year starting from 01/04/2023G and is automatically renewed for a successive period with the same terms and conditions unless one of the parties expresses in writing their unwillingness to renew the agreement at least (60) days prior to the termination of the initial term or any renewal term thereof.

Subject Matter	
Pricing & Adjustments	
Exclusivity	
Termination	Same terms as for the Medical Services Agreement with Bupa Arabia for Cooperative Insurance here above, which are based on the template of the Medical Services Agreements issued by the Council of Cooperative Health Insurance.
Assignment/Change of Control	
Governing Law and Jurisdiction	
Other Provisions	

## 12.6.8 Material Agreements entered by Dr. Soliman Abdel Kader Fakeeh Medical Education Company

### 12.6.8.1 Education Consulting Services Agreement with the Royal College of Surgeons in Ireland

Parties	Dr. Soliman Abdel Kader Fakeeh Medical Education Company (the <b>"First Party"</b> ). The Royal College of Surgeons in Ireland (the <b>"Second Party"</b> )
Execution Date	10/02/1445H (corresponding to 27/08/2023G).
Effective Date	10/02/1445H (corresponding to 27/08/2023G).
Term & Renewal Mechanism	The agreement is valid for a period of five (5) years starting from 27/08/2023G.
Subject Matter	The Second Party is required to provide education consultancy services and provision of education programs to the first party.
Pricing & Adjustments	The agreement sets out the prices mutually agreed by the parties in respect of the provision of the education consultancy services. The service fees breakdown is set out under Appendixes I and II to the agreement.  In the event that the actual time spent on the services is substantially more than expected at the time of signing the contract, the parties will mutually agree on a revised fee.
Exclusivity	The agreement does not impose any exclusivity restrictions on either party.
Termination	Either party may terminate or suspend the agreement immediately upon a written notice subject to any statutory or regulatory provisions that apply to the services.
Assignment/Change of Control	Neither party may assign or transfer its rights and obligations under this agreement without obtaining the prior written consent of the other party.
Governing Law and Jurisdiction	The agreement shall be governed by the laws of Saudi Arabia and any dispute arising from the agreement, whether contractual or non-contractual shall be first referred and resolved through mediation, discussion, and negotiation before commencing legal proceedings, which is resorting to the competent judicial courts in Riyadh, Saudi Arabia.
Other unusual, onerous, or noteworthy provisions	<ul style="list-style-type: none"> <li>• The agreement contains standard confidentiality obligations prohibiting the parties from disclosing any confidential information only in relation to the services.</li> <li>• The agreement sets a liability cap, which is unusual and not practical, since a non-contractual liability may arise.</li> <li>• The parties have set the types of liabilities and agreed on limiting them.</li> <li>• The first party agrees to reimburse the second party for any liability (including legal costs) that the second party incur in connection with any claim by anyone else in relation to the services.</li> </ul>

### 12.6.8.2 Provision of Education Consulting Services by University of Dundee

<b>Parties</b>	Dr. Soliman Abdel Kader Fakeeh Medical Education Company (the “ <b>First Party</b> ”). University of Dundee (the “ <b>Second Party</b> ”)
<b>Execution Date</b>	02/01/1440H (corresponding to 05/07/2019G).
<b>Effective Date</b>	02/01/1440H (corresponding to 05/07/2019G).
<b>Term &amp; Renewal Mechanism</b>	-
<b>Subject Matter</b>	The Second Party is required to provide education consultancy services and education programs to the First Party.
<b>Pricing &amp; Adjustments</b>	The agreement sets out the prices mutually agreed by the parties in respect of the provision of the education consultancy services. The service fees breakdown is set out under part 2 of the Annex to the agreement.  The fees will be calculated based on the time spent, Complexity, urgency, inherent risks, use of techniques, know-how, and research together with the level of skills and expertise required of the personnel needed to perform and review the services.
<b>Exclusivity</b>	The agreement does not impose any exclusivity restrictions on either party.
<b>Termination</b>	Either party may terminate the contract immediately by giving a written notice to the other party if (i) the other party materially breaches the agreement and does not remedy the breach within five business days upon receipt of a notice, (ii) the other party is or appears likely to be unable to pay its debts or become insolvent, or (iii) the performance of it (including the application of any fee arrangements) may breach a legal or regulatory requirement. The notice period is 30 calendar days.
<b>Assignment/Change of Control</b>	Neither party may assign or transfer its rights and obligations under this agreement without obtaining the prior written consent of the other party, except (i) the second party may assign any debts to another party to collect them, (ii) the second party may novate the contract to a transferee of all or part of the business. Any assignment without the prior written consent (excluding the exceptions) shall be null and void.
<b>Governing Law and Jurisdiction</b>	The agreement shall be governed by Scots Law and any dispute arising from the agreement, whether contractual or non-contractual shall be first resolved through before commencing legal proceedings, if not resolved the Scottish competent courts will have exclusive jurisdiction over any dispute arisen.
<b>Other unusual, onerous, or noteworthy provisions</b>	<ul style="list-style-type: none"> <li>• The agreement contains standard confidentiality obligations prohibiting the parties from disclosing any confidential information only in relation to the services of the agreement.</li> <li>• The agreement sets a liability cap, which is unusual and not practical, since a non-contractual liability may arise.</li> <li>• The parties have set the types of liabilities and agreed on limiting them.</li> </ul>

## 12.7 Related Party Transactions

The members of the Company’s Board of Directors declare that all Related Party transactions that the Company had previously concluded, including determination of the financial consideration for contracts, have been carried out in a systematic and legal manner and on appropriate and fair commercial principles used in transactions with third parties. The Board of Directors also acknowledge that all future transactions with Related Parties will be conducted on a commercial basis and all works and contracts with Related Parties shall be subject to a recommendation by the Board of Directors, and the approval of the Company’s General Assembly. Directors may not vote on any decision related to transactions or contracts with the Company in which they have a direct or indirect interest, whether in the Board of Directors or the General Assembly.

Except as mentioned in this section of the Prospectus, the members of the Company’s Board of Directors acknowledge that the Company is not involved in any transactions, agreements, commercial relations or real estate transactions with a Related Party, including the Financial Advisor and the Legal Advisor for the Offering. Directors also acknowledge that they intend to abide by Article 27 and Article 71 of the Companies Law and Article 44 of the Corporate Governance Regulations issued by the CMA in connection with agreements entered into with Related Parties. All existing transactions with Related Parties in which Directors have an interest were approved in the Company’s Ordinary General Assembly meetings held on 02/12/1444H (corresponding to 20/06/2023G) and on 24/04/1445H (corresponding to 08/11/2023G). All transactions with Related Parties in which Directors of Riyadh Hospital Company have an interest were approved in the Shareholders Resolution dated 25/03/1445H (corresponding to 10/10/2023G). All transactions with Related Parties in which Directors of Dr. Soliman Abdel Kader Fakeeh Medical Education Company Limited have an interest were approved in the Shareholders Resolution dated 15/04/1445H (corresponding to 30/10/2023G).

The total value of transactions concluded with such Related Parties amounted to approximately SAR 247.8 million for the financial year ended 31 December in 2020G, and SAR 1,390.8 million during the nine-month period ended 30 September 2023G. The Company has entered into a number of transactions with various Related Parties. The following is a summary of such transactions:

### 12.7.1 Agreements Entered into by the Group and Related Parties

All agreements set out below, in which Directors have an interest, were approved in the Company's Ordinary General Assembly meetings held on 02/12/1444H (corresponding to 20/06/2023G) and 24/04/1445H (corresponding to 08/11/2023G). All the agreements set out below, in which the Directors of Riyadh Hospital Company have an interest, were approved pursuant to the Shareholders' decision dated 25/03/1445H (corresponding to 10/10/2023G). Additionally, all the agreements set out below, in which the board of directors of Dr. Soliman Abdel Kader Fakeeh Medical Education Company have an interest, were approved pursuant to the Shareholders' decision dated 15/04/1445H (corresponding to 30/10/2023G).

#### 12.7.1.1 Facilities Management Services Agreement between Riyadh Hospital Company and Al-Farabi Distinguished Health Care Company

<b>Parties</b>	Riyadh Hospital Company (the "First Party") Al-Farabi Distinguished Health Care Company Ltd. (the "Second Party")
<b>Execution Date</b>	23/06/1444H (corresponding to 16/01/2023G)
<b>Effective Date</b>	23/06/1444H (corresponding to 16/01/2023G)
<b>Assembly's Approval Date of this Agreement</b>	25/03/1445H (corresponding to 10/10/2023G)
<b>Term &amp; Renewal Mechanism</b>	The term of the agreement is two (2) years and is automatically renewed for similar periods unless one of the parties expresses in writing their unwillingness to renew the agreement at least (90) days prior to the termination of the initial term of the agreement.
<b>Subject Matter</b>	The Second Party is required to provide to the First Party various management services including maintenance, cleaning, pest control, landscape, and waste services.
<b>Pricing and Adjustments</b>	In return to the performance of its services under this agreement, the Second Party shall receive SAR 13,395,555 (excluding VAT). In addition, the Second Party shall be compensated for any ad-hoc or additional services provided to the First Party.
<b>Exclusivity</b>	The agreement does not impose any exclusivity restrictions on either party.
<b>Termination</b>	The First Party may terminate the agreement immediately upon notice if the Second Party commits a breach of the agreement and is unable to rectify such breach within at least (10) business days from notice. However, the Second Party has the right to request an extension in order to address the breach. In addition, a party may also terminate the agreement in the event a force majeure event lasts more than (60) consecutive days.
<b>Assignment / Change of Control</b>	The First Party may not assign any of his obligations, or otherwise sub-contract the provision of the services, to a third party without prior written consent from the Second Party unless there was a maintenance or service contract already in place.
<b>Governing Law and Jurisdiction</b>	The agreement shall be governed by the laws of Saudi Arabia any dispute arising from the agreement shall be submitted to negotiations between the parties. If such dispute has not been resolved by such negotiation, then the dispute shall be escalated to the executive management of the parties for resolution.
<b>Other Provisions</b>	<ul style="list-style-type: none"> <li>We note that the agreement contains standard confidentiality obligations prohibiting the parties from divulging any confidential information. In addition, there is a confidentiality provision in the agreement which prohibits the First Party from divulging any confidential business information related to the Second Party without his prior written approval. Such provision shall survive for up to three (3) years after the termination of the agreement.</li> <li>Neither party shall be held responsible or liable for failure or delay in fulfilling their obligations under this agreement, provided that such failure or delay is due to circumstances beyond the reasonable control of the party, including but not limited to acts or omissions of subcontractors.</li> </ul>

### 12.7.1.2 Loan Agreement Funding between the Company and Dr. Soliman Academic Medical Center FZCO (Fakeeh University Hospital - Dubai)

Comment	The loan subject to this agreement was fully reimbursed to the Company on 27/09/2023G
Parties	The Company (as the "Lender") Dr. Soliman Academic Medical Center FZCO (as the "Borrower")
Execution Date	10/03/1436H (corresponding to 01/01/2015G)
Effective Date	10/03/1436H (corresponding to 01/01/2015G)
Assembly's Approval Date of this Agreement	02/12/1444H (corresponding to 20/06/2023G)
Term & Renewal Mechanism	Lender agrees to provide a grace period for all principal amounts provided to the Borrower for the applicable interest up to 31 December 2018G.
Subject Matter	At the request of the Borrower, the Lender has agreed to provide support in form of a loan to the Borrower for a period of 15 years from the end date of the grace period.
Pricing & Adjustments	The principal balance shall bear interest at the rate of SAIBOR + margin per annum, accruing daily in accordance with the existing arrangements of the Lender. The SAIBOR rate shall be revised on a quarterly or semi-annual basis, as agreed between the Lender and Borrower, based on the first day of each period.
Exclusivity	The agreement does not impose any exclusivity restrictions on either party.
Termination	The agreement is valid for a period of 15 years starting from 31/12/2018G.
Assignment / Change of Control	Borrower shall not assign the loan agreement, in whole or in part, without the written consent of the Lender. Lender may assign all or any portion of the agreement with written notice to the Borrower.
Governing Law and Jurisdiction	The agreement is governed by and construed in accordance with the laws of the Kingdom of Saudi Arabia, not including its conflicts of law provisions. Any dispute will be resolved in the courts of the Kingdom of Saudi Arabia.

### 12.7.1.3 Engineering, Procurement and Construction Agreement between CSE and the Company

Parties	Cold Sky Energy (t/a HAALA Energy) (CSE) (the "Contractor"), and Dr. Soliman Fakeeh Hospital (DSFH) (the "Owner").
Execution Date	08/07/1441H (corresponding to 03/03/2020G)
Effective Date	08/07/1441H (corresponding to 03/03/2020G)
Assembly's Approval Date of this Agreement	24/04/1445H (corresponding to 08/11/2023G)
Term & Renewal Mechanism	CSE is to provide their work on a "Turnkey" basis to the extent necessary for the proper execution and completion of the subject matter.
Subject Matter	CSE is to design, procure, construct, and install photovoltaic systems to make energy available to DSFH, in accordance with the agreement.
Pricing and Adjustments	The agreement's total price is SAR 3,730,000.
Exclusivity	The agreement does not impose any exclusivity restrictions on either party.
Termination	Following defaults of either party's responsibilities, the non-defaulting party may terminate the agreement with notice and the default has not been remedied within 30 days. DSFH may choose to terminate the agreement by declining to give notices to proceed if the viability of the project is called into question, at the Notice to Proceed stage.
Assignment / Change of Control	The agreement does not impose any change of control restrictions on either party.
Governing Law and Jurisdiction	The agreement shall be subject to the laws, regulations, instructions, decrees and any other instruments in full force and effect in the Kingdom of Saudi Arabia.
Other Provisions	The agreement does not appear to have a properly determined start date. CSE is to provide their work on a "turnkey" basis in accordance with the work schedule specified in Exhibit C.



#### 12.7.1.4 Service Level Agreement between the Company and Al-Farabi Healthcare Co. Ltd.

<b>Parties</b>	The Company (the "First Party") Al-Farabi Healthcare Company Ltd. (the "Second Party")
<b>Execution Date</b>	18/03/1445H (corresponding to 03/10/2023G)
<b>Effective Date</b>	18/03/1445H (corresponding to 03/10/2023G)
<b>Assembly's Approval Date of this Agreement</b>	02/12/1444H (corresponding to 20/06/2023G)
<b>Term &amp; Renewal Mechanism</b>	The term of the agreement is one (1) year and is automatically renewed for similar period upon the expiration of the initial term unless a written notice is given by one of the parties at least (90) business days prior to the expiry of the initial term or any subsequent term clearly stating the intention not to renew the agreement.
<b>Subject Matter</b>	The First Party was appointed by the Second Party to provide various management services and oversight of overall department strategy, goals, and objectives including the following departments: President's office, group finance, group operations, group quality and risk, group human capital management, group information technology, group internal audit, group legal, and group marketing. And other specific services related to each department.
<b>Pricing and Adjustments</b>	In return to the performance of its services under this agreement, the First Party shall receive around SAR 1,995,708 (VAT exclusive). In addition, the First Party shall be compensated for any ad-hoc or additional services provided to the Second Party.
<b>Exclusivity</b>	The agreement does not impose any exclusivity restrictions on either party.
<b>Termination</b>	If a force majeure event has occurred, the time of the performance of the contract shall be extended for (60) days, provided that if such delay or failure persists for more than (60) days, either party shall have the right to terminate the contract through a written notice to the other party.
<b>Assignment / Change of Control</b>	The first party may not assign or sub-contract the services covered by the agreement to a subcontractor; unless prior written consent was made by the second party before the assignment; or any existing maintenance or service contract exists previously.
<b>Governing Law and Jurisdiction</b>	The agreement shall be governed by the laws of Saudi Arabia any dispute arising from the agreement shall be submitted to negotiations between the parties. If such dispute has not been resolved by such negotiation, then the dispute shall be escalated to the executive management of the parties for resolution. And the agreement shall be construed in accordance with the laws of corporate governance and framework.
<b>Other Provisions</b>	<ul style="list-style-type: none"> <li>The confidentiality clause shall survive for up to five (5) years after the termination of the agreement.</li> <li>Neither party shall be held responsible or liable for failure or delay in fulfilling their obligations under this agreement, provided that such failure or delay is due to circumstances beyond the control of the party, including but not limited to some actions such as omissions of subcontractors.</li> </ul>

#### 12.7.1.5 Service Level Agreement between the Company and Al-Farabi Healthcare Co. Ltd.

<b>Parties</b>	The Company (the "First Party") Al-Farabi Healthcare Company Ltd. (the "Second Party")
<b>Execution Date</b>	26/08/1440H (corresponding to 01/05/2019G)
<b>Effective Date</b>	26/08/1440H (corresponding to 01/05/2019G)
<b>Assembly's Approval Date of this Agreement</b>	02/12/1444H (corresponding to 20/06/2023G)
<b>Term &amp; Renewal Mechanism</b>	The term of the agreement is one (1) year and is automatically renewed for similar period upon the expiration of the initial term unless a written notice is given by one of the parties at least (30) business days prior to the expiry of the initial term or any subsequent term clearly stating the intention not to renew the agreement.
<b>Subject Matter</b>	The Second Party is required to provide to the First Party with Human Capital upon the first party's approval of Resumes.
<b>Pricing and Adjustments</b>	The First party commits to pay to the Second party the contractual fees by the end of every month equals to the monthly bill on the job vacancies approved during the term of the agreement. The Second Party shall be compensated for any ad-hoc or additional services upon the written consent of the first party.
<b>Exclusivity</b>	The agreement does not impose any exclusivity restrictions on either party.

<b>Termination</b>	Following defaults of either party's responsibilities, the non-defaulting party may terminate the agreement with notice and the default has not been remedied within 30 days. DSFH may choose to terminate the agreement by declining to give notices to proceed if the viability of the project is called into question, at the Notice to Proceed stage.
<b>Assignment / Change of Control</b>	The parties may not assign or sub-contract the any of the provisions covered by the agreement to any third party or subcontractor either completely or partially; unless prior written consent was made by both parties before the assignment.
<b>Governing Law and Jurisdiction</b>	The agreement shall be governed by the laws of Saudi Arabia any dispute arising from the agreement shall be submitted to negotiations and conciliation between the parties within (30) days. If such dispute has not been resolved by such negotiation, then the dispute shall be filed in the competent courts of Jeddah city.
<b>Other Provisions</b>	The First Party commits to pay to the Second party the contractual fees by the end of every month equals to the monthly bill without setting a cap.

### 12.7.1.6 Service Level Agreement between the Company and Dr. Soliman Fakeeh Academic Medical Center FZCO (Fakeeh University Hospital - Dubai)

<b>Parties</b>	The Company (the "First Party") Dr. Soliman Fakeeh Academic Medical Center FZCO (Fakeeh University Hospital - Dubai) (the "Second Party")
<b>Execution Date</b>	18/03/1445H (corresponding to 03/10/2023G)
<b>Effective Date</b>	18/03/1445H (corresponding to 03/10/2023G)
<b>Assembly's Approval Date of this Agreement</b>	02/12/1444H (corresponding to 20/06/2023G)
<b>Term &amp; Renewal Mechanism</b>	The term of the agreement is one (1) year and is automatically renewed for similar period upon the expiration of the initial term unless a written notice is given by one of the parties at least (90) business days prior to the expiry of the initial term or any subsequent term clearly stating the intention not to renew the agreement.
<b>Subject Matter</b>	The First Party is required to provide to the Second Party with various corporate support services.
<b>Pricing and Adjustments</b>	In return to the performance of its services under this agreement, the First Party shall receive around SAR 1,200,000 (VAT exclusive), and it is subject to change by the First Party at the time of finalization of the annual closing of books and records. In addition, the First Party shall be compensated for any ad-hoc or additional services provided to the Second Party.
<b>Exclusivity</b>	The agreement does not impose any exclusivity restrictions on either party.
<b>Termination</b>	If a force majeure event has occurred, the time of the performance of the contract shall be extended for (60) days, provided that if such delay or failure persists for more than (60) days, either party shall have the right to terminate the contract through a written notice to the other party.
<b>Assignment / Change of Control</b>	The First Party may not assign or sub-contract the services covered by the agreement to a subcontractor; unless prior written consent was made by the Second Party before the assignment; or any existing maintenance or service contract exists previously.
<b>Governing Law and Jurisdiction</b>	The agreement shall be governed by the laws of Saudi Arabia any dispute arising from the agreement shall be submitted to negotiations between the parties. If such dispute has not been resolved by such negotiation, then the dispute shall be escalated to the executive management of the parties for resolution. And the agreement shall be construed in accordance with the laws of corporate governance and framework.
<b>Other Provisions</b>	<ul style="list-style-type: none"> <li>The confidentiality clause shall survive for up to five (5) years after the termination of the agreement.</li> <li>Neither party shall be held responsible or liable for failure or delay in fulfilling their obligations under this agreement, provided that such failure or delay is due to circumstances beyond the control of the party, including but not limited to some actions such as omissions of subcontractors.</li> </ul>

### 12.7.1.7 Service Level Agreement between the Company and Dr. Soliman Abdulkader Fakeeh Technology.

<b>Parties</b>	The Company (the <b>"First Party"</b> ) Dr. Soliman Abdulkader Fakeeh Technology (the <b>"Second Party"</b> )
<b>Execution Date</b>	18/03/1445H (corresponding to 03/10/2023G)
<b>Effective Date</b>	18/03/1445H (corresponding to 03/10/2023G)
<b>Assembly's Approval Date of this Agreement</b>	24/04/1445H (corresponding to 08/11/2023G)
<b>Term &amp; Renewal Mechanism</b>	The term of the agreement is one (1) year and is automatically renewed for similar period upon the expiration of the initial term unless a written notice is given by one of the parties at least (90) business days prior to the expiry of the initial term or any subsequent term clearly stating the intention not to renew the agreement.
<b>Subject Matter</b>	The First Party is required to provide to the Second Party with various management services and oversight of overall department strategy, goals, and objectives including the following departments: President's office, group finance, group operations, group quality and risk, group human capital management, group information technology, group internal audit, group legal, and group marketing. And other specific services related to each department.
<b>Pricing and Adjustments</b>	In return to the performance of its services under this agreement, the First Party shall receive around SAR 2,134,479 (VAT exclusive). In addition, the First Party shall be compensated for any ad-hoc or additional services provided to the Second Party.
<b>Exclusivity</b>	The agreement does not impose any exclusivity restrictions on either party.
<b>Termination</b>	If a force majeure event has occurred, the time of the performance of the contract shall be extended for (60) days, provided that if such delay or failure persists for more than (60) days, either party shall have the right to terminate the contract through a written notice to the other party.
<b>Assignment / Change of Control</b>	The First Party may not assign or sub-contract the services covered by the agreement to a subcontractor; unless prior written consent was made by the Second Party before the assignment; or any existing maintenance or service contract exists previously.
<b>Governing Law and Jurisdiction</b>	The agreement shall be governed by the laws of Saudi Arabia any dispute arising from the agreement shall be submitted to negotiations between the parties. If such dispute has not been resolved by such negotiation, then the dispute shall be escalated to the executive management of the parties for resolution. And the agreement shall be construed in accordance with the laws of corporate governance and framework.
<b>Other Provisions</b>	<ul style="list-style-type: none"> <li>The confidentiality clause shall survive for up to five (5) years after the termination of the agreement.</li> <li>Neither party shall be held responsible or liable for failure or delay in fulfilling their obligations under this agreement, provided that such failure or delay is due to circumstances beyond the control of the party, including but not limited to some actions such as omissions of subcontractors.</li> </ul>

### 12.7.1.8 Service Level Agreement between the Company and Dr. Soliman Abdel Kader Fakeeh Medical Education Company

<b>Parties</b>	The Company (the <b>"First Party"</b> ) Dr. Soliman Abdel Kader Fakeeh Medical Education Company (the <b>"Second Party"</b> )
<b>Execution Date</b>	18/03/1445H (corresponding to 03/10/2023G)
<b>Effective Date</b>	18/03/1445H (corresponding to 03/10/2023G)
<b>Assembly's Approval Date of this Agreement</b>	First Party: 02/12/1444H (corresponding to 20/06/2023G) Second Party: 15/04/1445H (corresponding to 30/10/2023G)
<b>Term &amp; Renewal Mechanism</b>	The term of the agreement is one (1) year and is automatically renewed for similar periods upon the expiration of the initial term unless a written notice is given by one of the parties at least (90) business days prior to the expiry of the initial term or any subsequent term clearly stating the intention not to renew the agreement.

<b>Subject Matter</b>	The First Party was appointed by the Second Party to provide various management services and oversight of overall department strategy, goals, and objectives including the following departments: President's office, group finance, group operations, group quality and risk, group human capital management, group information technology, group internal audit, group legal, group marketing, and group revenue cycle management. And other specific services related to each department.
<b>Pricing and Adjustments</b>	In return to the performance of its services under this agreement, the First Party shall receive around SAR 6,054,704 (VAT exclusive). In addition, the First Party shall be compensated for any ad-hoc or additional services provided to the Second Party.
<b>Exclusivity</b>	The agreement does not impose any exclusivity restrictions on either party.
<b>Termination</b>	If a force majeure event has occurred, the time of the performance of the contract shall be extended for (60) days, provided that if such delay or failure persists for more than (60) days, either party shall have the right to terminate the contract through a written notice to the other party.
<b>Assignment / Change of Control</b>	The first party may not assign or sub-contract the services covered by the agreement to a subcontractor; unless prior written consent was made by the second party before the assignment; or any existing maintenance or service contract exists previously.
<b>Governing Law and Jurisdiction</b>	The agreement shall be governed by the laws of Saudi Arabia any dispute arising from the agreement shall be submitted to negotiations between the parties. If such dispute has not been resolved by such negotiation, then the dispute shall be escalated to the executive management of the parties for resolution. And the agreement shall be construed in accordance with the laws of corporate governance and framework.
<b>Other Provisions</b>	<ul style="list-style-type: none"> <li>• The confidentiality clause shall survive for up to five (5) years after the termination of the agreement.</li> <li>• Neither party shall be held responsible or liable for failure or delay in fulfilling their obligations under this agreement, provided that such failure or delay is due to circumstances beyond the control of the party, including but not limited to some actions such as omissions of subcontractors.</li> </ul>

## 12.7.2 Leases Entered into by the Group and Related Parties

All contracts described below, in which Directors have an interest, were approved at the Company's Ordinary General Assembly meeting held on 24/04/1445H (corresponding to 08/11/2023G).

### 12.7.2.1 East Parking Lot Lease Agreement

<b>Purpose / Area (sqm)</b>	East Parking Lot / 5,500.0sqm
<b>Registered in EJAR (Yes / No)</b>	Yes
<b>Landlord</b>	Heirs of Dr. Soliman Fakeeh
<b>Tenant</b>	The Company
<b>Term</b>	1,825 days starting on 08/06/1444H (corresponding to 01/01/2023G) and ending on 03/08/1449H (corresponding to 31/12/2027G)
<b>Renewal</b>	Automatically renewable for a similar period unless either party notifies the other of its desire not to renew 6 months prior to the end of the contract.
<b>Annual Rent (SAR)</b>	4,000,000.00
<b>Assignment or Sublease</b>	Tenant may assign to third parties.
<b>Termination Provisions</b>	<p>Either party may terminate upon the other party's breach of obligations under the lease within 15 days of notifying the other party of such breach.</p> <p>The landlord may terminate upon bankruptcy or dissolution of the tenant.</p>

### 12.7.2.2 West Parking Lot Lease Agreement

Purpose / Area (sqm)	West Parking Lot / 5,482.0sqm
Registered in EJAR (Yes / No)	Yes
Landlord	Heirs of Dr. Soliman Fakeeh
Tenant	The Company
Term	825 days starting on 08/06/1444H (corresponding to 01/01/2023G) and ending on 03/08/1449H (corresponding to 31/12/2027G)
Renewal	Automatically renewable for a similar period unless either party notifies the other of its desire not to renew 6 months prior to the end of the contract.
Annual Rent (SAR)	2,900,000
Assignment or Sublease	Tenant may assign to third parties.
Termination Provisions	Either party may terminate upon the other party's breach of obligations under the lease within 15 days of notifying the other party of such breach. The landlord may terminate upon bankruptcy or dissolution of the tenant.

### 12.7.2.3 Bus Parking Lot (Khadijah Attar 2) Lease Agreement

Purpose / Area (sqm)	Bus Parking Lot (Khadijah Attar -2) / 1,320.0sqm
Registered in EJAR (Yes / No)	Yes
Landlord	Heirs of Dr. Soliman Fakeeh
Tenant	The Company
Term	1,825 days starting on 08/06/1444H (corresponding to 01/01/2023G) and ending on 03/08/1449H (corresponding to 31/12/2027G)
Renewal	Automatically renewable for a similar period unless either party notifies the other of its desire not to renew 6 months prior to the end of the contract.
Annual Rent (SAR)	800,000
Assignment or Sublease	Tenant may assign to third parties.
Termination Provisions	Either party may terminate upon the other party's breach of obligations under the lease within 15 days of notifying the other party of such breach. The landlord may terminate upon bankruptcy or dissolution of the tenant.

### 12.7.2.4 DSFMC (AlBasateen) Lease Agreement

Purpose / Area (sqm)	DSFMC (AlBasateen) / 3,402.0sqm
Registered in EJAR (Yes / No)	Yes
Landlord	Heirs of Dr. Soliman Fakeeh
Tenant	The Company
Term	1,825 days starting on 08/06/1444H (corresponding to 01/01/2023G) and ending on 03/08/1449H (corresponding to 31/12/2027G)
Renewal	Automatically renewable for a similar period unless either party notifies the other of its desire not to renew 6 months prior to the end of the contract.
Annual Rent (SAR)	2,500,000
Assignment or Sublease	Tenant may assign to third parties.
Termination Provisions	Either party may terminate upon the other party's breach of obligations under the lease within 15 days of notifying the other party of such breach. The landlord may terminate upon bankruptcy or dissolution of the tenant.

### 12.7.2.5 Fakeeh Executive Clinic HQ (11-1) Lease Agreement

Purpose / Area (sqm)	Fakeeh Executive Clinic - HQ 11-1 / 300.1sqm
Registered in EJAR (Yes / No)	Yes
Landlord	Heirs of Dr. Soliman Fakeeh
Tenant	The Company
Term	1,825 days starting on 08/06/1444H (corresponding to 01/01/2023G) and ending on 03/08/1449H (corresponding to 31/12/2027G)
Renewal	Automatically renewable for a similar period unless either party notifies the other of its desire not to renew 6 months prior to the end of the contract.
Annual Rent (SAR)	200,000
Assignment or Sublease	Tenant may assign to third parties.
Termination Provisions	Either party may terminate upon the other party's breach of obligations under the lease within 15 days of notifying the other party of such breach. The landlord may terminate upon bankruptcy or dissolution of the tenant.

### 12.7.2.6 Fakeeh Executive Clinic HQ (11-2) Lease Agreement

Purpose / Area (sqm)	Fakeeh Executive Clinic - HQ 11-2 / 3,000.1sqm
Registered in EJAR (Yes / No)	Yes
Landlord	Heirs of Dr. Soliman Fakeeh
Tenant	The Company
Term	1,825 days starting on 08/06/1444H (corresponding to 01/01/2023G) and ending on 03/08/1449H (corresponding to 31/12/2027G)
Renewal	Automatically renewable for a similar period unless either party notifies the other of its desire not to renew 6 months prior to the end of the contract.
Annual Rent (SAR)	200,000
Assignment or Sublease	Tenant may assign to third parties.
Termination Provisions	Either party may terminate upon the other party's breach of obligations under the lease within 15 days of notifying the other party of such breach. The landlord may terminate upon bankruptcy or dissolution of the tenant.

### 12.7.2.7 Fakeeh Executive Clinic HQ (11-4) Lease Agreement

Purpose / Area (sqm)	Fakeeh Executive Clinic - HQ 11-4 / 173.0sqm
Registered in EJAR (Yes / No)	Yes
Landlord	Heirs of Dr. Soliman Fakeeh
Tenant	The Company
Term	1,825 days starting on 08/06/1444H (corresponding to 01/01/2023G) and ending on 03/08/1449H (corresponding to 31/12/2027G)
Renewal	Automatically renewable for a similar period unless either party notifies the other of its desire not to renew 6 months prior to the end of the contract.
Annual Rent (SAR)	100,000

Assignment or Sublease	Tenant may assign to third parties.
Termination Provisions	Either party may terminate upon the other party's breach of obligations under the lease within 15 days of notifying the other party of such breach. The landlord may terminate upon bankruptcy or dissolution of the tenant.

### 12.7.2.8 Building 1 Lease Agreement

Purpose / Area (sqm)	Building 1 / 5,481.9sqm
Registered in EJAR (Yes / No)	Yes
Landlord	Heirs of Dr. Soliman Fakeeh
Tenant	The Company
Term	1,825 days starting on 08/06/1444H (corresponding to 01/01/2023G) and ending on 03/08/1449H (corresponding to 31/12/2027G)
Renewal	Automatically renewable for a similar period unless either party notifies the other of its desire not to renew 6 months prior to the end of the contract.
Annual Rent (SAR)	3,736,359
Assignment or Sublease	Tenant may assign to third parties.
Termination Provisions	Either party may terminate upon the other party's breach of obligations under the lease within 15 days of notifying the other party of such breach. The landlord may terminate upon bankruptcy or dissolution of the tenant.

### 12.7.2.9 Building 2 Lease Agreement

Purpose / Area (sqm)	Building 2 / 3,841.0sqm
Registered in EJAR (Yes / No)	Yes
Landlord	Heirs of Dr. Soliman Fakeeh
Tenant	The Company
Term	1,825 days starting on 08/06/1444H (corresponding to 01/01/2023G) and ending on 03/08/1449H (corresponding to 31/12/2027G)
Renewal	Automatically renewable for a similar period unless either party notifies the other of its desire not to renew 6 months prior to the end of the contract.
Annual Rent (SAR)	1,500,000
Assignment or Sublease	Tenant may assign to third parties.
Termination Provisions	Either party may terminate upon the other party's breach of obligations under the lease within 15 days of notifying the other party of such breach. The landlord may terminate upon bankruptcy or dissolution of the tenant.

### 12.7.2.10 Building 4 Lease Agreement

Purpose / Area (sqm)	Building 4 / 625.0sqm
Registered in EJAR (Yes / No)	Yes
Landlord	Heirs of Dr. Soliman Fakeeh
Tenant	The Company

<b>Term</b>	1,825 days starting on 08/06/1444H (corresponding to 01/01/2023G) and ending on 03/08/1449H (corresponding to 31/12/2027G)
<b>Renewal</b>	Automatically renewable for a similar period unless either party notifies the other of its desire not to renew 6 months prior to the end of the contract.
<b>Annual Rent (SAR)</b>	300,000
<b>Assignment or Sublease</b>	Tenant may assign to third parties.
<b>Termination Provisions</b>	Either party may terminate upon the other party's breach of obligations under the lease within 15 days of notifying the other party of such breach. The landlord may terminate upon bankruptcy or dissolution of the tenant.

#### 12.7.2.11 Building 5 Lease Agreement

<b>Purpose / Area (sqm)</b>	Building 5 / 618.94sqm
<b>Registered in EJAR (Yes / No)</b>	Yes
<b>Landlord</b>	Heirs of Dr. Soliman Fakeeh
<b>Tenant</b>	The Company
<b>Term</b>	1,825 days starting on 08/06/1444H (corresponding to 01/01/2023G) and ending on 03/08/1449H (corresponding to 31/12/2027G)
<b>Renewal</b>	Automatically renewable for a similar period unless either party notifies the other of its desire not to renew 6 months prior to the end of the contract.
<b>Annual Rent (SAR)</b>	800,000
<b>Assignment or Sublease</b>	Tenant may assign to third parties.
<b>Termination Provisions</b>	Either party may terminate upon the other party's breach of obligations under the lease within 15 days of notifying the other party of such breach. The landlord may terminate upon bankruptcy or dissolution of the tenant.

#### 12.7.2.12 Building 6 (Khadijah Attar) Lease Agreement

<b>Purpose / Area (sqm)</b>	Building 6 (Khadijah Attar) / 435.5sqm
<b>Registered in EJAR (Yes / No)</b>	Yes
<b>Landlord</b>	Heirs of Dr. Soliman Fakeeh
<b>Tenant</b>	The Company
<b>Term</b>	1,825 days starting on 08/06/1444H (corresponding to 01/01/2023G) and ending on 03/08/1449H (corresponding to 31/12/2027G)
<b>Renewal</b>	Automatically renewable for a similar period unless either party notifies the other of its desire not to renew 6 months prior to the end of the contract.
<b>Annual Rent (SAR)</b>	220,000
<b>Assignment or Sublease</b>	Tenant may assign to third parties.
<b>Termination Provisions</b>	Either party may terminate upon the other party's breach of obligations under the lease within 15 days of notifying the other party of such breach. The landlord may terminate upon bankruptcy or dissolution of the tenant.



### 12.7.2.13 Building 8 (HC Villa) Lease Agreement

Purpose / Area (sqm)	Building 8 (HC Villa) / 440.0sqm
Registered in EJAR (Yes / No)	Yes
Landlord	Heirs of Dr. Soliman Fakeeh
Tenant	The Company
Term	1,825 days starting on 08/06/1444H (corresponding to 01/01/2023G) and ending on 03/08/1449H (corresponding to 31/12/2027G)
Renewal	Automatically renewable for a similar period unless either party notifies the other of its desire not to renew 6 months prior to the end of the contract.
Annual Rent (SAR)	220,000
Assignment or Sublease	Tenant may assign to third parties.
Termination Provisions	Either party may terminate upon the other party's breach of obligations under the lease within 15 days of notifying the other party of such breach. The landlord may terminate upon bankruptcy or dissolution of the tenant.

### 12.7.2.14 Coffee Shop in DSFH (Jeddah) Lease Agreement

Purpose / Area (sqm)	Coffee shop within DSFH's premises (Jeddah) (70sqm)
Registered in EJAR (Yes / No)	Yes
Landlord	The Company
Tenant	Soliman Mazen Soliman Fakeeh Catering Company
Term	Starting from 01/01/2022G and ending on 31/12/2024G
Renewal	The lease period ends with the end of the contract term. Parties must enter into a new lease agreement upon the lease term expiration
Annual Rent (SAR)	SAR 345,000
Assignment or Sublease	Tenant may not assign or sublease without the landlord's prior written approval
Termination Provisions	Either party may terminate upon the other party's breach of obligations under the lease within 15 days of notifying the other party of such breach. The landlord may terminate upon bankruptcy or dissolution of the tenant.

### 12.7.2.15 Building 3 Lease Agreement

Purpose / Area (sqm)	Building 3 / 3019.79sqm
Registered in EJAR (Yes / No)	Yes
Landlord	Heirs of Dr. Soliman Fakeeh
Tenant	Dr. Soliman Abdel Kader Fakeeh Medical Education Company
Term	1,825 days starting on 08/06/1444H (corresponding to 01/01/2023G) and ending on 03/08/1449H (corresponding to 31/12/2027G)
Renewal	Automatically renewable for a similar period unless either party notifies the other of its desire not to renew 6 months prior to the end of the contract.
Annual Rent (SAR)	1,000,000
Assignment or Sublease	Tenant may assign to third parties.
Termination Provisions	Either party may terminate upon the other party's breach of obligations under the lease within 15 days of notifying the other party of such breach. The landlord may terminate upon bankruptcy or dissolution of the tenant.

### 12.7.2.16 Building 3 (Basement) Lease Agreement

<b>Purpose / Area (sqm)</b>	Building 3 (Basement) / 3,000.0sqm
<b>Registered in EJAR (Yes / No)</b>	Yes
<b>Landlord</b>	Heirs of Dr. Soliman Fakeeh
<b>Tenant</b>	The Company
<b>Term</b>	1,825 days starting on 08/06/1444H (corresponding to 01/01/2023G) and ending on 03/08/1449H (corresponding to 31/12/2027G)
<b>Renewal</b>	Automatically renewable for a similar period unless either party notifies the other of its desire not to renew 6 months prior to the end of the contract.
<b>Annual Rent (SAR)</b>	150,000
<b>Assignment or Sublease</b>	Tenant may assign to third parties.
<b>Termination Provisions</b>	Either party may terminate upon the other party's breach of obligations under the lease within 15 days of notifying the other party of such breach. The landlord may terminate upon bankruptcy or dissolution of the tenant.

### 12.7.2.17 Hail Compound Lease Agreement

<b>Purpose / Area (sqm)</b>	Hail Compound
<b>Registered in EJAR (Yes / No)</b>	Yes
<b>Landlord</b>	Heirs of Dr. Soliman Fakeeh
<b>Tenant</b>	The Company
<b>Term</b>	1,825 days starting on 08/06/1444H (corresponding to 01/01/2023G) and ending on 03/08/1449H (corresponding to 31/12/2027G)
<b>Renewal</b>	Automatically renewable for a similar period unless either party notifies the other of its desire not to renew 6 months prior to the end of the contract.
<b>Annual Rent (SAR)</b>	4,800,000
<b>Termination Provisions</b>	Either party may terminate upon the other party's breach of obligations under the lease within 15 days of notifying the other party of such breach and such breach was not remedied.

## 12.8 Financing Agreements

The Company entered into (4) financing agreements to obtain credit facilities amounting to SAR 2,863 million, as of 30 September 2023G. This section contains a summary of the essential provisions of the financing agreements.

### 12.8.1 Credit Facility Agreement with Arab National Bank

The Company entered into a facility agreement with Arab National Bank dated 24/04/1443H (corresponding to 29/11/2020G), as amended on 12/10/1442H (corresponding to 24/05/2021G), 06/03/1443H (corresponding to 12/10/2021G), 04/01/1444H (corresponding to 02/08/2022G), 07/03/1444H (corresponding to 03/10/2022G) and 08/05/1445H (corresponding to 22/11/2023G). The following is a summary of the main terms of this agreement and its amendments:

Details	Description	
Expiration date	This facility agreement expires on 27/02/1446H (corresponding to 31/08/2024G).	
Maximum limit	SAR 300,000,000	
Facilities	<b>Facility</b>	Fixed-term Tawarruq finance
	<b>Maximum</b>	SAR 300,000,000
	<b>Purpose</b>	Short-term investment projects
	<b>Profit Margin</b>	SAIBOR + margin per annum
	<b>Treasury Fee</b>	0 Riyals for each million Riyals
Guarantees	<ul style="list-style-type: none"> <li>This facility agreement is guaranteed by way of (i) promissory note in the amount of SAR 300,000,000; (ii) and any other guarantees required by the bank.</li> </ul>	
Amount drawn as of 31 December 2023G	SAR 300,000,000	
Covenants	<p>The Company undertakes to ANB throughout the validity of these facilities and as long as there is an amount payable or that may become due the following:</p> <ul style="list-style-type: none"> <li>to maintain its financial, administrative and legal position and the ownership of the Company and not to change its activity as it is on the date of this agreement.</li> </ul>	

\*The Company obtained the written approval of Arab National Bank regarding the Offering on 19 November 2023G. Additionally, Arab National Bank waived any restrictions in this regard.

### 12.8.2 Credit Facility Agreement with the Saudi National Bank (“SNB”)

The Company entered into a facility agreement with the SNB dated 21/05/1444H (corresponding to 15/12/2022G). The following is a summary of the main terms of this agreement:

Details	Description
Expiration date	This facility agreement expires on 18/06/1445H (corresponding to 31/12/2023G).
Maximum limit	SAR 955,000,000

<b>Facilities</b>	<b>Facility</b>	Long-term Commercial Facility
	<b>Maximum</b>	SAR 755,000,000
	<b>Purpose</b>	Long-term investment projects
	<b>Profit margin</b>	SAIBOR 6 months + margin per annum.
	<b>Facility</b>	Short term- General Facilities
	<b>Maximum</b>	SAR 200,000,000
	<b>Facility</b>	Short-term Commercial Facility
	<b>Maximum</b>	SAR 200,000,000
	<b>Purpose</b>	To refinance documentary credits.
	<b>Profit margin</b>	SAIBOR + margin per annum.
	<b>Facility</b>	Short-term Documentary Credits (at sight)
	<b>Maximum</b>	SAR 200,000,000
	<b>Purpose</b>	For working capital.
	<b>Profit margin</b>	margin per annum in addition to SNB tariff.
	<b>Facility</b>	Treasury Limit (sub-limit)
	<b>Maximum</b>	SAR 30,000,000
<b>Purpose</b>	To hedge against financing and interest rates.	
<b>Fees</b>	SNB treasury rate.	
<b>Guarantees</b>	This facility agreement is guaranteed by way of (i) promissory note in the amount of SAR 955,000,000; (ii) and any other guarantees required by the bank.	
<b>Amount drawn as of 31 December 2023G</b>	SAR 600,000,000	
<b>Key Covenants</b>	Assignment of insurance proceeds from Globemed, Medgulf, Tawuniya, and MoH to SNB.	

### 12.8.3 Credit Facility Agreement with Alinma Bank

The Company entered into a facility agreement with the Alinma Bank dated 04/05/1444H (corresponding to 28/11/2022G). The following is a summary of the main terms of this agreement:

Details	Description								
Total facilities	SAR 838,000,000								
Expiration date	This facility agreement expires on 18/06/1445H (corresponding to 31/12/2023G).								
Facilities	<table border="1"> <tr> <td>Facility</td> <td>Long-term Deferred Sale Finance (Murabaha Marina)</td> </tr> <tr> <td>Maximum</td> <td>SAR 638,000,000</td> </tr> <tr> <td>Purpose</td> <td>Long-term investment projects</td> </tr> <tr> <td>Profit margin</td> <td>SAIBOR + margin per annum.</td> </tr> </table>	Facility	Long-term Deferred Sale Finance (Murabaha Marina)	Maximum	SAR 638,000,000	Purpose	Long-term investment projects	Profit margin	SAIBOR + margin per annum.
	Facility	Long-term Deferred Sale Finance (Murabaha Marina)							
	Maximum	SAR 638,000,000							
	Purpose	Long-term investment projects							
	Profit margin	SAIBOR + margin per annum.							
	<table border="1"> <tr> <td>Facility</td> <td>Short-term Deferred Sale Finance</td> </tr> <tr> <td>Maximum</td> <td>SAR 200,000,000</td> </tr> <tr> <td>Purpose</td> <td>For working capital.</td> </tr> <tr> <td>Profit margin</td> <td>SAIBOR + margin per annum.</td> </tr> </table>	Facility	Short-term Deferred Sale Finance	Maximum	SAR 200,000,000	Purpose	For working capital.	Profit margin	SAIBOR + margin per annum.
	Facility	Short-term Deferred Sale Finance							
	Maximum	SAR 200,000,000							
Purpose	For working capital.								
Profit margin	SAIBOR + margin per annum.								
Guarantees	This facility agreement is guaranteed by way of (i) assignment of receivables obtained from insurance companies to Alinma; (ii) Alinma Bank may seek enforcement on any commercial or financial instruments or any assets it has under its custody; (iii) and any other guarantees required by the bank.								
Amount drawn as of 31 December 2023G	SAR 352,000,000								
Covenants	The Company shall promptly notify Alinma of any changes in the Company's legal structure to not constitute an event of default.								

### 12.8.4 Facilities Granted by Alinma Bank

Riyadh Hospital Company entered into a facility agreement with the Alinma Bank dated 04/05/1444H (corresponding to 28/11/2022G). The following is a summary of the main terms of this agreement:

Details	Description								
Total facilities	SAR 570,000,000								
Expiration date	This facility agreement expires on 18/06/1445H (corresponding to 31/12/2023G).								
Facilities	<table border="1"> <tr> <td>Facility</td> <td>Long-term Deferred Sale Finance (Murabaha Marina)</td> </tr> <tr> <td>Maximum</td> <td>SAR 370,000,000</td> </tr> <tr> <td>Purpose</td> <td>Long-term investment projects</td> </tr> <tr> <td>Profit Margin</td> <td>SAIBOR (period) + margin per annum.</td> </tr> </table>	Facility	Long-term Deferred Sale Finance (Murabaha Marina)	Maximum	SAR 370,000,000	Purpose	Long-term investment projects	Profit Margin	SAIBOR (period) + margin per annum.
	Facility	Long-term Deferred Sale Finance (Murabaha Marina)							
	Maximum	SAR 370,000,000							
	Purpose	Long-term investment projects							
	Profit Margin	SAIBOR (period) + margin per annum.							
	<table border="1"> <tr> <td>Facility</td> <td>Short-term Deferred Sale Finance</td> </tr> <tr> <td>Maximum</td> <td>SAR 200,000,000</td> </tr> <tr> <td>Purpose</td> <td>For working capital.</td> </tr> <tr> <td>Profit Margin</td> <td>SAIBOR (period) + margin per annum.</td> </tr> </table>	Facility	Short-term Deferred Sale Finance	Maximum	SAR 200,000,000	Purpose	For working capital.	Profit Margin	SAIBOR (period) + margin per annum.
	Facility	Short-term Deferred Sale Finance							
	Maximum	SAR 200,000,000							
Purpose	For working capital.								
Profit Margin	SAIBOR (period) + margin per annum.								

<b>Guarantee</b>	This facility agreement is guaranteed by way of (i) assignment of receivables obtained from insurance companies to Alinma; (ii) advance payment bonds and performance bonds by Rana Investment Company in the amount of SAR 212,382,000; (iii) advance payment bonds and performance bonds by the Company in the amount of SAR 357,618,000; (iv) mortgage on Riyadh Hospital Company's building; and (v) Alinma Bank may seek enforcement on any commercial or financial instruments or any assets it has under its custody.
<b>Amount drawn as of 31 December 2023G</b>	SAR 491,000,000
<b>Covenants</b>	The Company shall promptly notify Alinma of any changes the ownership of issued shares.

\* The Company obtained written approval from Alinma Bank regarding the offering on 27/11/2023G, subject to the consideration of existing guarantees.

## 12.9 Insurance

The Company and the Material Subsidiaries maintain insurance policies covering different types of risks to which they may be exposed. The following table sets out the main details of the insurance policies maintained by the Company and its Material Subsidiaries:

**Table (159): Insurance Policy Details**

No.	Coverage Type	Insured	Policy Number	Insurer	Coverage Expiry Date	Coverage Amount (SAR)
<b>Insurance Policies relating to the Company</b>						
1	Medical Malpractice Insurance	Dr. Soliman Abdel Kader Fakeeh Hospital	618100	Tawuniya Insurance Company	19/07/1445H (corresponding to 31/01/2024G)	SAR 100,000 per employee
2	Land Transit Insurance Policy	Dr. Soliman Abdel Kader Fakeeh Hospital	100-LTO-2022-10946095-000	Gulf General Cooperative Insurance Company	25/01/1446H (corresponding to 31/07/2024G)	Maximum limit per shipment/ per conveyance SAR 200,000
3	Money Insurance Policy	Dr. Soliman Abdel Kader Fakeeh Hospital	100-MI-2022-10945230-000	Gulf General Cooperative Insurance Company	25/01/1446H (corresponding to 31/07/2024G)	Cash-in Transit: SAR 17,000,000 Cash-in-Safe: SAR 3,000,000
4	Commercial General Liability Insurance Policy	Dr. Soliman Abdel Kader Fakeeh Hospital	100-PP-2022-10945210-000S	Gulf General Cooperative Insurance Company	25/01/1446H (corresponding to 31/07/2024G)	N/A
5	Property All Risk Insurance Policy	Dr. Soliman Abdel Kader Fakeeh Hospital	100-BI-2022-10945508-000/R01	Gulf General Cooperative Insurance Company	25/01/1446H (corresponding to 31/07/2024G)	SAR 1,982,518,962
6	Life Insurance	Dr. Soliman Abdel Kader Fakeeh Hospital	GRTR000300000170	Al Rajhi Takaful	18/08/1445H (corresponding to 28/02/2024G)	SAR 715,715
<b>Insurance Policies relating to Riyadh Hospital Company</b>						
7	Medical Malpractice Insurance	Riyadh Hospital Company	618105	Tawuniya Insurance Company	19/07/1445H (corresponding to 31/01/2024G)	SAR 100,000 per employee

No.	Coverage Type	Insured	Policy Number	Insurer	Coverage Expiry Date	Coverage Amount (SAR)
8	Property All Risk Insurance Policy	Riyadh Hospital Company	100-BI-2022-10945508-000/R01/E01	Gulf General Cooperative Insurance Company	13/01/1445H (corresponding to 31/07/2024G)	SAR 1,982,518,962 through the insurance policy stated under item number 5 above

#### Insurance Policies relating to Saudi Airlines Medical Services Company

9	Group Health Insurance Policy	Saudi Airlines Medical Services Company	44103	Saudi Enaya Cooperative Insurance Company	06/01/1446H (corresponding to 12/07/2024G)	SAR 1,000,000
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Source: The Company

## 12.10 Properties Owned by the Company and its Material Subsidiaries

As at the date of this Prospectus, the Company owns four (4) properties.

The following table sets out the details of such properties:

**Table (160): Real Estate Owned by the Company**

No	Registered Owner	Title Deed Number	Mortgage	Title Deed Date	Location	Area (sqm)	Book Value (SAR)
1	The Company	493737004015	N/A	05/02/1443H (corresponding to 12/09/2021G)	Plot No. 225G from plan No. 3/505T, Plot No. 226G from plan No. 3/505T, Plot No. 234G from plan No. 3/505T, and Plot No. 235G from plan No. 3/505T, located in Al Sharaa District – Jeddah	3,591sqm	19,350,046
2	The Company	798590000322	N/A	28/02/1445H (corresponding to 13/09/2023G)	Plot No. 133, plot No. 134, plot No. 135, plot No.136, plot No.137, and plot No. 138 from plan No. 2905 located in Al Hamra, Riyadh, Saudi Arabia	6,800sqm	58,684,000
3	Riyadh Hospital Company	593836011077	The land and what is built or will be built on it, is mortgaged to as a guarantee for the payment of SAR 570,000,000 in installments ending on 11/06/2033G	26/02/1445H (corresponding to 11/09/2023G)	Plot No. 1469 from plan No. 3114 located in Al Yasmin district, Riyadh, Saudi Arabia	6,358sqm	89,012,000
4	Dr. Soliman Abdel Kader Fakeeh Medical Education Company	498486000133	N/A	14/01/1442H (corresponding to 12/09/2021G)	Plot No. 36B located in Al Hamra neighborhood – Jeddah	2,529sqm	6,445,000

## 12.11 Lease Agreements

The Company (as the lessee) has entered into a total of (33) lease agreements with a number of lessors, of which (16) lease agreements are entered with Related Parties. The Company (as the lessor) has entered into (2) lease agreements with a wholly owned subsidiary and a Related Party. Saudi Airlines Medical Services Company (as the lessee) has entered into (1) lease agreement. Set out below are the key terms and conditions of the relevant lease agreements:

### 12.11.1 Lease Agreements with Third Parties

#### 12.11.1.1 Building 7 Lease Agreement

Purpose / Area (sqm)	Building 7 / 3,414sqm
EJAR (Yes / No)	Yes
Landlord	Ahmad Mohammed Abbas Mokhtar
Tenant	The Company
Term	Starting on 20/03/2023G and ending on 19/03/2033G
Renewal	No automatic renewal provision - renewal by signature of a new contract
Annual Rent (SAR)	1,150,000
Assignment or Sub-lease	Tenant may assign to third parties.
Change of Control	N/A
Termination Provisions	Either party may terminate upon the other party's breach of obligations under the lease within 15 days of notifying the other party of such breach. The tenant may terminate at any time by providing a 90 days' prior notice to the Landlord. The landlord may terminate upon bankruptcy or dissolution of the tenant.

#### 12.11.1.2 Building 7 Lease Agreement

Purpose / Area (sqm)	Building 7 (Area not stated)
EJAR (Yes / No)	Yes
Landlord	Reda Mohammed Abbas Mokhtar
Tenant	The Company
Term	Starting on 01/06/2022G ending on 30/12/2033G
Renewal	Automatically renewable for a similar period unless either party notifies the other party of its intention not to renew at least 180 days from the date of expiration.
Annual Rent (SAR)	1,500,000
Assignment or Sub-lease	Tenant may assign to third parties.
Change of Control	N/A
Termination Provisions	The tenant may terminate at any time by providing a 90 days' prior notice to the Landlord.

#### 12.11.1.3 Al Mokhmal Office Lease Agreement

Purpose / Area (sqm)	Al Mokhmal Office / 440sqm
EJAR (Yes / No)	Yes
Landlord	Najia bint Abdul Latif bin Hussein Jameel
Tenant	The Company



<b>Term</b>	01/12/2021G ending on 30/11/2024G
<b>Renewal</b>	No automatic renewal provision - renewal by signature of a new contract
<b>Annual Rent (SAR)</b>	506,000
<b>Assignment or Sublease</b>	N/A
<b>Change of Control</b>	N/A
<b>Termination Provisions</b>	Either party may terminate upon the other party's breach of obligations under the lease within 15 days of notifying the other party of such breach. The landlord may terminate upon bankruptcy or dissolution of the tenant.

#### 12.11.1.4 Al Nuzha Medical Center Lease Agreement

<b>Purpose / Area (sqm)</b>	Al Nuzha Medical Center / 1,350sqm
<b>EJAR (Yes / No)</b>	Yes
<b>Landlord</b>	Hussein bin Abdullah bin Yahi Al Samaa
<b>Tenant</b>	The Company
<b>Term</b>	Starting on 09/10/2023G ending on 14/05/2029G
<b>Renewal</b>	No automatic renewal provision - renewal by signature of a new contract
<b>Annual Rent (SAR)</b>	1,818,066.09 (the total value of the lease amounting to 11,707,868 to be paid in one instalment due by 19/10/2023G)
<b>Assignment or Sublease</b>	Tenant may assign to a third party.
<b>Change of Control</b>	N/A
<b>Termination Provisions</b>	Either party may terminate upon the other party's breach of obligations under the lease within 15 days of notifying the other party of such breach. The landlord may terminate upon bankruptcy or dissolution of the tenant.

#### 12.11.1.5 Municipality Land Lease Agreement

<b>Purpose / Area (sqm)</b>	Municipality Land (Alawali adjacent land) / 1,999.29sqm
<b>EJAR (Yes / No)</b>	No
<b>Landlord</b>	Holy Makkah Municipality
<b>Tenant</b>	The Company
<b>Term</b>	3 Hijri years starting on 19/04/1444H (corresponding to 13/11/2022G) ending on 18/04/1447H (corresponding to 10/10/2025G)
<b>Renewal</b>	No automatic renewal provision - renewal by signature of a new contract
<b>Annual Rent (SAR)</b>	150,000
<b>Assignment or Sublease</b>	Tenant may not assign to third party.
<b>Change of Control</b>	N/A
<b>Termination Provisions</b>	Landlord may terminate in the event that the tenant: (i) breaches its obligations under the lease and does not remedy the breach within 15 days; (ii) delays in settling rent payments; (iii) for public interest reasons.

#### 12.11.1.6 Fakeeh Technology Office Lease Agreement

<b>Purpose / Area (sqm)</b>	Fakeeh Technology Office / 255sqm
<b>EJAR (Yes / No)</b>	Yes
<b>Landlord</b>	Suleiman Abdul Rahman Suleiman Al Amir

<b>Tenant</b>	The Company
<b>Term</b>	Starting on 01/11/2021G and ending on 31/10/2024G
<b>Renewal</b>	No automatic renewal provision - renewal by signature of a new contract
<b>Annual Rent (SAR)</b>	169,050
<b>Assignment or Sublease</b>	N/A
<b>Change of Control</b>	N/A
<b>Termination Provisions</b>	Either party may terminate upon the other party's breach of obligations under the lease within 15 days of notifying the other party of such breach. The landlord may terminate upon bankruptcy or dissolution of the tenant.

#### 12.11.1.7 DSFMC Land Parking Lease Agreement

<b>Purpose / Area (sqm)</b>	DSFMC land parking / 2,166.69sqm
<b>EJAR (Yes / No)</b>	No
<b>Landlord</b>	Jeddah Municipality
<b>Tenant</b>	The Company
<b>Term</b>	15 years starting from the date that the leased property is transferred to the tenant
<b>Renewal</b>	No renewal provision
<b>Annual Rent (SAR)</b>	200,000
<b>Assignment or Sub-lease</b>	Tenant may not assign or sublease without the landlord's prior written approval
<b>Change of Control</b>	N/A
<b>Termination Provisions</b>	Landlord may terminate the lease if: (i) the tenant delays in settling rent payments; (ii) the tenant assigns the lease without approval; (iii) the tenant changes the use of the property; (iv) goes into bankruptcy; (v) the tenant passes away and his Heirs do not come forward within 2 months (vi) for public interest reasons by notifying the tenant at least 3 months in advance.

#### 12.11.1.8 Jeddah Office Lease Agreement

<b>Purpose / Area (sqm)</b>	Jeddah Office / 255sqm
<b>EJAR (Yes / No)</b>	Yes
<b>Landlord</b>	Suleiman AbdulRahman Suleiman Al Amir
<b>Tenant</b>	The Company
<b>Term</b>	Starting on 01/05/2023 and ending on 30/04/2024
<b>Renewal</b>	No automatic renewal provision - renewal by signature of a new contract
<b>Annual Rent (SAR)</b>	145,000
<b>Assignment or Sub-lease</b>	N/A
<b>Change of Control</b>	N/A
<b>Termination Provisions</b>	Either party may terminate upon the other party's breach of obligations under the lease within 15 days of notifying the other party of such breach. The landlord may terminate upon bankruptcy or dissolution of the tenant.

### 12.11.1.9 Khomra Warehouse Lease Agreement

Purpose / Area (sqm)	Khomra Warehouse / 322.5sqm
EJAR (Yes / No)	Yes
Landlord	AbdulRahman Mohamad Said Mohamad
Tenant	The Company
Term	Starting on 01/11/2023G ending on 31/10/2024G
Renewal	No automatic renewal provision - renewal by signature of a new contract
Annual Rent (SAR)	115,000
Assignment or Sub-lease	N/A
Change of Control	N/A
Termination Provisions	Either party may terminate upon the other party's breach of obligations under the lease within 15 days of notifying the other party of such breach. The landlord may terminate upon bankruptcy or dissolution of the tenant.

### 12.11.1.10 New Khomra Warehouse Lease Agreement

Purpose / Area (sqm)	New Khomra Warehouse / 1,321.29sqm
EJAR (Yes / No)	Yes
Landlord	Omar Atiq Muaili Al Harbi
Tenant	The Company
Term	Starting on 01/10/2023G and ending on 30/09/2024G
Renewal	No automatic renewal provision - renewal by signature of a new contract
Annual Rent (SAR)	243,117
Assignment or Sub-lease	N/A
Change of Control	N/A
Termination Provisions	Either party may terminate upon the other party's breach of obligations under the lease within 15 days of notifying the other party of such breach. The landlord may terminate upon bankruptcy or dissolution of the tenant.

### 12.11.1.11 New Accommodation AlMarwa Lease Agreement

Purpose / Area (sqm)	New Accommodation AlMarwa (Area not stated)
EJAR (Yes / No)	Yes
Landlord	Saudi Company for Tourism Development
Tenant	The Company
Term	Starting on 01/06/2023 ending on 31/05/2033
Renewal	No automatic renewal provision - renewal by signature of a new contract
Annual Rent (SAR)	12,000,000
Assignment or Sub-lease	Tenant may not sublease without the landlord's prior written approval
Change of Control	N/A

<b>Termination Provisions</b>	Landlord may terminate upon: (i) if the tenant is late on rent payment after 30 days of being notified to do so; (ii) if the tenant uses or permits others to use the leased property for illegal or immoral activities; (iii) if the tenant makes any changes that cause the leased property any irreparable damage or intentionally damages the leased property; (iv) if the tenant uses the leased properties for outside the agreed scope; (v) if the tenant fails to execute its obligations under the lease within 30 days of the landlord's notice to do so.
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#### 12.11.1.12 Makkah Land for Building a Hospital Lease Agreement

<b>Purpose / Area (sqm)</b>	Makkah Land for building a hospital / 22,386.81sqm
<b>EJAR (Yes / No)</b>	No
<b>Landlord</b>	Makkah Municipality
<b>Tenant</b>	The Company
<b>Term</b>	25 years starting from the date that the leased property is transferred to the tenant
<b>Renewal</b>	No renewal provision
<b>Annual Rent (SAR)</b>	100,000
<b>Assignment or Sub-lease</b>	Tenant may not assign or sublease without the landlord's prior written approval
<b>Change of Control</b>	N/A
<b>Termination Provisions</b>	Landlord may terminate the lease if: (i) if the tenant is late on rent payment; (ii) the tenant assigns the lease without approval; (iii) the tenant changes the use of the property; (iv) goes into bankruptcy; (v) the tenant passes away and his Heirs do not come forward within 2 months; (vi) for public interest reasons by notifying the tenant at least 3 months in advance; (vii) for bankruptcy of the tenant; (viii) if tenant bribes any of the Municipality employees either directly or indirectly.

#### 12.11.1.13 Lease Agreement for 5 Bridges and 5 Underground Tunnels

<b>Purpose / Area (sqm)</b>	Lease of 5 bridges and 3 underground tunnels (Area not stated)
<b>EJAR (Yes / No)</b>	No
<b>Landlord</b>	Jeddah Municipality
<b>Tenant</b>	The Company
<b>Term</b>	5 years starting on 12/10/1441H (corresponding to 04/06/2020G) and ending on 11/10/1446H (09/04/2025G).
<b>Renewal</b>	Renewable by landlord's written approval
<b>Annual Rent (SAR)</b>	1,050,000
<b>Assignment or Sub-lease</b>	The tenant may not assign or sublease without the landlord's prior written approval
<b>Change of Control</b>	N/A
<b>Termination Provisions</b>	Landlord may terminate if: (i) if the tenant is late on rent payment; (ii) the tenant breaches its obligations under the lease; (iii) for public interest reasons.

#### 12.11.1.14 Al Hamra Parking Lease Agreement

<b>Purpose / Area (sqm)</b>	Parking – Al Hamra (4,407.57sqm)
<b>EJAR (Yes / No)</b>	No
<b>Landlord</b>	Jeddah Municipality
<b>Tenant</b>	The Company
<b>Term</b>	5 years starting from the date that the leased property is transferred to the tenant
<b>Renewal</b>	No renewal provision

<b>Annual Rent (SAR)</b>	400,000
<b>Assignment or Sub-lease</b>	Tenant may not assign or sublease without the landlord's prior written approval
<b>Change of Control</b>	N/A
<b>Termination Provisions</b>	Landlord may terminate the lease if: (i) if the tenant is late on rent payment; (ii) the tenant assigns the lease without approval; (iii) the tenant changes the agreed scope of use of the leased property; (iv) goes into bankruptcy; (v) the tenant passes away and his Heirs do not come forward within 2 months (vi) for public interest reasons by notifying the tenant at least 3 months in advance; (vii) the tenant bribes any of the landlord's employees either directly or indirectly.

#### 12.11.1.15 Bridge Lease Agreement

<b>Purpose / Area (sqm)</b>	Bridge connecting the parking and B2 hospital building (Area not stated)
<b>EJAR (Yes / No)</b>	No
<b>Landlord</b>	Jeddah Municipality
<b>Tenant</b>	The Company
<b>Term</b>	5 years starting from the date that the leased property is transferred to the tenant
<b>Renewal</b>	Renewable by written approval of the Landlord
<b>Annual Rent (SAR)</b>	172,500
<b>Assignment or Sub-lease</b>	Tenant may not assign or sublease without the landlord's prior written approval
<b>Change of Control</b>	N/A
<b>Termination Provisions</b>	Landlord may terminate if: (i) if the tenant is late on rent payment; (ii) the tenant breaches its obligations under the lease; (iii) for public interest reasons.

#### 12.11.1.16 Staff Accommodation Lease Agreement

<b>Purpose / Area (sqm)</b>	Staff accommodation (Area not stated)
<b>EJAR (Yes / No)</b>	Yes
<b>Landlord</b>	Salah Omar Abdul Mohsin Asaad
<b>Tenant</b>	The Company
<b>Term</b>	Starting from 10/02/2022G ending on 09/02/2023G
<b>Renewal</b>	No automatic renewal provision - renewal by signature of a new contract
<b>Annual Rent (SAR)</b>	304,000
<b>Assignment or Sub-lease</b>	N/A
<b>Change of Control</b>	N/A
<b>Termination Provisions</b>	Either party may terminate upon the other party's breach of obligations under the lease within 15 days of notifying the other party of such breach and such breach was not remedied.

#### 12.11.1.17 Khomra Warehouse for FCHCO Lease Agreement

<b>Purpose / Area (sqm)</b>	Khomra Warehouse for FCHCO contract / 1,493sqm
<b>EJAR (Yes / No)</b>	Yes
<b>Landlord</b>	The Company
<b>Tenant</b>	Dr. Mazen Fakeeh Complementary Healthcare Company Ltd.

<b>Term</b>	Starting from 01/12/2022G and ending on 30/11/2024G
<b>Renewal</b>	Automatically renewable unless either party notifies the other of its desire not to renew at least 60 days before its expiry
<b>Annual Rent (SAR)</b>	115,000
<b>Assignment or Sub-lease</b>	Tenant may assign to a third party
<b>Change of Control</b>	N/A
<b>Termination Provisions</b>	Either party may terminate upon the other party's breach of obligations under the lease within 15 days of notifying the other party of such breach. The landlord may terminate upon bankruptcy or dissolution of the tenant.

#### 12.11.1.18 Medical Building in Saudia City Lease Agreement

<b>Purpose / Area (sqm)</b>	Medical Building in Saudia City / 7,844sqm plus an additional area of 11,600sqm for parking space
<b>EJAR (Yes / No)</b>	No
<b>Landlord</b>	Saudi Airlines Real Estate Development Company as the authorized manager for properties owned by Saudi Arabian Airlines Corporation.
<b>Tenant</b>	Saudi Airlines Medical Services Company
<b>Term</b>	Starting from 14/11/2019G and continuing for a period of 30 years thereafter
<b>Renewal</b>	Within the last 2 years of the term the parties shall enter negotiations to extend the lease for an additional 20 years by executing an amended agreement at least six months prior to the expiration of the term.
<b>Rent (SAR)</b>	12,942,600 for the first five years of the term, following which, the rent shall be reviewed and agreed between the parties.
<b>Assignment or Sub-lease</b>	Neither party may assign transfer or otherwise dispose of any of its rights or obligations under the lease without the prior written consent of the other party. If there is a change of management or control of Saudi Airlines Real Estate Development Company, the lease shall be automatically novated and assigned to Saudi Arabian Airlines Corporation.
<b>Change of Control</b>	N/A
<b>Termination Provisions</b>	The lease may only be terminated in the event one of the parties commits a material breach of the terms and fails to cure such breach within 6 months of receipt of a notice from the other party notifying it of such breach.

#### 12.11.1.19 Masar Project Lease Agreement

<b>Purpose / Area (sqm)</b>	Plots 3SS-08; 3SS-07 and 3SS06 located in Masar Project / 9,733.61sqm
<b>EJAR (Yes / No)</b>	No
<b>Landlord</b>	Umm Al-Qura for Development and Construction Company
<b>Tenant</b>	The Company
<b>Term</b>	40 years from 19/06/2022G.
<b>Renewal</b>	At least 9 months before the end of the term, the parties shall agree on renewing the lease by signing a new written contract.
<b>Annual Rent (SAR)</b>	Grace period of 5 years from the commencement date. Starting 2027G, the annual rent will be SAR 2,700,000.00, and increase each year in accordance with the schedule provided under the lease.
<b>Assignment or Sub-lease</b>	Tenant may not transfer its rights or obligations without the prior written consent of the Landlord. The landlord may assign or transfer any of its rights or obligations under the lease at its own discretion.

<b>Change of Control</b>	Any change of control in the tenant (control being defined as an ownership of more than 50% or the right to the management of the entity) is deemed as a transfer and the prior written consent of the landlord shall be required.
<b>Termination Provisions</b>	Either party may terminate upon the other party's breach of obligations under the lease within 30 days of notifying the other party of such breach and if such breach was not remedied during that period.

### 12.11.1.20 Coffee Shop in DSFH Jeddah Lease Agreement

<b>Purpose / Area (sqm)</b>	Coffee shop within DSFH Jeddah's premises (70sqm)
<b>EJAR (Yes / No)</b>	Yes
<b>Landlord</b>	The Company
<b>Tenant</b>	Soliman Mazen Soliman Fakeeh Catering Company
<b>Term</b>	Starting from 01/01/2022G and ending on 31/12/2024G
<b>Renewal</b>	The lease period ends with the end of the contract term. Parties must enter into a new lease agreement upon the lease term expiration
<b>Annual Rent (SAR)</b>	SAR 345,000
<b>Assignment or Sub-lease</b>	Tenant may not assign or sublease without the landlord's prior written approval
<b>Change of Control</b>	N/A
<b>Termination Provisions</b>	Either party may terminate upon the other party's breach of obligations under the lease within 15 days of notifying the other party of such breach. The landlord may terminate upon bankruptcy or dissolution of the tenant.




### 12.11.2 Lease Contracts with Related Parties

For further information about lease agreements with related parties, please refer to Section 12.7.2 ("Leases Entered into by the Group and Related Parties") of this Prospectus.




## 12.12 Trademarks and Copyrights

The Group generally relies on its intangible assets, such as trademarks that reflect its business identity and the nature of its activities. The following table sets out a description of the trademarks owned by the Company and its Material Subsidiaries, and their main details.

**Table (161): Details of Registered Trademarks<sup>9</sup>**

Company Name	Owned by	Country of Registration	Trademark Number	Expiry Date	Classification	Logo
The Company	The Company	Saudi Arabia – Jeddah	1445008682	04/03/1455H (corresponding to 01/06/2033G)	44	 فقيه. مستشفى د. سليمان فقيه Dr. Soliman Fakeeh Hospital
Saudi Airlines Medical Services Company	The Company	Saudi Arabia – Jeddah	1445002455	27/01/1455H (corresponding to 27/04/2033G)	44	 فقيه   مديكال Medical
Fakeeh Medical Home	The Company	Saudi Arabia- Jeddah	1442008254	11/03/1452H (corresponding to 13/07/2030G)	44	 فقيه   البيت الطبي Fakeeh Medical Home

9- The trademark registration certificate for Dr. Soliman Fakeeh Medical Group (Riyadh) is still pending issuance, and it is expected to be issued during March 2024G.

Company Name	Owned by	Country of Registration	Trademark Number	Expiry Date	Classification	Logo
Fakeeh Care	The Company	Saudi Arabia-Jeddah	1438017815	24/08/1448H (corresponding to 01/02/2027G)	44	
Fakeeh Executive Clinic	The Company	Saudi Arabia-Jeddah	1438025592	22/11/1448H (corresponding to 29/04/2027G)	44	
Fakeeh Pharmacy	The Company	Saudi Arabia-Jeddah	1442006456	27/02/1452H (corresponding to 24/04/2030G)	5	
Dr. Soliman Abdel Kader Fakeeh Medical Education Company	Dr. Soliman Abdel Kader Fakeeh Medical Education Company	Saudi Arabia-Jeddah	1442006445	27/02/1452H (corresponding to 09/06/2030G)	41	

### 12.13 Zakat and Tax Status of the Company

The Company is subject to the regulations of the Saudi Zakat, Tax and Customs Authority (ZATCA). In 2021G, the Company obtained approval from the Zakat, Tax, and Customs Authority to submit its declarations on a consolidated basis with its sister facility. The Company has been submitting its zakat declarations on a consolidated basis since 2020G. Accordingly, the Company submitted its zakat declarations for the year ended 31/12/2022G to the General Authority for Zakat and Income on a consolidated basis. The Company received a valid zakat certificate expiring on 30/04/2024G. The Company presented its zakat declaration from 2009G through 2016G and submitted its zakat declaration for the year ended 31/12/2017G. ZATCA issued the initial assessment for 2017G, revealing zakat differences amounting to SAR 0.7 million payable by the Company, which the Company agreed to settle. The Company submitted its zakat declaration for the year ended 31/12/2018G, and ZATCA issued an initial assessment, demanding an additional zakat commitment of SAR 1.5 million. The Company objected thereto, and the ZATCA rejected said objection. As a result, the Company escalated its objection to the Committees for the Resolution of Zakat, Tax, and Customs violations. Subsequently, it appealed to the Appellate Committee for Tax Violations and Disputes. The matter is still under consideration as of the date of this Prospectus.

The Company submitted its zakat declarations for the years ended 31 December 2017G, 2018G, 2019G, 2020G, 2021G, and 2022G. It received an unrestricted zakat certificate for 2022G. However, ZATCA has not issued the zakat assessments for the above years as of the date hereof.

Medical Fakeeh submitted its zakat declarations up to 2022G. Management believes that Medical Fakeeh was exempt from zakat until 31 December 2018G, according to the regulations of the Zakat, Tax, and Customs Authority in the Kingdom. Said exemption was based on its ownership by Saudia as of 31 December 2018G. Therefore, no zakat provision was established until the end of 2018G. However, with the change in ownership of Medical Fakeeh in 2019G, when it became 75% owned by the Company and 25% owned by the Saudia. Accordingly, Medical Fakeeh is now subject to Zakat. The ZATCA did not issue any assessment to date.



## 12.14 Litigations, Disputes and Regulatory Compliance

Legal actions and claims may be filed against the Company and its Material Subsidiaries by patients, visitors, associated companies, suppliers, health practitioners, staff, employees and regulatory authorities. The Company and its Material Subsidiaries do not guarantee the final outcome of these cases or the costs that may be incurred as a result of such lawsuits and proceedings. Therefore, any negative results arising from any lawsuits or proceedings will have an adverse effect on the Company's business and financial results. Lawsuits and proceedings may include, but are not limited to, violations or irregularities with respect to any of the following: Private Health Institutions Law, medical errors and complaints, Labor Law, and other contractual and commercial disputes.

Except for the claims set out in this section, the Directors confirm that the Company and its Material Subsidiaries, up to the date of this Prospectus, are not parties to any existing or possible litigation, arbitration or administrative proceedings that would, individually or in aggregate, have an adverse impact on their financial position and results of operations.

Set out below are brief summaries of the aforementioned litigation cases as of the date of this Prospectus.

**Table (162): Summary of Commercial Litigation**

Claimant	Dispute Summary	Current Status	Disputed Amount
Employees of (ELM) Project	ELM Company and the Company entered into an agreement in relation to hiring employees on a temporary monthly contract (1-6 months) for the vaccine and laboratory project during the pandemic. ELM Company is an affiliate of the Ministry of Health and were instructed by the Ministry of health to decrease their employees in the work force, and consequently, 1694 employees were suspended and within them 329 employees filed labor suits against the Company.	The number of labor claims against the Company are subject to change as more employees are filing for their rights.	SAR 14,511,402
The Company	Claiming Patients with outstanding balances either by patient file invoice or signed promissory note.	Cases processing in court or collected or pending	Approximately SAR 76 million distributed over 850 files.

## 12.15 Summary of Company's Bylaws

### Chapter One: Establishment of the Company

#### Article 1: Establishment

A Saudi Joint-stock Company shall be established in accordance with the provisions of the Companies Law issued by Royal Decree No. M/132 dated 01/12/1443H, its implementing regulations, and these Bylaws, in accordance with the following:

#### Article 2: Name of the Company

Dr. Soliman Abdel Kader Fakeeh Hospital Company (Joint-stock Company).

#### Article 3: Head Office of the Company

The head office of the Company shall be in the city of Jeddah. The Company may establish branches within and outside the Kingdom by a decision of the Board of Directors.

**Article 4: Objectives of the Company**

The Company carries out and implements the following objectives: (1) Construction of buildings (2) Construction of roads and railways (3) Construction of utility projects (4) Construction of other civil engineering projects (5) Demolition (6) Site preparation (7) Electrical installation (8) Plumbing, heat and air-conditioning installation (9) Other construction installation (10) Building completion and finishing (11) Other specialized construction activities (12) Short term accommodation activities (13) Restaurants and mobile food service activities (14) Event catering (15) Other food service activities (16) Beverage serving activities (17) Renting and leasing of recreational and sports goods (18) Renting of other personal and household goods (19) Renting and leasing of other machinery, equipment and tangible goods (20) Other reservation service and related activities (21) Combined facilities support activities (22) General cleaning of buildings (23) Other building and industrial cleaning activities (24) Landscape care and maintenance service activities (25) Combined office administrative service activities (26) Organization of conferences and trade exhibitions (27) Higher education (28) Hospitals (29) Medical and dental practice activities (30) Other human health activities (31) Social work activities without accommodation.

**Article 5: Duration of the Company**

The duration of the Company shall be 99 years starting from the date of its registration in the commercial register. This period may always be extended by a decision issued by the Extraordinary General Assembly at least one year before its expiration.

**Chapter Two: Capital and Shares of the Company****Article 6: Capital of the Company<sup>10</sup>**

The Company's issued capital shall be two hundred million Saudi Riyals (SAR 200,000,000) divided into two hundred million (200,000,000) nominal shares of an equal value of one Saudi Riyal (SAR 1) each, all of which shall be ordinary shares in exchange for cash shares. An amount of two hundred million Saudi Riyals (SAR 200,000,000) has been already paid up in cash.

**Article 7: Subscription of Shares**

The Shareholders have subscribed in full to the issued capital shares amounting to two hundred million (SAR 200,000,000) paid in full.

**Article 8: Subscription to the Company's Capital**

Shareholders have subscribed in full to the issued capital shares amounting two hundred million (SAR 200,000,000) shares, paid-up in full, with a total value of two hundred million Saudi Riyals (SAR 200,000,000). The Shareholders endorse their joint liability within their own money towards any third party in relation to the full payment of the entire capital of the Company.

**Article 9: Preferred Shares**

The Company's Extraordinary General Assembly may, subject to the guidelines set by the competent authority, issue preferred shares, purchase preferred shares, convert ordinary shares into preferred shares, or convert preferred shares into ordinary shares. Preferred shares do not confer shareholders with General Assemblies voting rights but do give their holders the right to receive a larger percentage of the Company's net profit when compared to holders of ordinary shares, after setting aside the statutory reserves.

10- This paragraph represents the current text of Article 6 of the Company's bylaws. The Extraordinary General Assembly, at its meeting held on 09/05/1445H (corresponding to 23/11/2023G), approved amending the Company's bylaws to increase the Company's capital to two hundred and thirty-two million (SAR 232,000,000) Saudi Riyals, divided into two hundred and thirty-two million shares.

**Article 10: Sale of Non-Paid-Up Shares**

Each Shareholder undertakes to pay the value of the shares on the dates set for such payment. Should a Shareholder fail to meet at the due date, the Board of Directors may, after notifying the Shareholder via a letter to his address set out in the shareholder register, sell the share at a public auction or through the stock market, as the case may be, in accordance with the controls set by the competent authority. The Company shall collect the amounts due thereto from the proceeds of the sale and return the remaining to the Shareholder. If the proceeds of the sale fall short of the amounts due, the Company shall have a claim on the entire fortune of the Shareholder for the unpaid balance. However, a defaulting Shareholder may, up to the date of sale, pay the amount owed thereby plus the expenses incurred by the Company in this regard. The Company shall cancel the shares sold in accordance with this Article, issue new shares to the purchaser bearing the serial numbers of the cancelled shares and make a note to this effect in the Shares Register specifying the name of the new holder.

**Article 11: Issuance of Shares**

Shares shall be nominal shares and may not be issued at less than their nominal value, but may be issued at a value higher than said nominal value; in which case, the difference in value shall be added as a separate article relating to the shareholder's rights and may not be distributed as a shareholder dividend. A share shall be indivisible vis-à-vis the Company. In the event that a share is owned by several persons, they shall select one person amongst them to exercise, on their behalf, the rights pertaining to said share, and they shall be jointly responsible for the obligations arising from ownership of said share.

**Article 12: Shareholders' Register**

Nominal shares shall be traded by registering them in the Shareholders' Register, which includes Shareholder's names, nationalities, occupations, places of residence, addresses, share numbers and the amounts paid. This registration shall be marked on the shares, and the transfer of ownership of the share shall not be taken into account against the Company or third parties except as of the date of registration in the aforementioned Register.

**Article 13: Capital Increase**

1. The Extraordinary General Assembly may adopt a resolution to increase the Company's capital, provided that the original capital shall have been paid up in full. Said paid up provision shall not apply when the unpaid portion of capital is due to shares issued in exchange for the conversion of financing or debt instruments into shares, and the prescribed period for such conversion has not yet expired; 2. In any case, the Extraordinary General Assembly shall allocate capital increase shares or portions thereof to the employees of the Company and to the employees of all or some of its affiliates. Shareholders may not exercise pre-emptive rights upon the Company's issuance of shares allocated to employees; 3. Holders of shares at the time of the Extraordinary General Assembly's adoption of a resolution to increase the capital shall have pre-emptive rights to subscribe for the new shares, in exchange for cash shares. Shareholders shall be notified of their pre-emptive rights via letters to their addresses in the shareholders register, or through modern technology means stating the adoption of the resolution to increase capital, the terms of the subscription, its duration, start and end dates; 4. The Extraordinary General Assembly may revoke the pre-emptive rights of shareholders to subscribe for the capital increase in exchange for cash shares, or vest said pre-emptive rights in non-shareholders when it deems that doing so is in the Company's best interest. Shareholders may sell or assign their pre-emptive rights in exchange for cash shares or non-cash shares, in accordance with the regulations thereof, and 5. Without prejudice to the provisions of paragraph 4 hereof, new shares shall be distributed to the holders of pre-emptive rights who applied to subscribe thereto, in proportion to their pre-emptive rights resulting from the total pre-emptive rights resulting from the capital increase; provided that their receipt thereof does not exceed the number of new shares they have applied for. Remaining new shares shall be distributed to pre-emptive right holders who have asked for more than their proportionate stake, in proportion to their total pre-emptive rights resulting from the capital increase, provided that their total receipt thereof does not exceed the number of new shares they have asked for. Any remaining new shares shall be offered for public subscription, unless the Extraordinary General Assembly decides, or the Capital Market Law provides, otherwise.

**Article 14: Decrease of Capital**

The Extraordinary General Assembly may resolve to reduce the Company's capital, if it proves to be in excess of the Company's needs, or if the Company sustains losses. In the latter case only, the Company's capital may be reduced below the limit prescribed under Article 59 of the Companies Law. A capital decrease resolution shall be issued, only after reading a statement in the General Assembly meeting prepared by the Board of Directors on the reasons calling for such reduction, the obligations to be fulfilled by the Company and the effect of the reduction on such obligations. A report from the Company's auditor shall be attached to this statement. Such statement may be sufficient to the shareholders in cases where the General Assembly's decision is issued by circulation. If the capital reduction is due to it being in excess of the Company's needs, then the Company's creditors shall be invited to express their objection thereto, if any, at least forty-five (45) days before the date set for the meeting of the Extraordinary General Assembly for the reduction resolution. Should any creditor object and present to the Company evidentiary documents of such debt within the time limit set above, then the Company shall pay such debt, if already due, or present an adequate guarantee of payment if the debt is due on a later date.

**Article 15: Company's Purchase, Sale and Mortgage of its Shares**

1. The Company may purchase its ordinary and preferred shares in accordance with the regulatory controls of the competent authority. The shares purchased by the Company may not have voting rights in the shareholders assemblies; 2. The Company may purchase its shares to use it as treasury shares in accordance with the purposes and controls set by the competent authority; 3. The Company may purchase its shares to allocate them to the Company's employees, or the employees of any of its subsidiaries, wholly or partially (whether directly or indirectly) within the employee shares program in accordance with the regulatory controls set by the competent authority; 4. The Company may sell treasury shares in one or several stages in accordance with the controls and procedures set by the competent committee; 5. The Company may mortgage its shares as security for a debt in accordance with the controls set by the competent authority.

**Chapter Three: Board of Directors****Article 16: Management of the Company**

- a- The Company shall be managed by a Board of Directors composed of (8) members who shall be natural persons elected by the Ordinary General Assembly of shareholders for a period of not more than four years.
- b- The Board of Directors shall determine its working method as follows:
  - Meetings of the general and special assemblies shall be held upon an invitation from the Board of Directors.
  - The quorum shall be deemed valid if attended by 50% of the Directors
  - The quorum for resolutions shall be deemed valid if approved by 51% of the members.
  - Members of the Board may delegate others to attend the meetings.
  - The communication of the Directors shall be as follows: general and special assemblies shall be held upon an invitation from the Board of Directors.

**Article 17: Expiration or Termination of Board Membership**

Membership of the Board of Directors shall end upon the expiry of the term thereof or the end of the member's appointment, in accordance with any law or instructions applicable in the Kingdom. The General Assembly, based on a recommendation from the Board of Directors, may terminate the membership of any member who has been absent from three consecutive meetings or five separate meetings during their membership term without a valid excuse acceptable to the Board of Directors.

**Article 18: Powers and Authorities of the Board of Directors**

Subject to the powers assigned to the General Assembly, the Board of Directors shall have the broadest authorities in managing the Company in order to achieve the purposes thereof.

The Board of Directors shall obtain the approval of the General Assembly when selling assets with a value exceeding fifty percent (50%) of the value of the total assets, whether the sale is made through one or several transactions. In this case, the transaction exceeding fifty percent (50%) of the value of the assets shall require the approval of the General Assembly. Said percentage shall be calculated from the date of the first transaction that took place during the previous twelve (12) months. The Board of Directors may, within the limits of its jurisdiction, authorize one or more of its members or third parties to carry out specific business(es).

**Article 19: Remuneration of the Directors**

- a- The remuneration of the Board of Directors consists of a percentage of the net profits, session attendance allowance, in-kind benefits, specific amount or whatever is determined by the Ordinary Assembly.
- b- The report of the Board of Directors to the Ordinary General Assembly, at its annual meeting, shall include a comprehensive statement of all the bonuses, session attendance allowance, expenses allowance and other benefits each member of the Board of Directors received or was entitled to receive during the financial year. The report shall also include a statement of the number of Board sessions and the number of sessions attended by each member.

**Article 20: Powers and Authorities of the Chairman, Vice Chairman, Managing Director and Secretary**

The Board of Directors shall, at its first meeting, appoint a Chairman of the Board from among its members. It may also appoint a Managing Director or a Vice Chairman of the Board of Directors.

The Board of Directors shall appoint a Secretary from among its members or from other parties.

The Chairman of the Board of Directors may delegate (in writing) some of his powers to other members of the Board or to third parties to carry out specific business(es). The Vice Chairman of the Board of Directors shall replace the Chairman of the Board of Directors in his absence in cases where the Board of Directors has a Vice Chairman.

**Article 21: Board Meetings**

The Board of Directors of a joint-stock company shall hold at least four (4) meetings a year upon the invitation of its Chairman. The Chairman of the Board shall invite the Board to a meeting if so requested in writing by any member of the Board to discuss one or more topics. The Board of Directors shall determine the venue of its meetings, and it may hold by modern technology means.

**Article 22: Meeting Quorum and Board Resolutions**

A Board meeting shall be quorate only if attended by at least half of the members in person or by proxy. Each Board member may delegate any of the members to represent them, provided that the delegated member does not have more than one delegation. Resolutions of the Board shall be adopted with the approval of the majority vote of the members present in person or represented by proxy. In case of a tie, the vote of the Chairman or his representative shall prevail.

**Article 23: Board Deliberations**

Board deliberations and resolutions shall be recorded in minutes signed by the Chairman of the Board, the attending Board members, and the Secretary. Such minutes shall be recorded in a special register signed by the Chairman of the Board and the Secretary.

**Chapter Four: Shareholders Assemblies****Article 24: Invitation to the Assemblies**

- a- General and special assemblies shall be convened upon the invitation of the Board of Directors. The Board of Directors shall invite the Ordinary General Assembly to convene within (30) days from the date of the request of the Auditor or one or more Shareholders representing at least ten percent (10%) of the voting shares. The Auditor may invite the Ordinary General Assembly to convene if the Board does not extend the invitation within (30) days from the date of the Auditor's request.
- b- The request referred to in Paragraph (1) of this Article shall state the issues the Shareholders are required to vote thereon.
- c- The invitation to convene with the Assembly shall be sent at least (21) days before the date specified therefor, in accordance with the provisions of the law, taking into account the following:
  - Informing Shareholders by sending registered letters to their addresses stated in the Shareholders register, or announcing the invitation through modern technology means.
  - Sending a copy of the invitation and the agenda to the Commercial Register, as well as a copy to the CMA if the Company is listed on the Saudi Exchange, on the date of announcing the invitation.

- d- The invitation sent to the Assembly to convene shall, at least, include the following:
- A statement of the right to attend the meeting and the right to delegate someone other than Board members, and a statement of the shareholder's right to discuss the matters listed on the agenda of the meeting, raise questions, and the manner by which to exercise the voting right.
  - Location, date, and time of the meeting.
  - Type of assembly, whether it is a general or special assembly.
  - Agenda of the meeting, including items that require voting by shareholders.

#### **Article 25: Voting in the Assemblies**

Cumulative voting shall be used when electing the Board of Directors. Directors may not participate in voting on Assembly resolutions pertaining to business and contracts in which they have a direct or indirect interest, or that involve a conflict of interest.

#### **Article 26: Preparation of Minutes of the Assemblies**

Assembly meeting minutes shall be drafted indicating the number of shareholders present in person or by proxy, the number of shares held thereby, the number of votes attached to their shares, the decisions made, the number of consenting and dissenting votes, and a summary of meeting discussions. The minutes shall be regularly recorded after every meeting in a special register signed by the assembly's Chairman, Secretary and vote collectors.

#### **Article 27: Shareholders General Assembly**

Each Subscriber, regardless of the number of shares he holds, has the right to attend the Constituent Assembly in person or by proxy. Each Shareholder has the right to attend the General Assembly and the Shareholder may delegate another shareholder other than Directors or employees of the Company to attend the General Assembly on his behalf.

#### **Article 28: The Ordinary General Assembly**

Except for matters reserved for the Extraordinary General Assembly, the Ordinary General Assembly shall be in charge of all matters concerning the Company. The Ordinary General Assembly shall be convened at least once a year, within six (6) months following the end of the Company's Financial Year. Additional Ordinary General Assembly meetings may be convened whenever needed.

#### **Article 29: The Extraordinary General Assembly**

The Extraordinary General Assembly shall have the power to amend the Company's Bylaws, except for such provisions as may be impermissible to amend under the law. The Extraordinary General Assembly may pass resolutions on matters falling within the competence of the Ordinary General Assembly under the same conditions applicable to the latter.

#### **Article 30: Method of Attendance**

When the General Assembly is held, a list of the names of the shareholders present and their representatives and their places of residence shall be written, indicating the number of shares they hold, personally or by proxy, and the number of votes allocated thereto. Every interested party may have access to said list.

#### **Article 31: Ordinary General Assembly Quorum**

A meeting of the Ordinary General Assembly shall be valid only if attended by Shareholders representing 50% of the Company's capital. If such quorum is not attained, a second meeting shall be called to convene within 30 days after the previous meeting. The invitation shall be announced as stipulated under these Bylaws and shall be deemed quorate irrespective of the number of shares represented thereat. The second meeting may be held one hour following the time set for the first meeting.

**Article 32: Extraordinary General Assembly Quorum**

A meeting of the Extraordinary General Assembly shall be quorate only if attended by Shareholders representing at least half of the Company's shares with voting rights. If such quorum is not attained, a second meeting shall be called to convene under the same conditions stipulated in Article 91 of the Companies Law. The second meeting may be held one hour following the time set for the first meeting. In any case, the second meeting shall be deemed quorate if attended by Shareholders representing at least one quarter of the Company's shares with voting rights.

**Article 33: Resolutions**

Resolutions of the Constituent Assembly shall be issued by an absolute majority of the shares represented therein. However, if such resolutions relate to the evaluation of in-kind shares or special benefits, the approval of the majority of subscribers to the cash shares shall be required, and shall represent two-thirds of the aforementioned shares after excluding the amount subscribed from the shares of the providers of the in-kind shares or the beneficiaries of the special benefits, and they shall have no say in such resolutions, even if they are holders of cash shares. The resolutions of the Ordinary General Assembly shall also be issued by an absolute majority of the shares represented at the meeting, and the resolutions of the Extraordinary General Assembly shall be issued by a two-thirds majority of the shares represented in the meeting, unless the resolution is related to increasing or reducing the capital, extending the duration of the Company, dissolving the Company before the expiry of the period specified in its Bylaws, or merging the Company with another company or institution, in which case, the resolution shall only be valid if issued by a three-quarters majority of the shares represented thereat.

**Article 34: Discussion of the Agenda**

Each shareholder shall have the right to discuss the items listed on the General Assembly's agenda and to direct questions in respect thereof to the members of the Board and the Auditor, who shall answer the Shareholder's questions to the extent that is not detrimental to the Company's interests. If the shareholder deems the answer unsatisfactory, then he may refer the issue to the Assembly whose decision in this regard shall be binding.

**Article 35: Chairing of Assemblies**

The General Assembly shall be presided over by the Chairman of the Board of Directors or his representative, in his absence. The Chairman shall appoint a Secretary for the meeting and a Canvasser. Minutes shall be written for the meeting which shall include the names of the Shareholders present in person or represented by proxy, the number of shares held by each, the number of votes attached to such shares, the resolutions adopted at the meeting, the number of votes assenting or dissenting to such resolutions and a comprehensive summary of the discussions that took place at the meeting. Such minutes shall be regularly recorded after each meeting in a special register to be signed by the Chairman of the Assembly, the secretary and the vote collectors.

**Article 36: Issuance of General Assembly Resolutions by Circulation**

As long as the Company is not listed, the Chairman of the Board of Directors shall have the right to propose issuing a General Assembly resolution by circulation to shareholders, without the need for a meeting, unless one Board member submits a written request that a meeting be convened for deliberations. However, in order to issue a General Assembly resolution related to electing and dismissing members of the Company's Board of Directors, appointing and dismissing the Company's auditor, if any, and reviewing and discussing the financial statements for the past Financial Year, the General Assembly shall be held in accordance with the relevant provisions. 2. For the resolution proposed to be issued, in accordance with Paragraph 1 of this Article, to be valid, the Company shall send the resolution with the relevant documents attached thereto to all shareholders, indicating the process to be followed for approving the same and the deadline set for the resolution issuance. 3. General Assembly resolutions shall be issued by circulation according to the following: A. The resolution that falls within the jurisdiction of the Ordinary General Assembly shall be issued with the approval of one or more shareholders representing the majority of voting rights. B. The resolution that falls within the jurisdiction of the Extraordinary General Assembly shall be issued with the approval of one or more shareholders representing seventy-five percent (75%) of the voting rights. 4. The Assembly's resolutions issued by circulation in accordance with Paragraph 3 of this Article shall be recorded in the minutes and in the special register stipulated in Article 97 of the Companies Law.

## Chapter Five: Auditor

### Article 37: Appointment of the Auditor

The Company shall have one or more auditors to be selected from auditors authorized to do business in the Kingdom of Saudi Arabia. The General Assembly shall appoint the Auditor on an annual basis and determine the remuneration and term thereof. The Assembly may also reappoint the auditor in accordance with the Companies Law.

### Article 38: Access to Records

The Auditor shall, at all times, have access to the Company's books, records and any other documents. He may also request information and clarification as he deems necessary, and verify the Company's assets and liabilities. The auditor shall submit to the annual General Assembly a report that includes the Company's position on enabling him to obtain the information and clarifications he requested, the violations he may have uncovered regarding the provisions of the Companies Law or these Bylaws, and his opinion regarding the conformity of the Company's accounts with the facts.

## Chapter Six: Company Finances and Distribution of Profits

### Article 39:

- a- The Company's financial year shall be twelve (12) Gregorian months, beginning on the 1st of January and ending at the end of 31 of December.
- b- A separate budget shall be prepared for the transitional period resulting from the amendment of the financial year.

### Article 40: Company's Budget

At the end of each financial year, the Board of Directors shall prepare an inventory of the value of the Company's assets and liabilities on the aforementioned date, as well as the Company's budget, profits and losses account, and a report on the Company's activities and financial position for the ended financial year. Said report shall include the method proposed for the distribution of profits. The Board shall place such documents at the disposal of the Auditor, at least forty-five (45) days before the date scheduled for the General Assembly meeting. Said documents shall be signed by the Chairman of the Board, the CEO and the CFO, with a set thereof made available at the Company's head office for the Shareholders to review it at least (21) days prior to the time set for convening the General Assembly. The Chairman of the Board shall provide shareholders with the Company's financial statements, Board of Directors' report, and Auditor report if the latter are not made available through a daily newspaper circulated in the Company's head office. He shall also send a copy of said documents to the General Administration of Companies at least fifteen (15) days prior to the meeting of the General Assembly.

### Article 41: Distribution of Profits

A certain percentage of the net profits shall be set aside to form a statutory reserve for specific purposes. The Ordinary General Assembly, when determining the stake of shares in the net profits, may decide to form other reserves to the extent that achieves the interests of the Company or guarantees steady distribution of profits to the Shareholders. The Ordinary General Assembly may use the retained profits and distributable reserves to pay the remaining amount of the value of the share or part thereof, provided that this does not prejudice fairness between shareholders in accordance with the provisions of the Companies Law.

### Article 42: Payment of Profits

Shareholders shall be entitled to their share of the profits in accordance with the resolution of the General Assembly issued in this regard. The resolution shall specify the record date and the distribution date. Shareholders registered in the shareholder registers at the end of the record date shall be entitled to dividends.

### Article 43: Company Losses

If the Company's losses amount to half of its issued capital, then Board of Directors shall disclose such loss, and the resolutions taken in that regard within sixty (60) days from the date of being made aware thereof. The Extraordinary Assembly meeting shall be called to convene within one hundred and eighty (180) days of being made aware of the losses to consider the continuation of the Company and take any necessary measures to address or resolve such losses.



**Article 44: Distribution of Interim Profits**

The Company may distribute interim profits (quarterly or semi-annually) to its shareholders after fulfilling the following controls: (a) The Ordinary General Assembly shall authorize the Board of Directors to distribute interim profits pursuant to a resolution of the Assembly renewed annually; (b) The Company shall have appropriate and regular profitability; (c) The Company shall have reasonable liquidity and can predict the level of its profits, and (d) The Company shall distribute profits according to the latest audited financial statements sufficient to cover the profits proposed to be distributed after deducting the distributed and capitalized profits after the date of said financial statements.

**Chapter Seven: Termination and Liquidation of the Company****Article 45: Disputes**

Each shareholder shall have the right to file a liability action, vested in the Company, against members of the Board who have committed a mistake that caused said shareholder to suffer damages. Such liability action may only be filed by the shareholder, if the Company's right to file such action remains valid. The shareholder shall notify the Company of his/its intention to file such action.

**Article 46: Expiry of the Company**

Upon the Company's expiration or dissolution before the specified term, the Extraordinary General Assembly, based on the proposal of the Board of Directors, shall decide the method of liquidation and appoint one or more liquidators and determines their powers and fees. The powers of the Board of Directors shall cease upon the Company's dissolution. However, the Board of Directors shall remain responsible for the management of the Company until the appointment of the liquidator. The Company's bodies shall retain such powers to the extent that do not conflict with those of the liquidator.

**Chapter Eight: Final Provisions****Article 47: Final Provisions**

The Founders hereby confirm the validity of statements and provisions set forth in these Bylaws, and further assert that they comply with the Companies Law promulgated under Royal Decree M/132 dated 1/12/1443H and its Implementing Regulations, and that they fulfill all requirements and instructions issued by the Ministry of Commerce in accordance with the provisions of said Law, for which the Shareholders shall be accountable and assume legal and financial liability. The Founders are fully aware of the Ministry of Commerce's right to take the necessary legal actions should there be any violation or conflict with these Bylaws.

## 13. UNDERWRITING

The Company, the Selling Shareholders and the Underwriters have entered into an Underwriting Agreement to underwrite the Offering dated 06/11/1445H (corresponding to 14/05/2024G) (hereinafter referred to as the “**Underwriting Agreement**”) whereby the Underwriters have agreed to underwrite all the Offer Shares amounting to 49,800,000 Shares, subject to certain terms and conditions set out in the Underwriting Agreement. The name and address of the Underwriters are set out below:

### 13.1 Underwriters' Name and Address

#### HSBC Saudi Arabia

Olaya Street, Al Murooj

P.O. Box: 12283, Riyadh

Kingdom of Saudi Arabia

Tel: +966 922 000 5920

Fax: +966 11 511 2201

Website: <https://www.hsbcSaudi.com>

Email: [fakeehcareipo@hsbcSaudi.com](mailto:fakeehcareipo@hsbcSaudi.com)



#### anb capital

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#### EFG Hermes KSA

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### 13.2 Summary of the Underwriting Agreement

Pursuant to the terms and conditions of the Underwriting Agreement:

- a- The Selling Shareholders and the Company undertake to the Underwriters to perform the following actions on the first business day following the allocation of the Offer Shares upon closing of the Offering:
  - 1- Sell and allocate the Offer Shares to the Individual Subscribers or Participating Parties whose subscription applications have been accepted by the Receiving Agents.
  - 2- Sell and allocate the Offer Shares which have not been purchased by Individual Subscribers or Participating Parties to the Underwriters.
- b- The Underwriters undertake to the Company and the Selling Shareholders to purchase any Offer Shares that are not subscribed for by Individual Subscribers or Participating Parties, as follows:

**Table (163): Shares to be Underwritten**

Underwriter	Number of Offer Shares to be Underwritten	Percentage of Offer Shares to be Underwritten
HSBC Saudi Arabia	44,820,000	90%
anb capital	2,490,000	5%
EFG Hermes KSA	2,490,000	5%

Source: The Company

The Company shall be subject to several restrictions and obligations immediately after Listing, according to the standard practice in such agreements. The Company and the Selling Shareholders undertake to comply with all the provisions of the Underwriting Agreement.

### 13.3 Underwriting Costs

The Company and the Selling Shareholders shall pay the underwriting fees to the Underwriters based on the total value of the Offering. The Company and the Selling Shareholders further agree to pay the Offering expenses and costs.

## 14. OFFERING EXPENSES

The Offering expenses and costs are estimated at approximately SAR 75.0 million. These expenses initially include the fees of the Financial Advisor, Global Coordinator, Bookrunners, Lead Manager, Selling Shareholders' Advisors, Underwriters, Legal Advisors, Financial Due Diligence Advisor, Auditor, Receiving Agents, Market Consultant, in addition to marketing, printing, distribution and other expenses related to the Offering process which will be deducted from the Offering Proceeds and distributed between the Selling Shareholders and the Company on a pro rata basis according to the number of Offering Shares that will be sold by them during the Offering process; where the Selling Shareholders shall initially bear approximately SAR 29.8 million Saudi Riyals, and the Company shall initially bear approximately SAR 45.2 million Saudi Riyals of the Offering expenses.

## 15. COMPANY'S POST-LISTING UNDERTAKINGS

After Listing, the Company undertakes to:

- Notify the CMA of the date of the first post-listing approval General Assembly meeting to allow any of its representatives to attend.
- Submit business and contracts in which any Member of the Board of Director has a direct or indirect interest to the General Assembly for approval (in accordance with the Companies Law, the CGRs and the Listing Rules), provided that the interested Member of the Board of Director refrains from participating in voting on the resolution issued in this regard by the Board of Directors and the General Assembly.
- Comply with all mandatory provisions set out in the CGRs immediately after Listing.
- Fill out Form 8 related to compliance with the CGRs and provide the relevant justifications if it fails to comply with any of the requirements set out in the CGRs.
- Comply with the provisions of the Listing Rules in relation to the Company's continuing obligations immediately after Listing.
- Call for a General Assembly meeting to update the Company's Bylaws immediately after Listing.

Accordingly, upon Listing, the Directors undertake to:

- Record all resolutions and deliberations in the form of written meeting minutes signed by the Board Chairman and Secretary.
- Disclose the details of any Related Party transactions in accordance with the requirements set out in the Companies Law and the CGRs.

The existing Substantial Shareholders will increase the percentage of Public ownership (as defined in the list of terms used in the Listing Rules and Regulations) in the share capital of the Company from 21.47% on listing to 30% of the share capital of the Company to comply with the minimum Public ownership requirement under Article 7(b)(2) of the Listing Rules, in two stages within a period not exceeding 10 years from the listing date, (i) the first stage by increasing the percentage of Public ownership from 21.47% to 23.47% within a period not exceeding five years from the listing date, and (ii) the second stage by increasing the percentage of Public ownership to the minimum required Public ownership under Article 7(b)(2) of the Listing Rules (i.e. 30%) within five years from the date of completion of the increase of Public ownership to 23.47% of the Company's share capital. The existing Substantial Shareholders and the Company will endeavor to achieve these increases in the Public Ownership Ratio either by selling a portion of their shares in one or several installments or by the Company issuing new shares to the Public or granting treasury shares to the employees of the Company who are deemed to be members of the Public. The sale of shares by existing Substantial Shareholders or the issuance of new shares by the Company to increase the percentage of Public ownership is subject to market conditions and the strategic objectives of the Company and the Substantial Shareholders at the time. Failure by the Company or the Substantial Shareholders to comply with the aforementioned requirements to increase Public ownership will require the approval of the CMA.

## 16. WAIVERS

The Company has obtained a Tadawul waiver from the requirements of Paragraph b/2 of Article 7 of the Listing Rules regarding the minimum percentage of the public ownership of the Shares subject of the application as a condition for Listing, such that the ownership of the Public upon listing is 21.47% of the share capital of the Company. The existing Substantial Shareholders will increase the percentage of Public ownership (as defined in the list of terms used in the Listing Rules and Regulations) in the share capital of the Company from 21.47% on listing to 30% of the share capital of the Company to comply with the minimum Public ownership requirement under Article 7(b)(2) of the Listing Rules, in two stages within a period not exceeding 10 years from the listing date, (i) the first stage by increasing the percentage of Public ownership from 21.47% to 23.47% within a period not exceeding five years from the listing date, and (ii) the second stage by increasing the percentage of Public ownership to the minimum required Public ownership under Article 7(b)(2) of the Listing Rules (i.e. 30%) within five years from the date of completion of the increase of Public ownership to 23.47% of the Company's share capital. The existing Substantial Shareholders and the Company will endeavor to achieve these increases in the Public Ownership Ratio either by selling a portion of their shares in one or several installments or by the Company issuing new shares to the Public or granting treasury shares to the employees of the Company who are deemed to be members of the Public. The sale of shares by existing Substantial Shareholders or the issuance of new shares by the Company to increase the percentage of Public ownership is subject to market conditions and the strategic objectives of the Company and the Substantial Shareholders at the time. Failure by the Company or the Substantial Shareholders to comply with the aforementioned requirements to increase Public ownership will require the approval of the CMA.

## 17. INFORMATION ON THE SHARES AND OFFERING TERMS AND CONDITIONS

The Company has submitted an application to the CMA for the registration and Offer of the securities, and an application for listing of the Shares on the Exchange in accordance with the OSCOs and Listing Rules. All Subscribers should carefully read the Subscription Terms and Conditions before filling out the Subscription Application Form. Signing the Subscription Application Form and submitting it to any of the Receiving Agent or the Bookrunners is deemed as a declaration of acceptance and approval of the Subscription Terms and Conditions.

### 17.1 Subscription to the Offer Shares

The Offering involves: (1) the issuance of thirty million 30,000,000 of New Shares and (2) the sale of nineteen million eight hundred thousand Shares 19,800,000, representing a total of forty-nine million eight hundred thousand (49,800,000) Ordinary Shares, at an offer price of SAR 57.5 per Share, with a fully paid nominal value of 1 Saudi Riyals per Share. The Sale Shares represent 8.53%, and the New Shares represent 12.93% of the issued capital upon completion of the Offering, totaling 21.47% of the issued capital (after the increase). Note that the Offering to Individual Subscribers and the subsequent Listing of Shares thereafter is subject to the success of the Book Building by Participating Parties and full coverage of the Offer Shares. The Offering shall be cancelled if it is not covered during the book-building period. The CMA may suspend this Offering after approving this Prospectus prior to the registration and acceptance of the Shares to be listed on the Exchange in the event that there is a material change that would have a material adverse on the Company's operations.

The Offering is limited to the following two tranches:

**Tranche (A): Participating Parties:** This tranche includes the categories entitled to participate in the Book Building Process in accordance with the Book Building Instructions (for more details, see Section 1 ("Definitions and Terms") of this Prospectus). The number of Offer Shares to be initially allocated to the Participating Parties shall be 49,800,000 Offer Shares, representing 100% of the total Offer Shares. In the event of full subscription from Individual Subscribers (known as Tranche (B) below) to the Offer Shares allocated thereto, the Financial Advisor has the right to reduce the number of Offer Shares allocated to Participating Parties to a minimum of 44,820,000 Offer Shares, representing 90% of the total Offer Shares. The number and percentage of Offer Shares to be allocated to the Participating Parties by the Financial Advisor in consultation with the Company will be allocated using the discretionary allocation mechanism. It is possible that certain Participating Parties will not be allocated any shares as deemed appropriate by the Company and the Financial Advisor.

**Tranche (B): Individual Subscribers:** This tranche includes Saudi natural persons, including any Saudi female divorcee or widow with minor children from a marriage to a non-Saudi individual, who is entitled to subscribe to the Offer Shares in the names of her minor children for her own benefit, on the condition that she proves that she is a divorcee or widow and the mother of her minor children, in addition to GCC nationals who have a bank account with one of the Receiving Agents and are entitled to open an investment account. A subscription for shares made by a person in the name of his divorcee shall be deemed invalid and if a transaction of this nature is proved to have occurred, the law shall be enforced against the applicant. If a duplicate subscription is made, the second subscription shall be deemed void and only the first subscription shall be accepted. A maximum of 4,980,000 Offer Shares, representing 10% of the total Offer Shares shall be allocated to Individual Subscribers. If Individual Subscribers do not subscribe for all the Offer Shares allocated thereto, the Financial Advisor may reduce the number of shares allocated thereto in proportion to the number of shares to which they are subscribed.

### 17.2 Offering Period

Two (2) days period starting on Tuesday 13/11/1445H (corresponding to 21/05/2024G), and ending on Wednesday 14/11/1445H (corresponding to 22/05/2024G).

### 17.3 Book Building for Participating Parties

- a- The price range will be determined during the Book Building and will be made available to all Participating Parties by the Company's Financial Advisor, in consultation with the Company and the Selling Shareholders. The number and percentage of Offer Shares to be allocated to the Participating Parties will be determined in consultation with the Company and the Selling Shareholders using the discretionary allocation mechanism. Shares may not be allocated to some participating categories as the Financial Advisor deems appropriate in coordination with the Company.
- b- Participating Parties shall submit requests to participate in the Book Building process by filling out Bid Order Forms obtained from the Bookrunners. Participating Parties may amend or cancel their bids at any time during the Book Building Period, provided that said bids are amended by submitting a modified Bid Form or an appendix Bid Form (where applicable) before the Offer price determination process that will take place before the Offering Period begins. The number of Offer Shares for each of the Participating Parties shall not be less than one hundred thousand (100,000) Shares, and no more than eleven million five hundred and ninety thousand nine hundred and ninety-nine (11,599,999) Shares, and in relation to public funds, not exceeding the maximum limit for each participating public fund that is determined in accordance with the Book Building Instructions, and the number of requested shares shall be allocatable. The Bookrunners shall notify the Participating Parties regarding the Offer Price and the number of Offer Shares initially allocated thereto. Subscription by Participating Parties shall begin during the Offering Period, which also includes Individual Investors, in accordance with the Subscription Terms and Conditions as detailed in the Subscription Applications Forms.
- c- All Participating Parties shall submit genuine and allocable applications. They shall not submit false or exaggerated subscription applications with the aim of obtaining a larger allocation. They shall also have the ability to cover the application through the availability of cash coverage or the necessary arrangements to cover the value of the application, through the submission of the Bid Form until the final allocation.
- d- Following completion of the Book Building Process for Participating Parties, the Financial Advisor shall announce the percentage of coverage by Participating Parties
- e- The Financial Advisor and the Company shall have the power to determine the Offer Price based on the forces of supply and demand, provided that the price does not exceed the price set out in the Underwriting Agreement, and the Offer Price shall be in accordance with the tick size applied by the Saudi Exchange.

### 17.4 Subscription by Individual Subscribers

Each Individual Subscriber shall subscribe for a minimum of ten (10) Offer Shares and a maximum of twenty-five thousand (25,000) Offer Shares. No change or withdrawal of the Subscription Application shall be permitted after submission thereof.

Subscription Application Forms shall be available during the Offering Period on the websites of the Receiving Agents. Subscription Application Forms shall be completed in accordance with the instructions mentioned below. Individual Subscribers can subscribe through the internet, telephone banking or ATMs of any of the Receiving Agents that provide all or some of these services to their customers, provided that:

- a- The Individual Subscriber has an account at one of the Receiving Agent that provides such services.
- b- No changes have been made to the Subscriber's personal information since their subscription in a recent offering.

The Individual Subscriber's signature of the Subscription Application Form and its submission to the Receiving Agents constitutes a binding agreement between the Individual Subscriber and the Company with respect to the subscription to the New Shares and a binding agreement between the Individual Subscriber and the Selling Shareholders with respect to the Sale Shares.



Individual Subscribers may obtain a copy of this Prospectus from the websites of the following Receiving Agents (Copies of this Prospectus are also available on the website for the CMA, Financial Advisor and the Company):

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**Saudi Awal Bank (SAB)**

Prince Abdulaziz Bin Mosaad Bin Jalawi Road, Al Morouj District  
P.O. Box 9084 Riyadh 11413  
Kingdom of Saudi Arabia  
Tel: +966 440 8440  
Fax: +966 276 3414  
Website: www.sab.com  
Email: sab@sab.com




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**Alinma Bank**

King Fahd Road, Al Anoud Tower  
P.O. Box 66674 Riyadh 11586  
Kingdom of Saudi Arabia  
Tel: +966 218 5555  
Fax: +966 218 5000  
Website: www.alinma.com  
Email: info@alinma.com




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**Arab National Bank**

King Faisal Road, Al Muraba, Unit 1  
P.O. Box 56921, Riyadh 11564  
Kingdom of Saudi Arabia  
Tel: +966 114029000  
Fax: +966 114039044  
Website: www.anb.sa  
Email: info@anb.com.sa




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**Saudi National Bank**

King Fahad Road  
P.O. Box 3208, Unit 778  
Kingdom of Saudi Arabia  
Tel: +966 920001000  
Fax: +966 114060052  
Website: www.alahli.com  
Email: contactus@alahli.com




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**Alrajhi Bank**

King Fahad Road, Almorouj, Alrajhi Bank Tower  
P.O. Box 11411  
Kingdom of Saudi Arabia  
Tel: +966 8282515  
Fax: +966 112798190  
Website: www.alrajhibank.com.sa  
Email: contactcenter1@alrajhibank.com.sa




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**Bank Aljazira**

King Abdulaziz Road, Alshatei District  
P.O. Box 6277, Jeddah 21442  
Kingdom of Saudi Arabia  
Tel: +966 126098888  
Fax: +966 126098881  
Website: www.alrajhibank.com.sa  
Email: contactcenter1@alrajhibank.com.sa



## 17.5 Offering Period and Conditions for Individual Subscribers

Receiving Agents that provide this service shall begin receiving Subscription Application Forms through the internet, telephone banking or ATMs of any of the Receiving Agents that provide all or some of these services from Tuesday 13/11/1445H (corresponding to 21/05/2024G) until Wednesday 14/11/1445H (corresponding to 22/05/2024G). Once the Subscription Application Form is signed and submitted, the Receiving Agent shall stamp it and provide the Individual Subscriber with a copy thereof. If the information provided in the Subscription Application Form is incomplete or inaccurate, or not stamped by the Receiving Agent, the Subscription Application Form shall be considered void and the Individual Subscriber may not claim any compensation for any damage resulting therefrom.

Individual Subscribers shall be required to specify the number of Offer Shares applied for in the Subscription Application Form, where the total subscription amount shall be the number of Offer Shares applied for multiplied by the Offer Price of 57.5 Saudi Riyals per share.

Subscription of Individual Subscribers for less than ten (10) Shares or fractional shares shall not be accepted, and any Subscription of Shares in excess of such number shall be made in multiples thereof. The maximum number of Subscription shall be twenty-five thousand (25,000) Offer Shares.

Subscription Application Forms shall be submitted during the Offering Period with the following documents, where applicable, attached therewith (the Receiving Agents shall verify all copies against the originals and return the originals to the Individual Subscriber thereafter):

- a- Original and copy of the national ID card and resident ID (for Individual Subscribers, including citizens of GCC countries and foreign residents).
- b- Original and copy of the family register (when subscribing on behalf of family members).
- c- Original and copy of the power of attorney (when subscribing on behalf of others).
- d- Original and copy of a certificate of guardianship (when subscribing on behalf of orphans).
- e- Original and copy of the divorce certificate (when subscribing on behalf of the children of a divorced Saudi woman).
- f- Original and copy of the death certificate (when subscribing on behalf of the children of a widowed Saudi woman).
- g- Original and copy of the birth certificate (when subscribing on behalf of the children of a divorced or widowed Saudi woman).

In the event that a Subscription Application Form is submitted on behalf of an Individual Subscriber (applies to parents and children only), the name of the person signing on behalf of the Subscriber shall be stated and an original and copy of a valid power of attorney shall be attached. The power of attorney must be issued by a notary public for Individual Subscribers who reside in the Kingdom of Saudi Arabia and must be legalized through a Saudi embassy or consulate in the relevant country for Individual Subscribers residing outside the Kingdom of Saudi Arabia. The relevant official at the Receiving Agent shall compare the copies with the original and return the original to the Subscriber.

It shall suffice to fill out one Subscription Application Form for the main Individual Subscriber and family members appearing on his/ her family identification card if the family members are applying for the same number of Offer Shares as the main Individual Subscriber. In such case:

- a- All Offer Shares allocated to the main Individual Subscriber and dependent Subscribers shall be registered under the name of the main Individual Subscriber.
- b- The main Individual Subscriber shall receive any refunds of unallocated amounts (if any) which they paid themselves or on behalf of dependent Subscribers.
- c- The main Individual Subscriber shall receive all dividends distributed for the Offer Shares allocated to the main Individual Subscriber and dependent Subscribers (in the event the Shares are not sold or transferred).

A separate Subscription Application Form shall be used if:

- a- The subscriber wishes to register the Offer Shares to be allocated in a name other than the name of the main Individual Subscriber.
- b- The amount of Shares the main Individual Subscriber intends to apply for differs from that of the dependent Individual Subscribers.
- c- If a wife wishes to subscribe in her name and for the allocated shares to be registered to her account (she shall complete a Subscription Application Form for herself separate from that of the main Individual Subscriber). In this case, any application made by her husband on her behalf shall be cancelled and the wife's separate Subscription Application Form shall be processed by the Receiving Agent.

A divorced Saudi woman or widow who has minor children from a marriage to a non-Saudi husband has the right to subscribe on behalf of those children, provided that she submits proof of her motherhood. Subscription by a person in the name of his divorcee shall be deemed invalid and such person shall be subject to statutory penalties.

During the Offering Period, only a valid residence permit (Iqama) shall be an acceptable form of identification for non-Saudi dependents. Passports or birth certificates shall not be accepted. Non-Saudi dependents can only be included as dependents with their mothers and cannot subscribe as main Subscribers. The maximum age for non-Saudi dependents to be included with their mother is eighteen (18) years. Any documents issued by a foreign government shall be legalized through a Saudi embassy or consulate in such country.

Each Individual Subscriber shall agree to subscribe for and purchase the shares specified in their Subscription Application Form for an amount equal to the number of Offer Shares applied for multiplied by the subscription price of SAR 57.5 per share. Each Subscriber shall be deemed to have acquired the number of shares allocated thereto upon:

- a- Delivery by the Individual Subscriber of the Subscription Application Form to any of the Receiving Agents.
- b- Payment in full by the Individual Subscriber to the Receiving Agent of the total value of the shares subscribed for in the Subscription Application Form

The total value of the Offer Shares subscribed for shall be paid in full at the Receiving Agents through deduction from the Individual Subscriber's account held with the Receiving Agent where the Subscription Application Form is submitted

If a Subscription Application Form is not in compliance with the Subscription Terms and Conditions, the Company shall have the right to reject such application in full or in part. The applicant shall accept any number of shares allocated thereto unless the allocated shares exceed the number of shares applied for by the applicant.

## 17.6 Allocation and Refunds

The Lead Manager shall open and manage an escrow account for the purpose of depositing and holding the subscription amounts collected from the Participating Parties and the Receiving Agents on behalf of Individual Subscribers. Such subscription amounts shall be transferred to the Selling Shareholders only when the Listing becomes effective, after deduction of certain fees and expenses. Details of this escrow account shall be specified in the Subscription Application Forms. Moreover, each Receiving Party shall deposit the amounts collected from Individual Subscribers in the said escrow account.

The Lead Manager or the Receiving Agents (as the case may be) shall notify subscribers of the final number of Offer Shares allocated to each of them, together with the amounts to be refunded. The subscription refund (if any) shall be refunded to the subscribers without any commissions or deductions and shall be deposited in the subscriber's account specified in the Subscription Application Form. The announcement of final allocation shall be made no later than Monday 19/11/1445H (corresponding to 27/05/2024G) and refund (if any) shall be made no later than Tuesday 27/11/1445H (corresponding to 04/06/2024G). The Subscriber shall communicate with the Lead Manager or the Receiving Agent to which the Subscriber submitted the Subscription Application Form (as the case may be) for further details.

Transfer of ownership of the Offer Shares shall only be deemed valid after payment of the value by the Subscriber as of the date of registration in the Shareholders' Register and the commencement of trading of Shares in accordance with the relevant regulations and instructions. If the Company's Shares are not traded or their Listing is cancelled prior to that for any reason, the Subscription amounts shall be refunded to the Subscriber and the Offer Shares shall remain the property of the Selling Shareholder.

## 17.7 Allocation of Shares to Participating Parties

The Financial Advisors, in Consultation with the Company, shall determine the allocation of Offer Shares for the Participating Parties using the discretionary allocation mechanism, after the allocation of Offer Shares to Individual Subscribers is completed, provided that the number of Offer Shares allocated to Participating Parties shall not initially be less than 44,820,000 Shares of the minimum of Offer Shares, representing of Offer Shares.

## 17.8 Allocation of Offer Shares to Individual Subscribers

The maximum allocation per Individual Subscriber is 4,980,000 Ordinary Shares, representing 10% of the total Offer Shares. The minimum allocation per Individual Subscriber is ten (10) Shares, and the maximum allocation per Individual Subscriber is twenty-five thousand (25,000) Shares. The remaining Offer Shares (if any) shall be allocated on a pro-rata basis, based on the ratio of the number of shares requested by each Individual Subscriber to the total number of shares applied for. In the event that the number of Individual Subscribers exceeds 498,000 Individual Subscribers, the Company shall not guarantee the minimum allocation. In this case, the allocation shall be determined at the discretion of the Company and the Financial Advisor. The refund, if any, shall be refunded to Individual Subscribers without any commissions or deductions by the Receiving Agents.

## 17.9 Circumstances where Listing may be Suspended or Cancelled

### 17.9.1 Power to Suspend or Cancel Listing

- a- The CMA may suspend trading of Shares or cancel their Listing at any time it deems fit. This could take place in any of the following circumstances:
  - 1- If it deems it necessary to protect investors or maintain an orderly market.
  - 2- If the Company fails, in a manner which the CMA considers material, to comply with the Capital Market Law, its Implementing Regulations or the Market Rules.
  - 3- If the Company fails to pay any financial compensation due to the CMA or the Exchange or any penalties due to the CMA in a timely manner.
  - 4- If the CMA deems that the Company, its business, the level of its operations or assets are no longer suitable for the continued listing of its Shares on the Exchange.
  - 5- When a reverse takeover is declared that does not contain sufficient information regarding the proposed transaction. In the event that the Company has declared sufficient information regarding the targeted entity and the CMA is convinced, after the Company's declaration, that sufficient public information will be available on the proposed reverse takeover, the CMA may decide not to suspend trading at this stage
  - 6- When information about the proposed reverse takeover transaction is leaked and the Company cannot accurately assess its financial position and the Exchange cannot be informed accordingly.
  - 7- When a request to initiate financial reorganization of the Company is registered with the court in accordance with the Bankruptcy Law if its accumulated losses reach 50% or more of its capital.
  - 8- When an application to initiate a liquidation proceeding or administrative liquidation of the Company is registered with the court in accordance with the Bankruptcy Law
  - 9- When a court issues a final ruling to terminate a financial reorganization proceeding and commence a liquidation proceeding or administrative liquidation of the Company in accordance with the Bankruptcy Law.
  - 10- When a court issues a final ruling to commence a liquidation proceeding or administrative liquidation of the Company before the court in accordance with the Bankruptcy Law.
- b- The Exchange shall suspend the trading of the Company's securities in any of the following cases:
  - 1- If the Company does not comply with the deadlines for the disclosure of its periodic financial information in accordance with the OSCOs, until the disclosure thereof.
  - 2- If the Auditor's report on the financial statements of the Company contains an adverse opinion or a disclaimer of opinion, until the adverse opinion or disclaimer is removed
  - 3- If the liquidity requirements of Chapters 2 and 8 of the Listing Rules are not met after the time limit set by the Exchange for the Company to rectify its conditions, unless the CMA agrees otherwise.
  - 4- If the Company's Extraordinary General Assembly issues a resolution to reduce its capital, for the two trading days following the issue date of the resolution.

- c- The Exchange shall lift the suspension referred to in Subparagraphs 1 and 2 above after the lapse of one trading session following resolution of the matter that gave rise to the suspension. In the event that the over-the-counter trade of the Company's shares is allowed, the Exchange shall lift the suspension within a period of no more than five (5) trading sessions after the resolution of the matter that gave rise to the suspension.
- d- The Exchange may at any time propose to the CMA to suspend trading of any listed securities or cancel its listing if it deems it likely that any of the circumstances of Paragraph A above will occur.
- e- The Company shall, in the event its securities have been suspended from trading, continue to comply with the Capital Market Law, its Implementing Regulations and the Market Rules.
- f- In the event that the securities listing suspension continues for six (6) months with no appropriate procedure made by the Company to correct such suspension, the CMA may cancel the Company's securities listing.
- g- Upon the Company's completion of a reverse takeover, the listing of the Company's shares shall be cancelled. If the Company wishes to re-list its shares, it shall submit a new application for listing in accordance with the Listing Rules and the requirements of the OSCOs
- h- This Paragraphs shall not prejudice the suspension of trading and cancellation of listing resulting from the Company's losses pursuant to the relevant Implementing Regulations and the Market Rules.

### 17.9.2 Voluntary Cancellation of Listing

- a- The Company, once its securities have been listed on the Exchange, may not cancel the listing without the prior approval of the CMA. To obtain CMA's approval, the Company shall submit a cancellation application to the CMA, along with a simultaneous notice to the Exchange. The application shall include the following information:
  - 1- Specific reasons for the cancellation request.
  - 2- Copy of the disclosure referred to in Paragraph D below.
  - 3- Copy of the relevant documentation and each related document sent to the Shareholders if the cancellation is to take place as a result of a takeover or any other action taken by the Company.
  - 4- Names and contact information of the Financial Advisor and Legal Advisor appointed according to the OSCOs.
- b- The CMA may, at its own discretion, approve or reject the cancellation request.
- c- The Company shall obtain the approval of the Extraordinary General Assembly for the cancellation of the listing after obtaining the CMA's approval.
- d- Where cancellation is made at the Company's request, the Company shall disclose the same to the public as soon as possible. The disclosure shall include the reason for the cancellation, the nature of the event resulting in the cancellation and how it affects the Company's activities.

### 17.9.3 Temporary Trading Suspension

- a- The Company may request a temporary suspension of the trading of its securities from the Exchange upon the occurrence of an event during the trading period which requires immediate disclosure under the Capital Market Law, its Implementing Regulations or the Market Rules, where the Company cannot maintain the confidentiality of this information until the end of the trading period. The Exchange shall suspend trading of the securities of that Company as soon as it receives the request.
- b- When trading is temporarily suspended at the Company's request, the Company shall disclose to the public, as soon as possible, the reason for the suspension, the anticipated period thereof, the nature of the event resulting in the suspension and how it affects the Company's activities.
- c- The CMA may impose a temporary trading suspension without a request from the Company when the CMA has information or there are circumstances that could affect the Company's activities which the CMA deems likely to interrupt the operation of the Exchange or jeopardize the protection of investors. The Company, when its securities are subject to temporary suspension of trading, shall continue to adhere to the Capital Market Law, its Implementing Regulations and the Market Rules
- d- The temporary suspension of trading shall be lifted at the end of the period specified in the disclosure referred to in Paragraph B above, unless the CMA or the Exchange deems otherwise.
- e- The Exchange may propose to the CMA to exercise its authority under Paragraph C above if it finds information or circumstances that may affect the Company's activities and are likely to affect the operation of the Exchange or the protection of investors.

### 17.9.4 Lifting of Suspension

Lifting of trading suspension, as per Paragraph (A) of Section 17.9.1 (“**Power to Suspend or Cancel Listing**”) of this Prospectus, is subject to the following:

- a- Adequately addressing the conditions that led to the suspension and the lack of need to continue the suspension for the protection of investors;
- b- Lifting the suspension is unlikely to affect the normal activity of the Exchange.
- c- The Company complies with any other conditions that the CMA may require.

In the event that the trading of securities suspension continues for six (6) months with no appropriate procedure made by the Company to correct such suspension, the CMA may cancel the listing of securities of the Company.

### 17.10 Approvals and Resolutions for the Offering of the Shares

The resolutions and approvals for the Offer Shares are as follows:

- a- The resolution of the Company’s Board of Directors to recommend to the General Assembly to approve the Offering issued on 08/05/1445H (corresponding to 22/11/2023G) as amended pursuant to its resolution dated 22/05/1445H (corresponding to 06/12/2023G).
- b- The Extraordinary General Assembly’s approval of the Offering issued on 09/05/1445H (corresponding to 23/11/2023G) as amended pursuant to its resolution dated 23/05/1445H (corresponding to 07/12/2023G).
- c- The CMA’s approval of the Offering issued on 21/09/1445H (corresponding to 31/03/2024G).
- d- The Saudi Stock Exchange Tadawul’s conditional listing approval issued on 15/09/1445H (corresponding to 25/03/2024G).

### 17.11 Lock-up Period and Restrictions on the Shares

The Substantial Shareholders referred to on page (xiii) of this Prospectus may not dispose of any of their Shares, for a period of six (6) months from the date on which trading of the Company’s Shares commences on the Exchange. Following the Lock-up Period, the Substantial Shareholders are not restricted from disposing of their Shares without prior CMA approval.

### 17.12 Subscription Undertakings

By completing the Subscription Application Form, each Subscriber:

- a- agrees to subscribe for the number of the Company’s Shares specified in the submitted Subscription Application Form;
- b- acknowledges that it has read and carefully examined this Prospectus and understood all of its content;
- c- accepts the Company’s Bylaws and all Offering instructions and terms and conditions mentioned in this Prospectus, the Subscription Application Form, and subscribes in the Shares accordingly;
- d- declares that neither himself/herself nor any of his/her family members included in the Subscription Application Form have previously subscribed to the Company’s shares and accepts that the Company has the right to reject any or all duplicate applications.
- e- accepts the number of shares allocated thereto (up to the maximum amount subscribed for) according to the Subscription Application Form;
- f- undertakes not to cancel or amend the Subscription Application Form after submitting it to the Lead Manager or the Receiving Agent;

### 17.13 Share Register and Dealing Arrangements

The Securities Depository Center (Edaa) maintains a register of Shareholders that contains their names, nationalities, residence addresses, occupations, the shares they own and the amounts paid for such shares.

## 17.14 Overview of the Market and Trading Process

In 1990G, full electronic trading of shares in the Kingdom was introduced. The Tadawul system was established in 2001G as the successor to the Electronic Securities Information System. Share trading occurs through Tadawul system, through a fully integrated trading system covering the entire trading process, from the execution of the trade transaction through settlement thereof. Trading occurs each business day between 10:00 am and 3:00 pm, from Sunday to Thursday of each week, during which time orders are executed. Outside such hours, orders can be entered, amended or cancelled from 9:30 am to 10:00 am. The said times are subject to change during the month of Ramadan, and they are announced by the Saudi Exchange. Transactions take place through the automatic matching of orders. Each order is accepted and its priority determined according to the price level. In general, market orders (orders placed with the best price) are executed first, followed by limit orders (orders placed with a limited price). If several orders are generated at the same price, they are executed according to the time of entry. The Tadawul system distributes a comprehensive range of information through various channels, most notably the Tadawul website online, Tadawul Information, which provides immediate market data to information-providing agencies such as Reuters. Transactions are settled based on the time period (T+2), meaning that the transfer of ownership of shares takes place within two working days after executing the transaction.

Listed companies are required to disclose all material decisions and information to investors via Tadawul. Tadawul is responsible for monitoring the market as the operator of the mechanism through which the market operates in order to ensure fair and smooth trading in shares

## 17.15 Securities Depository Center (Edaa)

The Securities Depository Center Company (Edaa) was established in 2016G pursuant to the Saudi Companies Law issued under Royal Decree No. M/3 dated 28/01/1437H. It is a closed joint-stock company wholly owned by the Saudi Tadawul Group Company (Tadawul) with a capital of SAR 400,000,000, divided into 40,000,000 shares with a nominal value of ten Saudi Arabian Riyals (SAR 10) per share. This was after the CMA Board approved the request of the Tadawul Board to convert the Securities Depository Center into a joint-stock company in accordance with the Capital Market Law issued under Royal Decree No. M/30 dated 02/06/1424H. The activities of the Depository Center are business related to depositing, registering, transferring, settling and clearing securities, and recording any ownership limitations on deposited securities. The Depository Center also deposits and manages the records of securities issuers, organizes the general assemblies of issuers, including remote voting services for such assemblies, submits reports, notices and information, in addition to providing any other service related to its activities that the Depository Center deems they should be provided in accordance with the Capital Market Law and its Implementing Regulations.

## 17.16 Trading of the Company's Shares

It is expected that trading of the Company's shares will commence after the final allocation of those shares and Tadawul's announcement of the start date for trading of the Company's shares. The dates and times included in this Prospectus are provisional and may be changed or extended with the approval of the CMA. Saudi national GCC nationals, as well as Saudi and GCC companies, banks, and investment funds will be permitted to trade in the Shares once they are traded on the Exchange.

## 17.17 Miscellaneous Provisions

The Subscription Application Form and all related terms, conditions and covenants hereof shall be binding upon and inure to the benefit of the parties to the subscription and their respective successors, permitted assigns, executors, administrators and Heirs. Neither the Subscription Application Form nor any of the rights, interests or obligations arising pursuant thereto are delegated by any of the parties to the Subscription without the prior written approval of the other party.

These instructions, articles and the receipt of any Subscription Application Forms or related contracts are governed, construed and enforced in accordance with the laws of the Kingdom of Saudi Arabia.

This Prospectus has been issued in Arabic and English. Only the Arabic Prospectus is approved by the CMA. In the event of any discrepancy between the Arabic and English texts, the Arabic text shall prevail.

It is expressly prohibited to distribute this Prospectus or sell the offering shares to any person in any country other than the Kingdom, with the exception of the category of foreign financial institutions, provided that the regulations and instructions regulations shall be taken into account. All recipients of this Prospectus shall review and adhere to all legal restrictions related to the Offering and sale of Offer Shares.

Subject to OSCOs requirements, the Company shall be obligated to submit a supplementary Prospectus at any time after the publication date of this Prospectus and before the completion of the Offering, if it becomes aware of the following: (1) there has been a significant change in material matters contained in the Prospectus; or (2) additional significant matters have become known which would have been required to be included in the Prospectus. Except for the two cases mentioned, the Company does not intend to update or amend any information related to the sector, market, or future statements contained in this Prospectus, whether as a result of new information, future events, or otherwise. As a result of the foregoing and other risks, assumptions and uncertainties, expectations of future events and circumstances set forth in this Prospectus may not occur as the Company expects or may not occur at all. Accordingly, potential investors shall examine all future statements in light of these interpretations and not rely solely thereon.



## 18. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents will be available for inspection at the Company's main offices, between 9:00 am and 5:00 pm from Thursday 12/10/1445H (corresponding to 25/04/2024G) until Thursday 14/11/1445H (corresponding to 23/05/2024G), provided that the inspection period is not less than 20 days before the end of the Offering Period:

- a- The CMA's approval of the Offering dated 21/09/1445H (corresponding to 31/03/2024G).
- b- The Saudi Stock Exchange Company (Tadawul)'s approval of the Listing dated 15/09/1445H (corresponding to 25/03/2024G).
- c- The resolution of the Company's Board of Directors to recommend to the General Assembly to approve the Offering issued on 08/05/1445H (corresponding to 22/11/2023G) as amended pursuant to its resolution dated 22/05/1445H (corresponding to 06/12/2023G).
- d- The Extraordinary General Assembly's approval of the capital increase issued on 09/05/1445H (corresponding to 23/11/2023G) as amended pursuant to its resolution dated 23/05/1445H (corresponding to 07/12/2023G).
- e- The Company's Bylaws and amendments thereto.
- f- The Company's Articles of Associations and amendments thereto.
- g- Company's commercial registration certificate issued by MOC.
- h- The audited consolidated financial statements of the Company for the Financial Years ended 31 December 2020G, 2021G, 2022G and 2023G.
- i- The reviewed consolidated financial statements of the Company for the nine-month period ended 30 September 2023G.
- j- Summary of the trading update relating to the Company's financial and commercial information for the Financial Year 2023G.
- k- The market report prepared by the Market Study Advisor.
- l- All reports, letters and other documents, estimates of value and statements prepared by any expert or any part thereof that is included or referred to in this Prospectus.
- m- Contracts and agreements disclosed in Section 12.6 ("**Material Agreements**") and Section 12.7 ("**Transactions with Related Parties**") of this Prospectus.
- n- Letters of approval from:
  - 1- Financial Advisor and Lead Manager (HSBC Saudi Arabia), for the inclusion of its name and logo within this Prospectus.
  - 2- Bookrunners and Underwriters.
  - 3- Legal advisor of the Offering inside the Kingdom (White & Case), for the inclusion of its name and logo within this Prospectus.
  - 4- Legal Advisor for the Offering outside the Kingdom (White & Case), for the inclusion of its name and statement within this Prospectus.
  - 5- Selling Shareholder's Advisor (Moelis & Company Saudi Limited), for the inclusion of its name and statement within this Prospectus.
  - 6- Financial Due Diligence Advisor (PricewaterhouseCoopers), for the inclusion of its name, logo and statements within this Prospectus.
  - 7- Independent Auditor (KPMG Professional Services), for the inclusion of its name, logo, statements, and audit reports for the Financial Years ended 31 December 2020G, 2021G and 2022G and the reviewed consolidated financial statements for the nine-month period ended 30 September 2023 within this Prospectus.
  - 8- Market Consultant (Jones Lang LaSalle Saudi Arabia Ltd.), for the inclusion of its name, logo and statements within this Prospectus.
- o- The Underwriting Agreement

## 19. FINANCIAL STATEMENTS AND AUDITOR'S REPORT

This section contains the audited consolidated financial statements for the Financial Years ended 31 December 2020G, 2021G and 2022G, the reviewed consolidated financial statements for the nine-month period ended 30 September 2023G, the accompanying notes thereto prepared in accordance with IFRS as endorsed in the Kingdom and other standards and pronouncements that are endorsed by SOCPA and audited by the Company's Auditor, KPMG Professional Services.

**DR. SOLIMAN ABDEL KADER  
FAKEEH HOSPITAL COMPANY**  
(A Saudi Closed Joint Stock Company)

**CONSOLIDATED FINANCIAL STATEMENTS**

For the year ended 31 December 2020  
together with the Independent Auditor's Report

**DR. SOLIMAN ABDEL KADER FAKEEH HOSPITAL COMPANY**  
(A Saudi Closed Joint Stock Company)

**CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended 31 December 2020

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## KPMG Professional Services

Zahran Business Center  
Prince Sultan Street  
P.O. Box 55078  
Jeddah 21534  
Kingdom of Saudi Arabia  
Headquarter in Riyadh

Commercial Registration No 4030290792

## كي بي إم جي للاستشارات المهنية

مركز الزهران للأعمال  
شارع الأمير سلطان  
ص.ب. 55078  
جده 21534  
المملكة العربية السعودية  
المركز الرئيسي الرياض

رقم تجاري سجل 4030290792

# Independent auditor's report

To the Shareholders of Dr. Soliman Abdel Kader Fakeeh Hospital Company

## Opinion

We have audited the consolidated financial statements of Dr. Soliman Abdel Kader Fakeeh Hospital Company ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2020, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) 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 that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the professional code of conduct and ethics that are endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## 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 IFRS that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, the applicable requirements of the Regulation for Companies and Company's By-laws and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

KPMG Professional Services a professional closed joint stock company registered in the Kingdom of Saudi Arabia with the paid-up capital of SAR 15,000,000. Previously known as KPMG Al Fozan & Partners Certified Public Accountants. A member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited.

السعودية رأسمالها (15000000) ريال سعودي مدفوع بالكامل وقد تم تغيير اسم الشركة من الاسم السابق "شركة كي بي إم جي الفوزان العربية المملكة في مسجلة مهنية مساهمة مقفلة شركة للاستشارات المهنية، كي بي إم جي بريطانيا شركة مسجلة في العالمة، كي بي إم جي الدولية التابعة المستقلة كي بي إم جي شركات شبكة في 2021. وهي شركة عضو غير شريك/03/بتاريخ 21 وشركة محاسبون ومراجعون كالتاليين إلى الاسم الحالي

Commercial Registration of the headquarter in Riyadh is 1010425494.



## Independent auditor's report

To the Shareholders of Dr. Soliman Abdel Kader Fakeeh Hospital Company (continued)

### 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 International Standards on Auditing 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 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 International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgement and maintain professional scepticism 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 for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, then 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 of Dr. Soliman Abdel Kader Fakeeh Hospital Company ("the Company") and its subsidiaries ("the Group").

#### For KPMG Professional Services

Kholoud A. Mousa Altambakti  
License No. 421



Jeddah, 15 June 2021  
Corresponding to 5 Dhul Qadah 1442H

**DR. SOLIMAN ABDEL KADER FAKEEH HOSPITAL COMPANY**  
(A Saudi Closed Joint Stock Company)

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As at 31 December 2020

(Expressed in Saudi Arabian Riyals, unless otherwise stated)

	<u>Notes</u>	<u>2020</u>	<u>2019</u>
<b><u>ASSETS</u></b>			
Property and equipment	4	611,059,107	597,557,590
Right-of-use assets	5	303,761,494	322,675,722
Intangible assets and goodwill	6	418,901,076	424,739,860
Investment properties	7	562,256	583,280
Prepayments and other non-current assets	8	3,052,766	2,300,000
Other long-term receivables	9	844,152,295	564,676,520
<b>Non-current assets</b>		<b><u>2,181,488,994</u></b>	<b><u>1,912,532,972</u></b>
Inventories	10	115,624,055	120,479,607
Accounts and other receivables	11	590,378,553	532,180,275
Due from related parties	26	40,083,359	10,668,051
Prepayments and other receivables	12	71,351,743	39,938,396
Cash and cash equivalents	13	187,189,905	136,863,366
<b>Current assets</b>		<b><u>1,004,627,615</u></b>	<b><u>840,129,695</u></b>
<b>Total assets</b>		<b><u>3,186,116,609</u></b>	<b><u>2,752,662,667</u></b>
<b><u>EQUITY AND LIABILITIES</u></b>			
Share capital	14	100,000,000	100,000,000
Statutory reserve	15	50,000,000	50,000,000
Retained earnings		1,157,280,704	969,786,349
<b>Equity attributable to owners of the Company</b>		<b><u>1,307,280,704</u></b>	<b><u>1,119,786,349</u></b>
Non-controlling interests	16	84,661,547	86,544,106
<b>Total equity</b>		<b><u>1,391,942,251</u></b>	<b><u>1,206,330,455</u></b>
<b><u>LIABILITIES</u></b>			
Loans and borrowings	17	779,301,131	727,050,000
Lease liabilities	5	295,021,018	303,734,244
Employees' end of service benefits	18	173,226,801	172,196,744
<b>Non-current liabilities</b>		<b><u>1,247,548,950</u></b>	<b><u>1,202,980,988</u></b>
Short-term borrowings	17	159,335,707	41,299,665
Current portion of lease liabilities	5	60,165,079	36,834,557
Accounts payables	19	134,290,779	117,009,894
Due to related parties	26	10,842,469	5,747,940
Accrued and other liabilities	20	154,547,237	127,284,681
Accrued Zakat	21	27,444,137	15,174,487
<b>Current liabilities</b>		<b><u>546,625,408</u></b>	<b><u>343,351,224</u></b>
<b>Total liabilities</b>		<b><u>1,794,174,358</u></b>	<b><u>1,546,332,212</u></b>
<b>Total equity and liabilities</b>		<b><u>3,186,116,609</u></b>	<b><u>2,752,662,667</u></b>

The notes on pages from 08 to 53 form an integral part of these financial statements.

**DR. SOLIMAN ABDEL KADER FAKEEH HOSPITAL COMPANY**  
(A Saudi Closed Joint Stock Company)

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

For the year ended 31 December 2020

(Expressed in Saudi Arabian Riyals, unless otherwise stated)

	<u>Notes</u>	<u>2020</u>	<u>2019</u>
Revenue	22	1,715,426,397	1,640,393,427
Costs of revenue	23	<b>(1,190,217,785)</b>	<b>(1,080,269,101)</b>
<b>Gross profit</b>		<b>525,208,612</b>	560,124,326
Administrative expenses	24	<b>(240,597,513)</b>	(250,797,002)
Impairment loss on accounts receivables	11	<b>(4,527,924)</b>	(6,208,955)
<b>Operating profit</b>		<b>280,083,175</b>	303,118,369
Other income	25	17,567,296	50,209,572
Finance costs		<b>(46,162,714)</b>	(17,282,886)
<b>Profit before zakat</b>		<b>251,487,757</b>	336,045,055
Zakat	21	<b>(26,645,189)</b>	(15,207,197)
<b>Profit for the year</b>		<b>224,842,568</b>	320,837,858
<b>Other comprehensive income / (loss):</b>			
<i>Items that will not be reclassified to profit or loss:</i>			
Remeasurement loss on defined benefit obligations	18	7,458,109	(2,738,778)
<b>Total comprehensive income for the year</b>		<b>232,300,677</b>	<b>318,099,080</b>
<b>Profit for the year attributable to:</b>			
- Owners of the Company		203,178,143	301,469,647
- Non-controlling interests		<b>21,664,425</b>	19,368,211
		<b>224,842,568</b>	320,837,858
<b>Total comprehensive income for the year attributable to:</b>			
- Owners of the Company		209,792,223	299,735,183
- Non-controlling interests		<b>22,508,454</b>	18,363,897
		<b>232,300,677</b>	<b>318,099,080</b>

The notes on pages from 08 to 53 form an integral part of these financial statements.



**DR. SOLIMAN ABDEL KADER FAKEEH HOSPITAL COMPANY**  
(A Saudi Closed Joint Stock Company)

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For the year ended 31 December 2020

(Expressed in Saudi Arabian Riyals, unless otherwise stated)

	Attributable to owners of the Company					Non-controlling interests	Total equity
	Share capital	Statutory reserve	Retained earnings	Total	Total		
Balance at 1 January 2020	100,000,000	50,000,000	969,786,349	1,119,786,349	86,544,106	1,206,330,455	
<u>Total comprehensive income</u>	--	--	203,178,143	203,178,143	21,664,425	224,842,568	
Profit for the year	--	--	6,614,080	6,614,080	844,029	7,458,109	
Other comprehensive income for the year	--	--	209,792,223	209,792,223	22,508,454	232,300,677	
<u>Transactions with owners of the Company</u>	--	--	(22,266,934)	(22,266,934)	(25,000,000)	(47,266,934)	
Dividends paid (note 14)	--	--	--	--	645,998	645,998	
Additional capital contribution	--	--	--	--	--	--	
Non-controlling interests' share of absorption of losses of a subsidiaries / other adjustments	--	--	(30,934)	(30,934)	(37,011)	(67,945)	
Total transactions with owners of the Company	--	--	(22,297,868)	(22,297,868)	(24,391,013)	(46,688,881)	
<b>Balance at 31 December 2020</b>	<b>100,000,000</b>	<b>50,000,000</b>	<b>1,157,280,704</b>	<b>1,307,280,704</b>	<b>84,661,547</b>	<b>1,391,942,251</b>	

**DR. SOLIMAN ABDEL KADER FAKEEH HOSPITAL COMPANY**  
(A Saudi Closed Joint Stock Company)

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For the year ended 31 December 2020

(Expressed in Saudi Arabian Riyals, unless otherwise stated)

	Attributable to owners of the Company				Non-controlling interests	Total equity
	Share capital	Statutory reserve	Retained earnings	Total		
Balance at 1 January 2019	100,000,000	50,000,000	692,698,570	842,698,570	4,682,465	847,381,035
<u>Total comprehensive income</u>	--	--	301,469,647	301,469,647	19,368,211	320,837,858
Profit for the year	--	--	(1,734,464)	(1,734,464)	(1,004,314)	(2,738,778)
Other comprehensive loss for the year	--	--	299,735,183	299,735,183	18,363,897	318,099,080
<u>Transactions with owners of the Company</u>	--	--	(22,647,404)	(22,647,404)	--	(22,647,404)
Dividends paid (note 14)	--	--	--	--	--	--
Non-controlling interest upon acquisition/ incorporation of subsidiaries	--	--	--	--	21,432,500	21,432,500
Additional capital contribution to a newly incorporated subsidiary	--	--	--	--	40,833,676	40,833,676
Non-controlling interests' share of absorption of losses of a subsidiaries / other adjustments	--	--	--	--	1,231,568	1,231,568
Total transactions with owners of the Company	--	--	(22,647,404)	(22,647,404)	63,497,744	40,850,340
Balance at 31 December 2019	100,000,000	50,000,000	969,786,349	1,119,786,349	86,544,106	1,206,330,455

The notes on pages from 08 to 53 form an integral part of these financial statements.

**DR. SOLIMAN ABDEL KADER FAKEEH HOSPITAL COMPANY**  
(A Saudi Closed Joint Stock Company)

**CONSOLIDATED STATEMENT OF CASH FLOWS**

For the year ended 31 December 2020

(Expressed in Saudi Arabian Riyals, unless otherwise stated)

	Notes	2020	2019
<b>Cash flows from operating activities</b>			
Profit before zakat		251,487,757	336,045,055
<i>Adjustments for:</i>			
- Depreciation on property and equipment	4	54,462,470	43,278,079
- Depreciation on right-of-use assets	5	40,659,489	29,475,660
- Amortization	6	8,644,580	3,338,782
- Depreciation on investment properties	7	21,024	21,024
- Bargain purchase of subsidiaries	25	--	(17,334,670)
- Provision for employee's end of service benefits	18	27,980,977	26,417,384
- Impairment on accounts receivable	11	4,527,924	6,208,955
- Loss on disposal of property and equipment		1,850,077	1,331
- Finance costs		46,162,714	17,282,886
		<u>435,797,012</u>	<u>444,734,486</u>
<i>Changes in operating assets and liabilities</i>			
- Other long-term receivables		(279,475,775)	(259,563,133)
- Inventories		4,855,552	7,330,992
- Accounts and other receivables		(62,726,202)	(179,484,419)
- Due from related parties		(29,415,308)	3,154,685
- Prepayments and other current assets		(32,166,113)	43,874,515
- Accounts payables		17,280,885	(19,943,526)
- Due to related parties		5,094,529	(32,110,944)
- Accrued and other liabilities		5,482,112	(158,907,746)
Cash generated from / (used in) operating activities		64,726,692	(150,915,090)
Finance costs paid		(28,739,902)	(772,953)
Employees' end of service benefits paid	18	(18,025,820)	(29,101,827)
Zakat paid	21	(14,375,539)	(15,134,032)
<b>Net cash generated from / (used in) operating activities</b>		<u>3,585,431</u>	<u>(195,923,902)</u>
<b>Cash flows from investing activities</b>			
Acquisition of a subsidiary, net		--	(292,382,592)
Additions to property and equipment	4	(70,054,819)	(116,940,733)
Additions to intangible assets	6	(2,805,796)	(10,457,450)
Proceeds from disposal of property and equipment		240,755	144,043
<b>Net cash used in investing activities</b>		<u>(72,619,860)</u>	<u>(419,636,732)</u>
<b>Cash flows from financing activities</b>			
Dividends paid	14	(22,266,934)	(22,647,404)
Net movement in non-controlling interests		(900,415)	42,560,244
Repayment of lease liabilities		(27,758,856)	(17,075,083)
Net movement in long-term loans and short-term borrowings		170,287,173	648,934,250
<b>Net cash generated from financing activities</b>		<u>119,360,968</u>	<u>651,772,007</u>
Net increase in cash and cash equivalents		50,326,539	36,211,373
Cash and cash equivalents at beginning of the year		<u>136,863,366</u>	<u>100,651,993</u>
<b>Cash and cash equivalents at the end of the year</b>	13	<u>187,189,905</u>	<u>136,863,366</u>

The notes on pages from 08 to 53 form an integral part of these financial statements.

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**1. REPORTING ENTITY**

Dr. Soliman Abdel Kader Fakeeh Hospital Company (the “Company”) is a Saudi Closed Joint Stock Company formed under the laws of the Kingdom of Saudi Arabia and is registered in the Commercial Registry in Jeddah under No. 4030014511 on 11 Rabi II 1398H (March 20, 1978). The Company was converted from a Sole Proprietorship to a Closed Saudi Joint Stock Company under the Ministerial Decision No. 28 dated 1 Safar 1433H (corresponding to 26 December 2011) approving the announcement of the establishment of Dr. Soliman Abdel Kader Fakeeh Hospital Company (A Saudi “Closed Joint Stock Company”).

The principal activity of the Group is managing, establishing and operating hospitals, clinics, medical, educational and training centers. In addition to the above, the Group is also managing and operating medical services, analysis and radiology laboratory and managing and establishing pharmacies, wholesale and retail of medical equipment, maintenance of IT equipment and software related services.

The Group’s registered office and principal place of business is Jeddah.

The Group also has a branch in Jeddah registered under the Commercial Registration No.195811 dated 13 Muharram 1431H (corresponding to 20 December 2009). The results, assets and liabilities of the branch are included in these financial statements.

As at 31 December 2020, the Group has investments in the following subsidiaries:

<u>Name of subsidiaries</u>	<u>Place of incorporation</u>	<u>Effective holding</u>		<u>Principal activities</u>
		<u>2020</u>	<u>2019</u>	
Al-Farabi Special Health Care Company Limited (“Farabi”)	Kingdom of Saudi Arabia	<b>70%</b>	70%	Healthcare service provider
Kameda Arabia Company Limited (“Kameda”)	Kingdom of Saudi Arabia	<b>70%</b>	70%	IT equipment and software services
Dr. Soliman Abdel Kader Fakeeh Family Medicine Centres (“FMH”)	Kingdom of Saudi Arabia	<b>90%</b>	90%	Healthcare service provider
Dr. Soliman Abdel Kader Fakeeh Medical Education Company Limited (“FMCS”)	Kingdom of Saudi Arabia	<b>80%</b>	80%	Medical education service provider
Saudi Airlines Company for Medical Services (“SMS”)	Kingdom of Saudi Arabia	<b>75%</b>	75%	Healthcare service provider
Dr. Mazen Fakeeh Complementary Health Care Company Limited (“FCHC”)	Kingdom of Saudi Arabia	<b>100%</b>	100%	Wholesale and retail of medical equipment
Al Toor Medical Services Company (Al Toor”)	Kingdom of Saudi Arabia	<b>51%</b>	51%	Healthcare service provider
Al-Faraj Pharmaceutical Medical Company (“Al-Faraj”)	Kingdom of Saudi Arabia	<b>89.1%</b>	89.1%	Trading in pharmaceutical products

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**2. BASIS OF PREPARATION**

**2.1 Statement of compliance**

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

*a) Accounting convention / Basis of Measurement*

These consolidated financial statements have been prepared under the historical cost basis, unless otherwise stated.

Furthermore, the consolidated financial statements are prepared using the accrual basis of accounting and going concern assumption. The subsidiaries applied the same accounting policies as applied by Company in these financial statements. Also, the reporting period of the subsidiaries is 31 December 2020.

Certain comparative figures have been reclassified to conform to the current year's presentation.

*b) Functional and presentation currency*

These consolidated financial statements are presented in Saudi Arabian Riyals ("SR"), which is the Group's functional currency. All amounts have been expressed in SR, unless otherwise indicated.

**2.2 Critical accounting estimates and judgments**

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

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**2. BASIS OF PREPARATION (continued)**

**2.2 Critical accounting estimates and judgments**

a) Useful lives and residual value of property and equipment, intangible assets and investment properties

The Group's management determines the estimated useful lives of its property and equipment, intangible assets and investment properties with finite useful lives for calculating depreciation and amortisation. These estimates are determined after considering the expected usage of the assets or physical wear and tear. Management reviews the residual value, depreciation and amortisation methods and useful lives annually and future depreciation and amortisation charges would be adjusted where the management believes the useful lives differ from previous estimates and to ensure that the methods and period of depreciation and amortisation are consistent with the expected pattern of economic benefits from these assets.

b) Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount which is the higher of an asset's fair value less cost to sell and value in use.

c) Provision for slow moving and obsolete inventory items

The management makes a provision for slow moving and obsolete inventory items. Estimates of net realizable value of inventories are based on the most reliable evidence at the time the estimates are made. These estimates take into consideration fluctuations of price or cost directly related to events occurring subsequent to the balance sheet date to the extent that such events confirm conditions existing at the end of year.

e) Allowance for expected credit losses (ECLs) of accounts receivables

The Group uses a provision matrix to calculate ECLs for accounts receivables. The provision matrix is initially based on the Group's historically observed rates. The Group calibrates the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historically observed default rates are updated, and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historically observed default rates, forecasted economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customers' actual default in the future. The information about the ECL on the Group's accounts receivables is disclosed in note 27.

f) Employee benefits – defined benefit plan

The cost of employees' end of service benefits are determined using actuarial valuation. Certain actuarial assumptions have been adopted as disclosed in note 18 to the financial statements for valuation of present value of defined benefit obligations. Any changes in these assumptions in future years might affect gains and losses in those years.

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**2. BASIS OF PREPARATION (continued)**

**2.3 Critical accounting estimates and judgments (continued)**

g) Determining the lease term of contracts with renewal and termination options – Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

h) Leases - Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

i) Determination of discount rate for present value calculations

Discount rates represent the current market assessment of the risks specific to each cash flow stream, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and is derived from recent market transactions and a market yields overview.

j) Going concern

The Group's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the consolidated financial statements continue to be prepared on going concern basis.

**3. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies set out below have been applied consistently in the preparation of these financial statements, unless otherwise stated.

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**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**3.1 Financial instruments**

*Financial Assets*

*a) Recognition and initial measurement*

The Group's financial assets comprise of cash and cash equivalents, accounts and other receivables (current), other receivables (non-current), margin against letter of credits and guarantees and due from related parties.

Financial assets are initially recognized when the Group becomes a party to the contractual provisions of the instrument.

A financial asset is initially measured at fair value plus, for an item not at fair value through profit and loss, transaction costs that are directly attributable to its acquisition or issue.

*b) Classification and subsequent measurement*

On initial recognition, a financial asset is classified as measured at:

- Amortized cost;
- Fair value through other comprehensive income (FVOCI) – debt investment;
- FVOCI – equity investment; or
- Fair value through profit or loss (FVTPL)

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Group changes its business model for managing financial assets.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as measured at FVTPL:

- the 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 financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVOCI – equity investment). This election is made on an investment by investment basis.



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**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**3.1 Financial instruments (continued)**

*Financial Assets (continued)*

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

*Financial assets: Business model assessment*

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management.

*Subsequent measurement and gains and losses*

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on de-recognition is recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income under the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On de-recognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to profit or loss.

*Financial liabilities: Classification, subsequent measurement and gains and losses*

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held for trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on de-recognition is also recognized in statement of profit or loss and other comprehensive income.

Significant financial liabilities include accounts payables, accrued expenses and other current liabilities and short term borrowings.

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**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**3.1 Financial instruments (continued)**

**De-recognition**

*Financial assets*

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

*Financial liabilities*

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Group also derecognizes a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognized at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognized in the statement of profit or loss and other comprehensive income.

**Offsetting of financial instruments**

Financial asset and financial liability are offset and the net amount presented in the statement of financial position when, and only when the Group:

- currently has a legally enforceable right to set off the recognised amounts; and
- intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

**3.2 Business combinations**

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the fair value of the assets given, equity instrument issued and liabilities incurred or assumed at the date of exchange, and includes costs directly attributable to the acquisition. Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured initially at fair values at the date of acquisition. The excess of the cost of the business combination over the Group's share in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities is classified as goodwill. When the excess is negative, a bargain purchase gain is recognized immediately in profit or loss. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The Group elects on a transaction-by-transaction basis whether to measure non-controlling interests at its fair value, or at its proportionate share of the recognized amount of the identifiable net assets, at the acquisition date.

If the business combination is achieved in stages, any previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognized in profit or loss.

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**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**3.2 Business combinations (continued)**

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to or has rights to, variable return from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are consolidated in the financial statements from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

All intra-group balances, transactions, income and expenses resulting from intra-group transactions, are eliminated in full. Also, any unrealized gains and losses arising from intra-group transactions are eliminated on consolidation.

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related non-controlling interest (NCI) and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Changes in a Group's ownership interest in a subsidiary that does not result in a change in control, is accounted as equity transaction and the carrying amounts of the non-controlling interests is adjusted against the fair value of the consideration paid and any difference is recognized directly in equity under "Effect of transactions with non- controlling interest without change in control".

(ii) Goodwill

Goodwill represents the difference between the cost of businesses acquired and the Group's share in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities at the date of acquisition. Goodwill arising on acquisitions is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Impairment losses on goodwill are not reversed. Subsequent to initial recognition, goodwill is measured at cost less accumulated losses.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments.

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**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**3.2 Business combinations (continued)**

*(iii) Non-controlling interests*

Non-controlling interest represents the interest in subsidiary companies, not held by the Group which are measured at their proportionate share in the subsidiary's identifiable net assets. Transactions with non-controlling interest parties are treated as transactions with parties external to the Group.

Changes in Group's interest in a subsidiary as a result of transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions, i.e. as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid / received and the relevant share acquired / disposed of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals / acquisition of non-controlling interests are also recorded in equity.

**3.3 Impairment**

*i) Financial assets (including receivables)*

IFRS 9 requires to follow an expected credit loss model for the impairment of financial assets. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized. Instead, an entity always accounts for expected credit losses and changes in those expected credit losses. Consequently, more timely information is provided about expected credit losses.

Expected loss shall be measured and provided either at an amount equal to (a) 12 month expected losses; or (b) lifetime expected losses. If the credit risk of the financial instrument has not increased significantly since inception, then an amount equal to 12 month expected loss is provided. In other cases, lifetime credit losses shall be provided. For accounts receivables with a significant financing component a simplified approach is available, where by an assessment of increase in credit risk need not be performed at each reporting date. Instead, an entity can choose to provide for expected losses based on lifetime expected losses.

*ii) Non-financial assets*

The carrying amounts of the Group's non-financial assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

Impairment exists when the carrying value of an asset or cash generating unit ("CGU") exceeds the recoverable amount, which is the higher of the fair value less costs to sell and value in use. The fair value less costs to sell is arrived based on available data from binding sales transactions at arm's length, for similar assets. The value in use is based on a discounted cash flow (DCF) model, whereby the future expected cash flows discounted using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

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**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**3.3 Impairment (continued)**

Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGUs, and then to reduce the carrying amounts of the other assets in the CGUs on a pro rata basis.

An impairment loss on intangible assets with indefinite useful lives is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

**3.4 Foreign currency**

*Foreign currency transactions*

Transactions in foreign currencies are translated to functional currency at exchange rates at the dates of the transactions.

Monetary assets and liabilities (which are not covered by a forward foreign exchange contract) denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined except for those which are covered by forward exchange contracts. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. The foreign currency gain or loss on monetary items from settlement and translation of foreign currency transactions are generally recognized in profit or loss.

**3.5 Investment properties**

Properties held to earn rentals or held for capital appreciation or held for unspecified future purposes or is being constructed or developed for such use are classified as investment properties and stated at cost less accumulated depreciation and impairment in value. Depreciation is provided on investment properties, on straight-line basis over a period of ten years. Cost includes all direct and indirect costs necessary to bring the property to working condition for its intended use.

Any gain or loss on disposal of investment properties (calculated as the difference between the net proceeds from disposal and carrying amount of the item) is recognized in the statement of profit or loss and other comprehensive income.

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**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**3.6 Property and equipment**

Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses except land which is carried at cost. Cost includes expenditure that is directly attributable to the acquisition of the asset including any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located.

If significant parts of an item of property and equipment have different useful lives, they are accounted for as consolidated items (major components) of property and equipment.

Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment, and are recognized in statement of profit or loss and other comprehensive income.

*a) Subsequent costs*

The cost of replacing a part of an item of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property and equipment are recognized in statement of profit or loss and other comprehensive income as incurred.

*b) Depreciation*

Depreciation is calculated to write off the cost of items of property and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is recognized in statement of profit or loss and other comprehensive income. Depreciation represents the systematic allocation of the depreciable amount of an asset over its estimated useful life. Depreciable amount represents the cost of an asset, or other amount substituted for cost, less its residual value.

The estimated useful lives for the current and comparative periods are as follows:

	<u>Years</u>
• Buildings	33 or shorter of lease term
• Medical and support equipment	4-7
• Furniture and fixtures	3-7
• Motor vehicles	7
• Office equipment	5
• Computers	5

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

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**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**3.7 Intangible assets**

The intangible assets that the Group holds consists of customer relationships and software which have finite useful lives and are measured at cost less accumulated amortization and any accumulated impairment losses.

a) *Subsequent costs*

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, is recognize in profit or loss as incurred.

b) *Amortization*

Amortization is calculated to write off, over their estimated useful lives, the cost of intangible assets less estimated residual values using the straight-line method for software and reducing balance method for customer relationships. Amortisation is generally recognized in profit or loss.

The estimated useful lives for the current and comparative periods are as follows:

	<u>Years</u>
Customer relationships	25
Software	3-7

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis

**3.8 Capital work-in-progress**

Capital work-in-progress represents all costs relating directly to the on-going projects in progress and are capitalized as property and equipment when the project is completed.

**3.9 Inventories**

Inventories, which comprise of medicines, various medical supplies and consumables are measured at the lower of cost and net realizable value. Cost is determined using the weighted average method. Cost includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition.

Goods-in-transit include costs and related expenses of goods shipped by the year-end.

Net realizable value comprises estimated selling price in the ordinary course of business, less appropriate selling and distribution costs. Provision is made, where necessary, for obsolete, slow moving, defective and expired stocks. The amount of any write-down of inventories to net realizable value and all losses of inventories are recognized as an expense in the period the write-down or loss occurs.

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**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**3.10 Employee Benefits**

*Defined unfunded benefit plans*

The Group operates an employees' end of service benefits scheme. End of service benefits, as required by Saudi Arabia Labor Law, are required to be provided based on the employees' length of service.

The Group's net obligations in respect of defined unfunded benefit plans ("the obligations") is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return of their service in the current and prior periods. The benefit is discounted to determine its present value, and any unrecognized past service costs.

The discount rate used is the market yield on government bonds at the reporting date that has maturity dates approximating the terms of the Group's obligations. The cost of providing benefits under the defined benefit plans is determined using the projected unit credit method to determine the Group's present value of the obligation, with actuarial valuations to be carried out every third year and updated for the following two years for material changes, if any.

The defined benefit liability comprises the present value of defined benefit obligation as adjusted for any past service cost not yet recognized. Currently there are no past service costs. Actuarial gains and losses are recognized in OCI immediately.

**3.11 Leases**

*Right-of-use assets*

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

*Lease liabilities*

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.



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**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**3.11 Leases (continued)**

*Lease liabilities (continued)*

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

**3.12 Provisions**

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are reviewed and adjusted at each reporting date. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost. Expected future operating losses are not provided for. If outflows to settle the provisions are no longer probable, reversal of the provision is recorded as income.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation.

**3.13 Zakat**

Zakat is provided for in the financial statements in accordance with Zakat, Tax and Customs Authority (formerly known as "the General Authority of Zakat and Income Tax") ("Authority" or "ZTCA") regulations. Zakat is charged to profit and loss. Additional zakat liabilities, if any, related to prior years' assessments arising from GAZT are accounted for in the period in which the final assessments are finalized.

The Group withholds taxes on transactions with non-resident parties in accordance with zakat and income tax regulations.

**3.14 Value Added Tax**

The Group is subject to Value Added Tax ("VAT") for services except exempt supplies in accordance with the VAT regulations prevailing in the Kingdom of Saudi Arabia. The amount of VAT liability is determined by applying the applicable tax rate to the value of supply ("Output VAT") less VAT paid on purchases/services obtained ("Input VAT"). The Group reports revenue and purchases net of VAT for all the periods presented in the consolidated statement of profit or loss.

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**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**3.15 Revenue**

Revenue is the gross inflow of economic benefits arising from the ordinary operating activities of the Group when those inflows result in increase in equity, other than increases relating to contributions from equity participants. Revenue is measured at fair value of consideration received or receivable. Revenue is recognized to the extent that it is probable that any future economic benefit associated with the item of revenue will flow to the Group, the revenue can be reliably measured, regardless of when the payment is being made and the costs are identifiable and can be measured reliably.

The Group has applied IFRS 15 *Revenue from contracts with customers* for accounting of revenue. The core principle of the IFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. IFRS 15 requires that entities apply a five-step to determine when to recognize revenue and at what amount.

- Step:1 Identify the contract with the customer
- Step:2 Identify the performance obligations in the contract
- Step:3 Determine the transaction price
- Step:4 Allocate the transaction price to the performance obligations in the contract
- Step:5 Recognize revenue when or as the entity satisfies a performance obligation

Under IFRS 15, an entity recognizes revenue when or as a performance obligation is satisfied. i.e. when control of the goods or services pertaining to the respective performance obligation is transferred to the customer.

*Sale of goods*

The Group dispenses medication and medical supplies as part of the provision of its healthcare services. Sales of goods are recognized when the Group dispenses the products to its patients.

*Provision of services*

The Group provides healthcare services. The revenue is recognized when the treatment is provided and the invoice is generated (i.e. after satisfaction of performance obligation). Some contracts include variable considerations such as discounts and rejections of claims. Management estimates variable consideration using the expected value method for rejections. Management has applied one method consistently throughout the contract when estimating the effect of an uncertainty on an amount of variable consideration to which the Group will be entitled. In addition, management has considered all the information (historical, current and forecast) that is reasonably available to the Group and has identified a reasonable number of possible consideration amounts. Health Care center services revenue is recognized over the subscription period.

Revenue primarily comprises fees charged under contract for inpatient and outpatient hospital services and also includes the sale of medical and non-medical items. Hospital services include charges for accommodation, professional medical services, equipment, radiology, laboratory and pharmaceutical goods used in treatments given to patients.

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**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**3.15 Revenue (continued)**

*Provision of services (continued)*

*Medical related services*

The Group has agreement with affiliates and other external parties for provision of medical and other related services which include maintenance of AED and DEK kits, safety and occupation services program, medical test, certification and vaccination. These are recognised as revenue agreed under Service Level Agreement (SLA) when the services are provided except provision of AED and DEK kits and safety occupation service program which are recognised on straight line basis over the period of time.

*Revenue from educational services*

Tuition and other fees are recognised as income over the academic year (i.e. over the satisfaction of performance obligation).

*Revenue from other services*

Revenue from other services is recognized when the services are rendered to the customers.

**3.16 Other income**

Other income that are incidental to the Group's business model are recognized as income as they are earned or accrued.

Rental income from investment properties are recognized on a straight-line basis over the term of the lease.

Interest income is recognized using the effective interest method.

**3.17 Expenses**

All expenses, excluding direct costs of revenue are classified as general and administrative expenses. General and administrative expenses include direct and indirect costs not specifically part of the trading activity. Allocations between cost of revenues and general and administrative expenses, when required, are made on a consistent basis.

**3.18 Finance costs**

Finance costs comprises of bank charges and financing charges as and when incurred by the Group.

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**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**3.19 Current versus non – current**

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

***Assets***

An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

***Liabilities***

A liability is current when:

- Expected to be settled in normal operating cycle
- Held primarily for the purpose of trading
- Due to be settled within twelve months after the reporting period, or
- No unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current.

**3.20 Fair value measurement**

The Group measures financial instruments at fair value at each statement of financial position date. 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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes 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 the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**3.20 Fair value measurement (continued)**

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

External valuers are involved for valuation of significant assets, such as Investment properties.

**3.21 Contingent liabilities**

All possible obligations arising from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly with the control of the Group; or all present obligations arising from past events but not recognized because: (i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or (ii) the amount of the obligation cannot be measured with sufficient reliability; all should be assessed at each balance sheet date and disclosed in the Group's financial statements under contingent liabilities.

Contingent assets are not recognised in the financial statements but are disclosed when an inflow of economic benefits is probable.

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**4. PROPERTY AND EQUIPMENT**

i) Reconciliation of carrying amounts:

<b>31 December 2020</b>	<b>Land</b>	<b>Buildings and leasehold improvements</b>	<b>Medical and support equipment</b>	<b>Furniture and fixtures</b>	<b>Motor vehicles</b>	<b>Office equipment</b>	<b>Computers</b>	<b>Capital work-in-progress</b>	<b>Total</b>
<b>Cost:</b>									
Balance at 1 January 2020	--	532,386,418	427,665,052	102,015,863	13,091,304	22,941,468	54,128,295	185,267,061	1,337,495,461
Additions	6,400,000	4,436,407	32,585,826	2,715,260	1,226,999	7,404,340	4,499,010	10,786,977	70,054,819
Reclassifications	--	(12,226,634)	6,729,210	(859,107)	15,500	2,081,363	4,259,668	--	--
Transfers	--	66,283,407	4,281,969	838,979	--	2,100	--	(71,406,455)	--
Disposals	--	(2,613,538)	(6,820,922)	(876,089)	(149,887)	(61,084)	(865,272)	--	(11,386,792)
Balance at 31 December 2020	6,400,000	588,266,060	464,441,135	103,834,906	14,183,916	32,368,187	62,021,701	124,647,583	1,396,163,488
<b>Accumulated depreciation:</b>									
Balance at 1 January 2020	--	307,281,903	296,688,602	82,178,675	10,408,328	15,281,929	28,098,434	--	739,937,871
Charge for the year	--	10,067,596	23,661,256	6,793,847	1,007,035	3,548,509	9,384,227	--	54,462,470
Disposals	--	(832,552)	(6,632,444)	(822,195)	(149,884)	(44,509)	(814,376)	--	(9,295,960)
Balance at 31 December 2020	--	316,516,947	313,717,414	88,150,327	11,265,479	18,785,929	36,668,285	--	785,104,381
<b>Carrying amounts</b>									
<b>At 31 December 2020</b>	<b>6,400,000</b>	<b>271,749,113</b>	<b>150,723,721</b>	<b>15,684,579</b>	<b>2,918,437</b>	<b>13,582,258</b>	<b>25,353,416</b>	<b>124,647,583</b>	<b>611,059,107</b>

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**4. PROPERTY AND EQUIPMENT (continued)**

i) Reconciliation of carrying amounts (continued):

<u>31 December 2019</u>	<u>Buildings and leasehold improvements</u>	<u>Medical and support equipment</u>	<u>Furniture and fixtures</u>	<u>Motor vehicles</u>	<u>Office equipment</u>	<u>Computers</u>	<u>Capital work-in-progress</u>	<u>Total</u>
<b>Cost:</b>								
Balance at 1 January 2019	378,500,335	391,638,613	94,255,338	12,626,346	17,628,892	49,521,542	268,000,259	1,212,171,325
Acquisition through business combination	2,688,763	6,628,929	2,158,297	578,460	314,674	2,448,368	7,055,135	21,872,626
Additions	7,710,032	23,233,764	4,969,264	218,868	4,096,005	2,895,202	73,817,598	116,940,733
Transfers	143,487,288	18,040,561	1,091,216	--	986,866	--	(163,605,931)	--
Disposals	--	(11,876,815)	(458,252)	(332,370)	(84,969)	(736,817)	--	(13,489,223)
Balance at 31 December 2019	532,386,418	427,665,052	102,015,863	13,091,304	22,941,468	54,128,295	185,267,061	1,337,495,461
<b>Accumulated depreciation:</b>								
Balance at 1 January 2019	299,061,973	287,244,406	73,854,576	9,346,641	13,617,643	21,652,629	--	704,777,868
Acquisition through business combination	987,854	1,973,891	1,014,185	367,694	116,476	765,673	--	5,225,773
Charge for the year	7,232,076	19,256,534	7,731,390	1,026,360	1,623,386	6,408,333	--	43,278,079
Disposals	--	(11,786,229)	(421,476)	(332,367)	(75,576)	(728,201)	--	(13,343,849)
Balance at 31 December 2019	307,281,903	296,688,602	82,178,675	10,408,328	15,281,929	28,098,434	--	739,937,871
<b>Carrying amounts</b>								
At 31 December 2019	225,104,515	130,976,450	19,837,188	2,682,976	7,659,539	26,029,861	185,267,061	597,557,590

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**4. PROPERTY AND EQUIPMENT (continued)**

Depreciation for the year is distributed as detailed below:

	<u>2020</u>	<u>2019</u>
Cost of revenue (note 23)	<b>40,872,861</b>	37,060,355
Administrative expenses (note 24)	<b>13,589,609</b>	6,217,724
	<b><u>54,462,470</u></b>	<u>43,278,079</u>

Capital work-in-progress mainly represents the construction work being carried out for the Group's expansion projects and upgrading the existing infrastructure and facilities.

**5. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES**

**a) Right-of-use assets**

i) Reconciliation of carrying amounts

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
<b><u>Cost:</u></b>			
Recognised at 1 January 2019	90,435,536	113,248,248	203,683,784
Acquisition through business combination	--	3,535,901	3,535,901
Additions during the year	--	150,887,656	150,887,656
Adjustments	--	(5,200,157)	(5,200,157)
Balance at 31 December 2019	<u>90,435,536</u>	<u>262,471,648</u>	<u>352,907,184</u>
Balance at 1 January 2020	90,435,536	262,471,648	352,907,184
Acquisition through business combination	--	30,637,439	30,637,439
Additions during the year	--	582,476	2,370,791
Modifications	1,788,315	--	--
Terminations	--	(13,142,140)	(13,142,140)
Balance at 31 December 2020	<u>92,223,851</u>	<u>280,549,423</u>	<u>372,773,274</u>
<b><u>Accumulated depreciation:</u></b>			
Acquisition through business combination	--	755,802	755,802
Charge for the year	12,878,926	16,596,734	29,475,660
Balance at 31 December 2019	<u>12,878,926</u>	<u>17,352,536</u>	<u>30,231,462</u>
Balance at 1 January 2020	12,878,926	17,352,536	30,231,462
Charge for the year	13,247,345	27,412,144	40,659,489
Terminations	--	(1,879,171)	(1,879,171)
Balance at 31 December 2020	<u>26,126,271</u>	<u>42,885,509</u>	<u>69,011,780</u>
<b><u>Carrying amounts:</u></b>			
<b>At 31 December 2020</b>	<b><u>66,097,580</u></b>	<b><u>237,663,914</u></b>	<b><u>303,761,494</u></b>
At 31 December 2019	<u>77,556,610</u>	<u>245,119,112</u>	<u>322,675,722</u>

ii) Depreciation for the year has been allocated as follows:

	<u>2020</u>	<u>2019</u>
Costs of revenue (note 23)	<b>22,367,471</b>	20,458,595
Administrative expenses (note 24)	<b>18,292,018</b>	9,017,065
	<b><u>40,659,489</u></b>	<u>29,475,660</u>



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**5. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)**

**b) Lease liabilities**

	<u>2020</u>	<u>2019</u>
Recognised as at 1 January 2020	<b>340,568,801</b>	197,276,463
Acquisition through business combinations	--	2,941,094
Additions during the year	<b>30,729,725</b>	150,887,656
Interest expenses for the year	<b>20,569,201</b>	11,738,828
Modifications	<b>2,270,173</b>	--
Terminations	<b>(11,158,840)</b>	--
Payments and adjustments during the year	<b>(27,792,963)</b>	(22,275,240)
	<b><u>355,186,097</u></b>	<u>340,568,801</u>

Lease liabilities are presented in statement of financial positions as follows:

	<u>2020</u>	<u>2019</u>
Non-current portion of lease liabilities	<b>295,021,018</b>	303,734,244
Current portion of lease liabilities	<b>60,165,079</b>	36,834,557
	<b><u>355,186,097</u></b>	<u>340,568,801</u>

**6. INTANGIBLE ASSETS AND GOODWILL**

i) Reconciliation of carrying amounts:

	<u>Goodwill</u>	<u>Customer relationships</u>	<u>Computer software</u>	<u>Total</u>
<b><u>Cost:</u></b>				
Balance at 1 January 2020	406,187,500	--	24,649,121	430,836,621
Additions during the year	--	--	2,805,796	2,805,796
Transfers during the year	(32,339,000)	32,339,000	--	--
Balance at 31 December 2020	<u>373,848,500</u>	<u>32,339,000</u>	<u>27,454,917</u>	<u>433,642,417</u>
<b><u>Accumulated amortization:</u></b>				
Balance at 1 January 2020	--	--	6,096,761	6,096,761
Charge for the year	--	4,689,155	3,955,425	8,644,580
Balance at 31 December 2020	<u>--</u>	<u>4,689,155</u>	<u>10,052,186</u>	<u>14,741,341</u>
<b><u>Carrying amounts:</u></b>				
<b>At 31 December 2020</b>	<b><u>373,848,500</u></b>	<b><u>27,649,845</u></b>	<b><u>17,402,731</u></b>	<b><u>418,901,076</u></b>

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**6. INTANGIBLE ASSETS AND GOODWILL (continued)**

i) Reconciliation of carrying amounts (continued):

	<u>Goodwill</u>	<u>Computer Software</u>	<u>Software under development</u>	<u>Total</u>
<u>Cost:</u>				
Balance at 1 January 2019	--	9,756,658	4,435,013	14,191,671
Acquisition through business combination	406,187,500	--	--	406,187,500
Additions during the year	--	7,051,703	3,405,747	10,457,450
Transfers during the year	--	7,840,760	(7,840,760)	--
Balance at 31 December 2019	<u>406,187,500</u>	<u>24,649,121</u>	<u>--</u>	<u>430,836,621</u>
<u>Accumulated amortization:</u>				
Balance at 1 January 2019	--	2,757,979	--	2,757,979
Charge for the year	--	3,338,782	--	3,338,782
Balance at 31 December 2019	<u>--</u>	<u>6,096,761</u>	<u>--</u>	<u>6,096,761</u>
<u>Carrying amounts:</u>				
At 31 December 2019	<u>406,187,500</u>	<u>18,552,360</u>	<u>--</u>	<u>424,739,860</u>

Amortisation for the year is distributed as detailed below:

	<u>2020</u>	<u>2019</u>
Cost of revenue (note 23)	7,469,645	3,035,492
Administrative expenses (note 24)	1,174,935	303,290
	<u>8,644,580</u>	<u>3,338,782</u>

During the year, the Group has completed the Purchase Price Allocation (PPA) exercise pertaining to the acquisition of Saudi Airlines Company for Medical Services. Accordingly, acquisition consideration paid amounting to SR 469 million has been allocated to net assets of SR 62.8 million, goodwill of SR 373.85 million and customer relationship intangible asset of SR 32.34 million.

The value of customer relationship intangible asset has been determined under multiple period excess earning method by discounting to present value the future cashflows expected to be generated over a period of 25 years excluding any cashflows related to contributory assets.

Customer relationship intangible asset is expected to have useful life of 25 years and is amortised over this life using reducing balance method.

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**7. INVESTMENT PROPERTIES**

i) Reconciliation of carrying amounts:

	<b>Land and buildings</b>
<b><u>Cost:</u></b>	
Balance at 1 January 2019 / 31 December 2019 /31 December 2020	<u>1,677,992</u>
<b><u>Accumulated depreciation:</u></b>	
Balance at 1 January 2019	1,073,688
Charge for the year (note 24)	<u>21,024</u>
Balance at 31 December 2019	<u>1,094,712</u>
Charge for the year (note 24)	<u>21,024</u>
Balance at 31 December 2020	<u>1,115,736</u>
<b><u>Carrying amounts:</u></b>	
At 31 December 2019	<u>583,280</u>
<b>At 31 December 2020</b>	<b><u>562,256</u></b>

Investment properties comprises of spaces in the hospital buildings (building 1, building 2 and building 7) let out to third parties.

**8. PREPAYMENTS AND OTHER NON-CURRENT ASSETS**

	<b><u>2020</u></b>	<b><u>2019</u></b>
Loan arrangement fee – non current	<b>1,924,000</b>	2,300,000
Others	<b><u>1,128,766</u></b>	<u>--</u>
	<b><u>3,052,766</u></b>	<b><u>2,300,000</u></b>

**9. OTHER LONG-TERM RECEIVABLES**

	<b><u>2020</u></b>	<b><u>2019</u></b>
<b>Non-current</b>		
Long-term loans to a related party (notes 9.1 and 26)	<b>800,292,257</b>	527,878,224
Non-current portion of other receivables (note 11)	<b><u>43,860,038</u></b>	<u>36,798,296</u>
	<b><u>844,152,295</u></b>	<b><u>564,676,520</u></b>

9.1 This represents long-term loans provided to Fakeeh Academic Medical Center- Dubai and is not repayable before the end of 12 months from the reporting period.

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**10. INVENTORIES**

	<u>2020</u>	<u>2019</u>
Medicines, medical supplies and consumables	107,989,465	113,859,562
Optical and related accessories	<u>10,180,135</u>	<u>8,745,590</u>
	<b>118,169,600</b>	122,605,152
Less: Provision for slow moving and obsolete inventories	<u>(2,545,545)</u>	<u>(2,125,545)</u>
	<b><u>115,624,055</u></b>	<b><u>120,479,607</u></b>

The movement in the provision for slow moving inventories is as follows:

	<u>2020</u>	<u>2019</u>
Balance at beginning of the year	2,125,545	--
Charge for the year	<u>420,000</u>	<u>2,125,545</u>
Balance at end of the year	<b><u>2,545,545</u></b>	<b><u>2,125,545</u></b>

In accordance with the terms of the supplier's agreement, the Group is entitled to return the nearing expiry products to the supplier.

**11. ACCOUNTS AND OTHER RECEIVABLES**

	<u>2020</u>	<u>2019</u>
Accounts receivables	521,024,902	495,320,344
In-patients	79,356,301	87,449,141
Unbilled revenue - inpatient and outpatient	65,884,763	45,167,187
Other receivables	<u>1,492,421</u>	<u>1,444,640</u>
	<b>667,758,387</b>	629,381,312
Less: allowance for impairment losses	<u>(77,379,834)</u>	<u>(97,201,037)</u>
	<b><u>590,378,553</u></b>	<b><u>532,180,275</u></b>

All accounts receivables are unsecured and it is not the practice of the Group to obtain collaterals. Before accepting any customer, the management of the Group evaluates the credit quality of potential customers individually and defines maximum credit period and credit limits. The Group, based on its historical experience and collection trends, current market conditions and expected future cash flows, creates an allowance for doubtful debts against its accounts receivables.

The unimpaired accounts receivables include amount of SR 160,507,152 (2019: SR 97,716,684) due from government and quasi government institutions from which SR 132,907,946 (2019: SR 21,286,903) remains outstanding for more than the credit period normally granted to trade customers. Based on the past experience and collection trends, the management believes that there has not been a significant change in credit quality. Consequently, the amounts will be recoverable.

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**11. ACCOUNTS AND OTHER RECEIVABLES (continued)**

In-patient receivable amounting to SR 79,356,301 (2019: SR 87,449,141) relates to various in-patient receivables, for which the management of the Group performs ongoing assessment regarding the recoverability of those receivables and provide for it, if needed. The management of the Group is confident that such amounts, net of the related allowances, are recoverable.

Following is the movement of allowance for credit losses:

	<u>2020</u>	<u>2019</u>
Balance at beginning of the year	97,201,037	89,219,653
Additions due to business combinations	--	1,772,429
Charge for the year	4,527,924	6,208,955
Written-off during the year	<u>(24,349,127)</u>	<u>--</u>
Balance at end of the year	<u>77,379,834</u>	<u>97,201,037</u>

The un-billed revenue will be invoiced subsequent to year-end.

Unbilled receivables are considered as a financial asset as the Group has unconditional right to receive consideration in exchange services rendered only by the passage of time.

**12. PREPAYMENTS AND OTHER RECEIVABLES**

	<u>2020</u>	<u>2019</u>
Advances to suppliers	39,510,569	15,186,538
Prepayments	19,549,383	12,223,073
Advances to employees	2,727,186	3,096,001
Margin against letter of credits and guarantees	600,099	2,045,427
Loan arrangement fee – current portion	388,000	400,000
Others	8,576,506	6,987,357
	<u>71,351,743</u>	<u>39,938,396</u>

**13. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents include cash and bank balances.

	<u>2020</u>	<u>2019</u>
Cash in hand	1,647,373	2,039,263
Cash at banks - current accounts	185,542,532	134,824,103
	<u>187,189,905</u>	<u>136,863,366</u>

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**14. SHARE CAPITAL**

The shareholding of the Group is as follows:

	<b><u>Nationality / country of incorporation</u></b>	<b>Number of Shares of Saudi Riyals ('SR')</b>		<b>Amount (SR)</b>	
		<b><u>10 each</u></b>		<b><u>As at 31 December</u></b>	
		<b><u>2020</u></b>	<b><u>2019</u></b>	<b><u>2020</u></b>	<b><u>2019</u></b>
Dr. Mazen Soliman Abdel Kader Fakeeh	Saudi	<b>3,999,200</b>	3,999,200	<b>39,992,000</b>	39,992,000
Mr. Ammar Soliman Abdel Kader Fakeeh	Saudi	<b>3,999,200</b>	3,999,200	<b>39,992,000</b>	39,992,000
Dr. Manal Soliman Abdel Kader Fakeeh	Saudi	<b>1,999,600</b>	1,999,600	<b>19,996,000</b>	19,996,000
Fakeeh Real Estate Company Limited (A Saudi Limited Liability Company)	Kingdom of Saudi Arabia	<b>1,000</b>	1,000	<b>10,000</b>	10,000
Al Sulimania United Company Limited (A Saudi Limited Liability Company)	Kingdom of Saudi Arabia	<b>1,000</b>	1,000	<b>10,000</b>	10,000
		<b><u>10,000,000</u></b>	<b><u>10,000,000</u></b>	<b><u>100,000,000</u></b>	<b><u>100,000,000</u></b>

The Group's shareholders approved annual dividend amounting to SR 22.27 million for the year ended 31 December 2019 (SR 22.65 million for the year ended 31 December 2018) in the annual general meeting held on 29 July 2020.

**15. STATUTORY RESERVE**

In accordance with the By-laws of the Company and the new Regulations for Companies that came into effect on Rajab 25, 1437H (corresponding to May 2, 2016), the Company is required to set aside 10% of its net income each year as statutory reserve until such reserve reaches 30% of the share capital. Since the reserve equals to 50% of the share capital which was transferred under previous regulations for companies, therefore no such transfer has been made during the year.

This minimum required reserve of 30% of share capital is not available for distribution to the shareholders of the Company.

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**16. NON-CONTROLLING INTERESTS**

The following table summarizes the information relating to each of the Group's subsidiaries that has material NCI, before any intra-group eliminations:

<b>31 December 2020</b>	<b>Kameda</b>	<b>Farabi</b>	<b>FMH</b>	<b>FMCS</b>	<b>Al Toor</b>	<b>Al-Faraj</b>	<b>SMS</b>	<b>Total</b>
Non-current assets	9,519,465	--	495,000	66,563,241	44,771,549	--	135,195,000	
Current assets	6,062,026	31,624,056	1,000,000	21,944,857	2,771,900	706,440	232,174,574	
Non-current liabilities	1,013,249	16,435,725	--	4,906,942	--	--	134,611,945	
Current liabilities	11,871,184	2,507,573	699,376	53,658,649	5,018,067	206,440	104,825,352	
<b>Net assets (100%)</b>	<b>2,697,058</b>	<b>12,680,758</b>	<b>795,624</b>	<b>29,942,507</b>	<b>42,525,382</b>	<b>500,000</b>	<b>127,932,277</b>	
<b>Carrying amount of NCI</b>	<b>809,117</b>	<b>3,804,227</b>	<b>79,562</b>	<b>5,988,501</b>	<b>41,992,071</b>	<b>5,000</b>	<b>31,983,069</b>	<b>84,661,547</b>
Revenue	10,192,711	32,652,455	--	60,786,681	--	--	292,282,562	
Profit / (loss)	728,468	1,554,879	--	16,230,632	45,708	(96,390)	70,885,621	
Other comprehensive income ("OCI")	(74,190)	1,998,541	--	(20,374)	--	--	1,083,197	
<b>Total comprehensive income/(loss) (100%)</b>	<b>654,278</b>	<b>3,553,420</b>	<b>--</b>	<b>16,210,258</b>	<b>45,708</b>	<b>(96,390)</b>	<b>71,968,818</b>	
Profit / (loss) allocated to NCI	218,540	466,464	--	3,246,126	22,397	(10,507)	17,721,405	21,664,425
Other comprehensive income / (loss) allocated to NCI	(22,257)	599,562	--	(4,075)	--	--	270,799	844,029

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**16. NON-CONTROLLING INTERESTS (continued)**

31 December 2019	<u>Kameda</u>	<u>Farabi</u>	<u>FMH</u>	<u>FMCS</u>	<u>Al Toor</u>	<u>Al-Faraj</u>	<u>SMS</u>	<u>Total</u>
Non-current assets	8,291,385	7,070	53,313,597	57,844,325	41,977,677	--	140,443,668	
Current assets	3,274,535	30,142,582	12,590,122	19,694,884	4,835,999	610,050	234,464,397	
Non-current liabilities	1,077,870	19,159,469	36,371,976	4,723,778	--	--	141,750,119	
Current liabilities	8,445,272	1,861,081	28,277,325	59,077,635	4,980,000	110,050	77,194,487	
Net assets (100%)	<u>2,042,778</u>	<u>9,129,102</u>	<u>1,254,418</u>	<u>13,737,796</u>	<u>41,833,676</u>	<u>500,000</u>	<u>155,963,459</u>	
Carrying amount of NCI	<u>612,833</u>	<u>2,738,731</u>	<u>125,442</u>	<u>2,747,559</u>	<u>41,323,676</u>	<u>5,000</u>	<u>38,990,865</u>	<u>86,544,106</u>
Revenue	10,956,369	37,869,366	12,042,409	44,563,116	--	--	280,421,024	
Profit / (loss)	916,600	1,804,983	(11,803,603)	2,420,298	(80,025)	(110,050)	77,196,980	
Other comprehensive income ("OCI")	16,929	(207,342)	254,418	1,366,241	--	--	(4,983,521)	
Total comprehensive income/(loss) (100%)	<u>933,529</u>	<u>1,597,641</u>	<u>(11,549,185)</u>	<u>3,786,539</u>	<u>(80,025)</u>	<u>(110,050)</u>	<u>72,213,459</u>	
Profit (loss) allocated to NCI	274,980	541,495	(1,180,361)	484,059	(39,212)	(11,995)	19,299,245	19,368,211
Other comprehensive income / (loss) allocated to NCI	<u>5,079</u>	<u>(62,203)</u>	<u>25,442</u>	<u>273,248</u>	<u>--</u>	<u>--</u>	<u>(1,245,880)</u>	<u>(1,004,314)</u>



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**17. LOANS AND BORROWINGS**

	<u>2020</u>	<u>2019</u>
<u>Non-current portion</u>		
Long-term bank loans (note 17.1)	<b>779,301,131</b>	727,050,000
<u>Current portion</u>		
Short-term bank loans (note 17.2)	<u><b>159,335,707</b></u>	<u>41,299,665</u>
	<u><b>938,636,838</b></u>	<u>768,349,665</u>

The movement in the long-term bank loans over the year is as follows:

	<u>2020</u>	<u>2019</u>
Balance at 1 January	<b>727,050,000</b>	55,950,000
Loans obtained	<u><b>52,251,131</b></u>	<u>671,100,000</u>
Balance at 31 December	<u><b>779,301,131</b></u>	<u>727,050,000</u>

**17.1 Long-term bank loans**

During the year ended 31 December 2017, the Group had obtained a financing facility of SR 460 million from a commercial bank. The financing includes a term loan facility for financing projects amounting to SR 440 million and a short-term facility amounting to SR 20 million for financing working capital.

During the year ended 31 December 2018, the Group had obtained a financing facility of SR 1.17 billion from a commercial bank. The financing includes a term loan facility for new investments amounting to SR 1.07 billion and a short-term facility of SR 100 million. During the year ended 31 December 2020, the short-term facility has been increased to SR 500 million with a total facility amount of SR 1.57 billion as at 31 December 2020.

The Group has availed SR 779.3 million from the term loan facility till 31 December 2020 (2019: SR 727 million). The borrowings carry interest at prevailing market interest rates and are secured against certain collaterals.

The facility agreement with the bank contain a covenant, which requires the Group to maintain a maximum dividend payout ratio.

**17.2 Short-term bank loans**

The short-term borrowings are repayable within 12 months from the balance sheet date.

The Group had availed SR 159.3 million (2019: SR 41.3 million) from the short-term facility.

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**18. EMPLOYEES' END OF SERVICE BENEFITS**

The Group operates an approved unfunded employees' end of service benefits scheme and ex-gratia benefits for its permanent employees. The present value of total employee benefits liability recognized in the statement of financial position is determined as follows:

	<u>2020</u>	<u>2019</u>
Present value of defined benefit obligations	<u>173,226,801</u>	<u>172,196,744</u>

***Movement in net defined liability***

The movement in the present value of the end-of-service benefits over the year is as follows:

	<u>2020</u>	<u>2019</u>
Balance at 1 January	172,196,744	147,959,822
Addition due to business combinations	--	24,182,587

***Included in profit or loss:***

Current service costs	23,158,810	19,377,415
Interest costs	4,822,167	7,039,969
	<u>27,980,977</u>	<u>26,417,384</u>

***Included in other comprehensive income:***

Re-measurement (gain) / loss arising from:

Actuarial (gain) / loss arising from:

- Financial assumptions	(7,859,504)	(1,370,050)
- Demographic assumptions	3,975,472	(989,659)
- Experience adjustments	(3,574,077)	5,098,487
	<u>(7,458,109)</u>	<u>2,738,778</u>
Other adjustments	(1,466,991)	--
Benefits paid	(18,025,820)	(29,101,827)
Balance at 31 December	<u>173,226,801</u>	<u>172,196,744</u>

**Actuarial assumptions**

The main financial assumptions used to calculate the indicative defined unfunded benefit plans liabilities are as follows:

	<u>2020</u>	<u>2019</u>
<b><u>Actuarial assumptions</u></b>		
Discount rate	2.95%	2.9%-3.2%
Future salary growth	1.5% -2.11%	1.9%-2.2%
Retirement age	60 years	60 years

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**18. EMPLOYEES' END OF SERVICE BENEFITS (continued)**

The sensitivity of defined benefit obligation to changes in the weighted principal assumptions is as follows:

<b>31 December 2020</b>	Impact on defined benefit obligation (Increase) / decrease in actual figures		
	<b><u>Change in assumption by</u></b>	<b><u>Increase in assumption by</u></b>	<b><u>Decrease in assumption by</u></b>
<b>Financial assumptions</b>			
Discount rate	1%	6,655,265	(13,002,656)
Future salary growth / Expected rate of salary increase	1%	(13,980,929)	7,703,142
<b>31 December 2019</b>	Impact on defined benefit obligation (Increase) / decrease in actual figures		
	<b><u>Change in assumption by</u></b>	<b><u>Increase in assumption by</u></b>	<b><u>Decrease in assumption by</u></b>
<b>Financial assumptions</b>			
Discount rate	1%	8,674,300	(9,640,823)
Future salary growth / Expected rate of salary increase	1%	(10,523,864)	9,154,399

The weighted average duration of the defined benefit obligation ranges from 5.50 to 8.24 years (2019: from 5.50 to 8.49 years).

During the year ended 31 December 2020, an independent actuarial exercise has been conducted to ensure the adequacy of provision for employees' end of service benefits and ex-gratia benefits in accordance with the rules stated under the Saudi Arabian Labor and Workmen Law by using the Projected Unit Credit Method as required under IAS 19.

The defined benefit plan is exposed to a number of actuarial risks, the most significant of which are final salary risk, discount / interest rate fluctuation risk, longevity risk, currency risk and inflation risk.

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**19. ACCOUNTS PAYABLES**

	<u>2020</u>	<u>2019</u>
Accounts payables	<u>134,290,779</u>	<u>117,009,894</u>

**20. ACCRUED AND OTHER LIABILITIES**

	<u>2020</u>	<u>2019</u>
Accrued expenses	66,967,213	29,516,888
Dividends payable	25,000,000	28,163,345
Deferred income	14,144,429	2,754,328
Education fee received in advance	6,373,693	10,210,666
Customer deposits	3,455,366	3,519,986
Accrued financial charges	2,822,138	5,968,527
Advance from customers	129,480	9,531,695
Other payables	35,654,918	37,619,246
	<u>154,547,237</u>	<u>127,284,681</u>

**21. ZAKAT**

**a) Charge for the year:**

Zakat included in the statement of profit or loss and other comprehensive income are comprised of the following:

	<u>2020</u>	<u>2019</u>
Current year	<u>26,645,189</u>	<u>15,207,197</u>

**b) The movement in the accrual for zakat is as follows:**

	<u>2020</u>	<u>2019</u>
1 January	15,174,487	15,101,322
Provision for the year	26,645,189	15,207,197
Payments during the year	<u>(14,375,539)</u>	<u>(15,134,032)</u>
31 December	<u>27,444,137</u>	<u>15,174,487</u>

**c) Status of final assessments**

The Parent Company has filed Zakat declaration up to the financial year ended 31 December 2020 with the Zakat, Tax and Customs Authority (formerly known as "the General Authority of Zakat and Income Tax") ("Authority" or "ZTCA"). The Parent Company also obtained the Zakat certificate valid until 30 April 2022. The Parent Company has finalized its assessment for the years 2009 and 2010. The Zakat returns for the years 2011, 2012, 2013, 2014 and 2015 are final, while the Zakat returns for years 2016 and 2017 are under review with ZTCA. ZTCA has raised certain queries for the Zakat return 2018 for which the Company has provided the necessary information. In response, ZTCA issued the zakat assessment for the said year with additional Zakat liability amounting to SR 1.5 million. The Company has filed an appeal with ZTCA against this assessment.

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**21. ZAKAT (continued)**

**c) Status of final assessments (continued)**

Al Farabi Special Healthcare Company Limited has submitted its zakat returns for all periods up to the year ended 31 December 2020, which are under review with the ZTCA.

Kameda Arabia Company Limited has submitted its zakat returns for all periods up to the year ended 31 December 2020, which are under review with the ZTCA.

Dr. Soliman Abdel Kader Fakeeh Family Medicine Centers has submitted its zakat returns for all periods up to the year ended 31 December 2020, which are under review with the ZTCA.

Dr. Soliman Abdel Kader Fakeeh Medical Education Company Limited has submitted its zakat returns for all periods up to the year ended 31 December 2020, which are under review with the ZTCA.

Dr. Mazen Fakeeh Complementary Health Care Company Limited has submitted its zakat returns for all periods up to the year ended 31 December 2020, which are under review with the ZTCA.

Saudi Airlines Company for Medical Services (“SMS”) has filed its Zakat return till the year 2020. The management of SMS believes that Saudi Airlines Company for Medical Services was exempt from zakat till 31 December 2018 in accordance with the regulations of the ZTCA in the Kingdom of Saudi Arabia, since it was owned by Saudi Arabian Airlines Corporation (“Saudia”) as of 31 December 2018, therefore no zakat provision was made up to the end of year 2018.

However, upon the change in the shareholding in 2019, SMS is 75% owned by Dr. Soliman Abdul Kader Fakeeh Hospital Company and 25% owned by Saudia. Accordingly, SMS is now subject to zakat on the 75% share of Dr. Soliman Abdul Kader Fakeeh Hospital Company in SMS’s net adjusted profit and zakat base effective from 26 December 2019.

The ZTCA has challenged the exemption of shares of Saudia in 2019 considering that the Company is no longer 100% owned by Saudia.

SMS has submitted a ruling request based on the Saudia Group stance (same as zakat submission of other partially owned entities of Saudia) for the Zakat exemption on 100% shareholding of Saudi Arabian Airlines Corporation up to 25 December 2019 and 25% shareholding from 26 December 2019. The Group believes that SMS should still be exempt from Zakat on the shares held by Saudia for the year ended 31 December 2019 and onwards.

Al Toor Medical Services Company has submitted its zakat returns for all periods up to the year ended 31 December 2020, which are under review with the ZTCA.

Al Faraj Pharmaceutical Medical Company has submitted its zakat returns for all periods up to the year ended 31 December 2020, which are under review with the ZTCA.

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**22. REVENUE**

	<u>2020</u>	<u>2019</u>
Out-Patient	1,094,843,303	1,124,905,049
In-Patient	689,430,246	598,526,430
Medical related services	73,186,787	35,070,233
Health Club	3,569,921	5,766,827
Cafeteria	409,022	1,105,343
Others	33,235	458,630
<b>Revenue from healthcare services – Gross</b>	<b>1,861,472,514</b>	<b>1,765,832,512</b>
Discounts and rejections	<b>(213,163,944)</b>	<b>(179,021,850)</b>
<b>Revenue from healthcare services – Net</b>	<b>1,648,308,570</b>	<b>1,586,810,662</b>
<b>Revenue from educational services</b>	<b>60,786,681</b>	<b>44,563,116</b>
<b>Revenue from IT services</b>	<b>6,331,146</b>	<b>9,019,649</b>
	<b><u>1,715,426,397</u></b>	<b><u>1,640,393,427</u></b>

**23. COSTS OF REVENUE**

	<u>2020</u>	<u>2019</u>
Salaries and employee related benefits	550,534,818	528,550,151
Materials and consumables	466,353,756	400,847,522
Depreciation on property and equipment (note 4)	40,872,861	37,060,355
Repairs and maintenance	26,889,759	24,437,727
Depreciation on right-of-use assets (note 5)	22,367,471	20,458,595
Insurance expenses	22,283,560	19,084,217
Food and beverages	16,833,038	14,413,405
Rental charges	10,839,862	12,351,171
Utilities charges	9,264,829	9,349,533
Amortization (note 6)	7,469,645	3,035,492
Training expenses	795,289	979,687
Others	15,712,897	9,701,246
	<b><u>1,190,217,785</u></b>	<b><u>1,080,269,101</u></b>

**24. ADMINISTRATIVE EXPENSES**

	<u>2020</u>	<u>2019</u>
Salaries and employee related benefits	140,538,495	154,187,005
Rental charges	973,625	13,844,728
Advertising and publicity	6,002,784	9,415,003
Depreciation on right-of-use assets (note 5)	18,292,018	9,017,065
Printing and stationary	3,588,253	7,295,334
Depreciation on property and equipment (note 4)	13,589,609	6,217,724
Insurance expenses	5,171,461	5,363,328
Utilities charges	5,868,503	4,768,104
Repairs and maintenance	8,699,951	3,412,393
Amortization (note 6)	1,174,935	303,290
Depreciation on investment properties (note 7)	21,024	21,024
Others	36,676,855	36,952,004
	<b><u>240,597,513</u></b>	<b><u>250,797,002</u></b>

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**25. OTHER INCOME**

	<u>2020</u>	<u>2019</u>
Bargain purchase of subsidiaries	--	17,334,670
Interest income (note 26)	<b>8,490,833</b>	9,831,780
Research and scientific support	<b>955,478</b>	5,193,212
Rental income	<b>1,826,864</b>	1,825,469
Parking fees	<b>220,961</b>	685,252
Training fees	<b>128,353</b>	492,793
Income from Human Resource Development Fund	<b>65,950</b>	--
Others	<b>5,878,857</b>	14,846,396
	<b><u>17,567,296</u></b>	<b><u>50,209,572</u></b>

**26. RELATED PARTY TRANSACTIONS**

Related parties include the Group's shareholders, associates and affiliated companies, other entities related to certain subsidiaries and key management personnel of the Group. Terms and conditions of these transactions are approved by the Group's Board of Directors.

**Transactions with key management personnel**

***Key management personnel compensation***

Compensation to Group's key management personnel includes salaries, non-cash benefits, and contributions to post-employment defined benefit plan. Group has recognized an expense of SR 16,428,550 for the year ended 31 December 2020 (31 December 2019: SR 15,072,064). Further land rentals to the shareholders amounting to SR 19,097,706 (2019: SR 17,033,188) has been recognised as expense of the Group.

Board of Directors' remuneration for the year ended 31 December 2020 amounting to SR 1,870,100 (31 December 2019: 1,019,055) has been calculated in accordance with the Company's By-Laws. Attendance allowances and other expenses to the directors and members of various board committees amounting to SR 63,500 (2019: SR 25,370) are charged to expenses and included under administrative expenses.

***Other related party transactions***

A number of companies transacted with the Group during the year. The terms and conditions of these transactions were no more favourable than those available, or which might reasonably be expected to be available, in similar transactions with non-key management personnel related companies on arm's length basis.

The significant related parties transactions and outstanding balances including those related to key management personnel, and entities over which they have control or significant influence are as follows:

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**26. RELATED PARTY TRANSACTIONS (continued)**

Name	Relationship	Nature of transactions	Amount of transactions		Closing balance	
			2020	2019	2020	2019
<b><i>Due from related parties – other receivables (non-current)</i></b>						
Fakeeh Academic Medical Center – Dubai	Affiliate	Interest income Loans given to affiliate	8,490,833 263,923,200	9,831,780 253,803,358	800,292,257	527,878,224
<b><i>Due from related parties</i></b>						
Saudi Arabian Airlines Corporation	Non-controlling Shareholder	Revenue Expenses incurred on behalf of the shareholder	26,732,122 2,447,323	31,993,331 5,318,343	32,740,762	4,573,581
Fakeeh Real Estate Company Limited	Shareholder	Expenses incurred on behalf of shareholder Absorption of losses of the subsidiary	192,829 --	177,979 1,191,255	521,127	4,418,240
Maabar Rehabilitation Centre	Affiliate	Payments made on behalf of affiliate	--	702,754	702,755	702,755
Abdulbary Mohammed Eid Al-Shawy Trust	Non-controlling Shareholder	Share capital and absorption of losses of a subsidiary	--	529,212	529,212	529,212
Saudi Aerospace Engineering Industries Company LLC	Affiliate	Services provided	1,187,600	2,558,441	1,630,256	316,618
Flyadeal Airline Company LLC	Affiliate	Services provided	337,446	443,609	126,752	51,370
Al Sulimania United Company Limited	Shareholder	Expenses incurred on behalf of the shareholder	--	16,495	41,512	41,512
Saudi Ground Services Company	Affiliate	Services provided	898,576	26,770	35,943	28,662
Dr. Eman Shah	Non-controlling Shareholder	Share capital and absorption of losses of a subsidiary	963	6,101	7,064	6,101
Royal Fleet Services	Affiliate	Services provided	3,474,081	--	3,474,081	--



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**26. RELATED PARTY TRANSACTIONS (continued)**

Name	Relationship	Nature of transactions	Amount of transactions		Closing balance	
			2020	2019	2020	2019
<b><i>Due from related parties (continued)</i></b>						
Saudi Airlines Cargo Company	Affiliate	Services provided	245,137	--	245,137	--
Saudi Private Aviation	Affiliate	Services provided	7,997	--	7,997	--
Saudi Airlines Real Estate Development Company	Affiliate	Services provided	345	--	345	--
Prince Sultan Aviation Academy	Affiliate	Services provided	20,416	--	20,416	--
			<b>40,083,359</b>		<b>10,668,051</b>	
<b><i>Due to related parties</i></b>						
Dr. Mazen Fakeeh	Shareholder	Payments made on behalf of the Group	--	2,299,176	1,960,000	2,299,176
Mr. Ammar Fakeeh	Shareholder	Payments made on behalf of the Group	--	2,299,176	1,960,000	2,299,176
Dr. Manal Fakeeh	Shareholder	Payments made on behalf of the Group	--	1,149,588	980,000	1,149,588
Fakeeh Academic Medical Center – Dubai	Affiliate	Services received	5,942,469	--	5,942,469	--
			<b>10,842,469</b>		<b>5,747,940</b>	

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**27. FINANCIAL INSTRUMENTS – FAIR VALUES AND FINANCIAL RISK MANAGEMENT**

**FAIR VALUES**

The management considers that the carrying amounts of financial assets and financial liabilities recognized in the financial statements approximate their fair values.

**FINANCIAL RISK MANAGEMENT**

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value and cash flow interest rate risks and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

**Risk management framework**

Risk management is carried out by senior management under policies approved by the Board of Directors. Senior management identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The most important types of risk are credit risk, currency risk and fair value risk.

The Board of Directors has overall responsibility for establishment and oversight of the Group's risk management framework. The executive management team is responsible for developing and monitoring the Group's risk management policies. The team regularly meets and any changes and compliance issues are reported to the Board of Directors through the audit committee.

Risk management systems are reviewed regularly by the executive management team to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The audit committee oversees compliance by management with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

Financial instruments carried on the consolidated financial statements include cash and cash equivalents, accounts and other receivables (current), other receivables (non-current), margin against letter of credits and guarantees, due from related parties, short term borrowings, due to related parties, accrued expenses and other current liabilities and accounts payables. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

**Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk.

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**27. FINANCIAL INSTRUMENTS – FAIR VALUES AND FINANCIAL RISK MANAGEMENT**  
**(continued)**

**Risk management framework (continued)**

**Interest rate risk**

Interest rate risks are the exposures to various risks associated with the effect of fluctuations in the prevailing interest rates on the Group's financial position and cash flows. The Group's interest rate risks arise mainly from its borrowings, which are at floating rate of interest and are subject to re-pricing on a regular basis and for which the management closely monitors the changes in interest rates.

The interest rate profile of the Group's interest-bearing financial instruments as reported to the management of the Group is as follows:

	<u>2020</u>	<u>2019</u>
<b>Variable rate instruments</b>		
Financial liabilities	<u>938,636,838</u>	<u>768,349,665</u>

Sensitivity analysis for variable rate instruments

Change in 100 basis points in interest rates, with all other variables held constant, would have increased or decreased the equity and profit before zakat and income tax for the year by SR 9.39 million (31 December 2019: SR 7.68 million).

**Currency risk**

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Group 's transactions are principally in Saudi Arabian Riyals and United States Dollars. The Saudi Arabian Riyal is pegged to the United States Dollars. Currency risk is managed on regular basis.

**Credit risk**

Credit risk is the risk that one party will fail to discharge an obligation and will cause the other party to incur a financial loss. Management evaluate credit risk relating to customers on an ongoing basis. Five major customers of the Group represent 78% (2019: 67%) of total receivables.

Cash and cash equivalents are placed with national banks with sound credit ratings. Accounts and other receivable are mainly due from government and quasi- government authorities, local customers and related parties and are stated at their estimated realizable values. Management does not expect any significant loss from non-performance by counterparties on credit granted during the financial year under review other than those which have been provided in these financial statements.

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**27. FINANCIAL INSTRUMENTS – FAIR VALUES AND FINANCIAL RISK MANAGEMENT**  
**(continued)**

**Credit risk (continued)**

Potential counterparties are subject to credit assessment and approval before concluding transactions and are thereafter subject to regular review, including re-appraisal and approval of the limits previously granted.

The creditworthiness of counterparties is assessed based on an analysis of quantitative and qualitative data regarding financial standing and business risks, together with the review of any relevant third party and market information.

Credit exposure, which is essentially an economic exposure or an expected future physical exposure, is permanently monitored and subject to sensitivity measures. Credit risks in excess of approved levels are secured by means of promissory notes and insurance arrangements.

For credit risks arising from other financial assets of the Group, including cash and bank balances, accounts and other receivables (current), other receivables (non-current), margin against letter of credits and guarantees and due from related parties, the Group's exposure arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

The Group's gross maximum exposure to credit risk at the reporting date is as follows:

	<u>2020</u>	<u>2019</u>
<b>Financial assets</b>		
Accounts and other receivables – gross	667,758,387	629,381,312
Due from related parties	40,083,359	10,668,051
Other receivables	853,328,900	573,709,304
Cash at banks	185,542,532	134,824,103
	<u>1,746,713,178</u>	<u>1,348,582,770</u>

Accounts and other receivables are carried net of impairment allowances.

	<u>2020</u>	<u>2019</u>
<b>Financial assets</b>		
- Unsecured	<u>1,622,320,852</u>	<u>1,237,365,680</u>

**Impairment loss**

The Group manages credit risk with respect to receivables from customers by monitoring in accordance with defined policies and procedures. The management continuously monitors the credit exposure towards the customers and makes provision against those balances considered doubtful of recovery.

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**27. FINANCIAL INSTRUMENTS – FAIR VALUES AND FINANCIAL RISK MANAGEMENT**  
**(continued)**

**Credit risk (continued)**

**Impairment loss (continued)**

The receivables are shown net of allowance for impairment of accounts receivables. The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all accounts receivables. To measure the expected credit losses, accounts receivables have been grouped into low risk, fair risk, doubtful and loss based on shared credit risk characteristics and the days past due. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors (such as GDP forecast and industry outlook) affecting the ability of the customers to settle the receivables such. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Group assessed the concentration of risk with respect to accounts receivable and concluded it to be low. The following table provides information about the aging and expected credit losses for accounts receivables.

**As at 31 December 2020**

<u>Age days</u>	<u>Accounts receivable</u>	<u>Provision for ECL</u>
Not yet due	161,632,520	3,502,893
1 - 90	228,074,542	3,019,649
91 – 180	104,180,685	4,039,395
181 - 270	31,640,664	2,726,901
271 - 365	22,888,038	2,863,147
Over 365	119,341,938	61,227,849
Total	<u>667,758,387</u>	<u>77,379,834</u>

**As at 31 December 2019**

<u>Age days</u>	<u>Accounts receivable</u>	<u>Provision for ECL</u>
Not yet due	182,683,645	8,261,711
1 - 90	162,335,052	7,484,412
91 - 180	110,582,377	5,898,724
181 - 270	80,996,137	6,365,643
271 - 365	13,219,954	7,674,282
Over 365	79,564,147	61,516,264
Total	<u>629,381,312</u>	<u>97,201,037</u>

With respect to credit risk arising from the other financial assets of the Group, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount as disclosed in the statement of financial position.

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**27. FINANCIAL INSTRUMENTS – FAIR VALUES AND FINANCIAL RISK MANAGEMENT**  
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**Liquidity risk**

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from the inability to sell a financial asset quickly at an amount close to its fair value. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities.

The Group's liquidity risk is mitigated by the availability of funds to cover future commitments. The Group manages liquidity risk through an ongoing review of future commitments and credit facilities. Cash flow forecasts are prepared and utilized borrowing facilities are monitored regularly.

The following is contractual undiscounted maturity analysis of the financial liabilities of the Group as at 31 December 2020. The Group does not hold financial assets for managing liquidity risk. Hence, these risks have not been considered for maturity analysis.

	<b>Carrying Amount</b>	<b>1 year or less</b>	<b>1 to 5 years</b>	<b>More than 5 years</b>	<b>Total</b>
<b>31 December 2020</b>					
<i>Non derivative financial liabilities</i>					
Accounts payables	134,290,779	134,290,779	--	--	134,290,779
Due to related parties	10,842,469	10,842,469	--	--	10,842,469
Accrued and other liabilities	133,899,635	133,899,635	--	--	133,899,635
Loans and borrowings	938,636,838	159,335,707	189,900,000	879,100,000	1,228,335,707
Lease liabilities	355,186,097	48,883,049	190,900,417	184,287,824	424,071,290
	<u>1,572,855,818</u>	<u>487,251,639</u>	<u>380,800,417</u>	<u>1,063,387,824</u>	<u>1,931,439,880</u>
<b>31 December 2019</b>					
<i>Non derivative financial liabilities</i>					
Accounts payables	118,511,301	118,511,301	--	--	118,511,301
Due to related parties	5,747,940	5,747,940	--	--	5,747,940
Accrued and other liabilities	104,787,992	114,355,832	--	--	114,355,832
Loans and borrowings	768,349,665	47,268,192	440,040,780	480,008,523	967,317,494
Lease liabilities	340,568,801	46,787,591	131,428,371	228,827,478	407,043,440
	<u>1,337,965,699</u>	<u>332,670,856</u>	<u>571,469,151</u>	<u>708,836,001</u>	<u>1,612,976,007</u>

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amount.

**Capital risk management**

The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and to maintain a strong capital base to support the sustained development of its businesses.

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**27. FINANCIAL INSTRUMENTS – FAIR VALUES AND FINANCIAL RISK MANAGEMENT**  
**(continued)**

**Capital risk management (continued)**

The Group manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders or issue new shares. The Group also monitors capital using a gearing ratio, which is net debt, interest bearing loans and borrowings including finance cost thereon, less cash and bank balances. Capital signifies equity as shown in the consolidated statement of financial position plus net debt. The gearing ratio as at 31 December 2020 and 31 December 2019 is as follows:

	<u>2020</u>	<u>2019</u>
Loans and borrowings	<b>938,636,838</b>	768,349,665
Lease liabilities	<b>355,186,097</b>	340,568,801
<b>Total debt</b>	<b>1,293,822,935</b>	1,108,918,466
Cash and cash equivalents	<b>(187,189,905)</b>	(136,863,366)
<b>Net debt</b>	<b>1,106,633,030</b>	972,055,100
Share capital	<b>100,000,000</b>	100,000,000
Statutory reserve	<b>50,000,000</b>	50,000,000
Retained earnings	<b>1,157,280,704</b>	969,786,349
Non-controlling interests	<b>84,661,547</b>	86,544,106
<b>Equity</b>	<b>1,391,942,251</b>	1,206,330,455
<b>Gearing ratio (total net debt / total equity)</b>	<b>79.50%</b>	80.58%

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**28. COMMITMENTS AND CONTINGENCIES**

As at 31 December 2020, the Group's bankers have issued letters of guarantee amounting to SR 24,484,342 (2019: SR 24,877,508) out of which SR Nil (2019: SR 8,426,458) has been issued in favor of ZTCA against which cash margin of SR Nil (2019: SR 150,000) was paid (included in other receivables) and SR Nil (2019: SR Nil) have been issued on behalf of the Group's related parties. Remaining SR 16,057,884 (2019: SR Nil) letters of guarantee have been issued by the Group's bankers on behalf of the Group.

As at 31 December 2020, the Group has outstanding letters of credit amounting to SR 68,074,647 (2019: SR 93,873,426) issued by the bank in favor of the Group's related party.

As at 31 December 2020, the Group has commitments for capital work in progress of SR 315 million (2019: SR 203 million) mainly relating to construction, renovation and upgradation of buildings.

As at 31 December 2020, there are no significant litigations and claims against the Group.

The amount recognised as a provision on account of litigations and legal claims are the management's and their legal counsel's best estimate of the expenditure required to settle the present obligation arising at the reporting period.

The amount recognised as a provision on account of rejections from insurance companies are the management's best estimate of the expenditure required to settle the present obligation arising at the reporting period.

**29. NEW STANDARDS AND AMENDMENTS TO STANDARDS**

There are no new standards issued; however, the adoption of the following amendments to the existing standards had no significant financial impact on the financial statements of the Company on the current period or prior periods and is expected to have no significant effect in future periods:

- Amendments to references to conceptual framework in IFRS Standards
- Definition of a business (Amendment to IFRS 3)
- Definition of material (Amendment to IAS 1 and IAS 8)
- Interest rate benchmark reform (Amendments to IFRS 9, IAS 39 and IFRS 7)
- COVID-19 – Related rent concessions (Amendment to IFRS 16)

**30. STANDARDS ISSUED BUT NOT YET EFFECTIVE**

A number of new pronouncements are effective for annual periods beginning on or after 01 January 2021, and earlier application is permitted; however, the Company has not early adopted the new or amended standards in preparing these financial statements.



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**30. STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)**

<u>Standard / Interpretation</u>	<u>Description</u>	<u>Effective from periods beginning on or after the following date</u>
IAS 39, IFRS 4, 7, 9 and 16	Interest rate benchmark reform – phase 2	01 January 2021
IAS 37	Onerous contracts – cost of fulfilling a contract	01 January 2022
IFRS Standards	Annual improvements to IFRS standards 2018 – 2020	01 January 2022
IAS 16	Property, plant and equipment: proceeds before intended use	01 January 2022
IFRS 3	Reference to the conceptual framework	01 January 2022
IFRS 17	Insurance contracts	01 January 2023
IAS 1	Classification of liabilities as current or non-current (amendments to IAS 1)	01 January 2023
IFRS 10 and IAS 28	Sale or contribution of assets between investor and its associate or joint venture (amendments to IFRS 10 and IAS 28)	Available for optional adoption / effective date deferred indefinitely

The standards, interpretations and amendments with effective date of 01 January 2021 will not have any material impact on the Company's financial statements, whereas for other above-mentioned standards, interpretations and amendments, the Company is currently assessing the implications on the Company's financial statements on adoption.

**31. IMPACT OF COVID-19**

The outbreak of novel coronavirus ("COVID-19") since early 2020 and its spread across mainland China and then globally caused disruptions to businesses and economic activities including the KSA. The World Health Organisation qualified COVID-19 as a pandemic, with governments issuing strict regulations and guidance for its populations and companies. It necessitated the Group to re-assess its judgments and the key sources of estimation applied to the annual financial statements for the year ended 31 December 2020.

During the year ended 31 December 2020, management has assessed the overall impact on the Group's operations and business aspects. Based on this assessment, no significant adjustments were required in the financial statements for the year ended 31 December 2020. However, in view of the ongoing uncertainty, any future change in the assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets and/or liabilities in future periods. As the situation is rapidly evolving with future uncertainties, management will continue to assess the impact based on prospective developments and impacts, if any, will be reported in the future financial statements.

**32. DATE OF AUTHORIZATION FOR ISSUE**

These financial statements were authorized for issue by the Company's Board of Directors on 13 June 2021, corresponding to 3 Dhul Qadah 1442H.

**DR. SOLIMAN ABDEL KADER  
FAKEEH HOSPITAL COMPANY**  
(A Saudi Closed Joint Stock Company)

**CONSOLIDATED FINANCIAL STATEMENTS**

For the year ended 31 December 2021  
together with the Independent Auditor's Report

**DR. SOLIMAN ABDEL KADER FAKEEH HOSPITAL COMPANY**  
(A Saudi Closed Joint Stock Company)

**CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended 31 December 2021

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## KPMG Professional Services

Zahrán Business Center  
Prince Sultan Street  
P.O. Box 55078  
Jeddah 21534  
Kingdom of Saudi Arabia  
Commercial Registration No 4030290792

Headquarters in Riyadh

## كي بي إم جي للاستشارات المهنية

مركز زهران للأعمال  
شارع الأمير سلطان  
ص.ب 55078  
جده 21534  
المملكة العربية السعودية  
سجل تجاري رقم 4030290792  
المركز الرئيسي في الرياض

# Independent auditor's report

To the Shareholders of Dr. Soliman Abdel Kader Fakeeh Hospital Company

## Opinion

We have audited the consolidated financial statements of Dr. Soliman Abdel Kader Fakeeh Hospital Company ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2021, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) 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 that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the professional code of conduct and ethics that are endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## 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 IFRS that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, the applicable requirements of the Regulation for Companies, Company's By-laws and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

KPMG Professional Services, a professional closed joint stock company registered in the Kingdom of Saudi Arabia. With the paid-up capital of (25,000,000) SAR. (Previously known as "KPMG Al Fozan & Partners Certified Public Accountants") A non-partner member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

كي بي إم جي للاستشارات المهنية شركة مهنية مساهمة مغلقة، مسجلة في المملكة العربية السعودية، رأس ماله (25,000,000) ريال سعودي مدفوع بالكامل، المسماة سابقاً "شركة كي بي إم جي الفوزان وشركاه محاسبين ومراجعين قانونيين". وهي عضو غير شريك في الشبكة العالمية لشركات كي بي إم جي المستقلة والتابعة لـ كي بي إم جي العالمية المحدودة، شركة تجزئية محدودة بضمان. جميع الحقوق محفوظة.

Commercial Registration of the headquarters in Riyadh is 1010425494.



## Independent auditor's report

To the Shareholders of Dr. Soliman Abdel Kader Fakeeh Hospital Company (continued)

### 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 International Standards on Auditing 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 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 International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgement and maintain professional scepticism 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 for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, then 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 of Dr. Soliman Abdel Kader Fakeeh Hospital Company ("the Company") and its subsidiaries ("the Group").

#### For KPMG Professional Services

Kholoud A. Mousa Altambakti  
License No. 421



Jeddah, 25 May 2022  
Corresponding to 24 Shawwal 1443H

**DR. SOLIMAN ABDEL KADER FAKEEH HOSPITAL COMPANY**  
(A Saudi Closed Joint Stock Company)

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As at 31 December 2021

(Expressed in Saudi Arabian Riyals, unless otherwise stated)

	<u>Notes</u>	<u>2021</u>	<u>2020</u>
<b><u>ASSETS</u></b>			
Property and equipment	4	639,856,683	611,059,107
Right-of-use assets	5.1	271,156,564	303,761,494
Intangible assets and goodwill	6	414,846,852	418,901,076
Investment properties	7	541,232	562,256
Prepayments and other non-current assets	8	2,764,944	3,052,766
Other long-term receivables	9	1,144,500,912	844,152,295
<b>Non-current assets</b>		<b>2,473,667,187</b>	<b>2,181,488,994</b>
Inventories	10	119,464,781	115,624,055
Accounts and other receivables	11	582,396,315	590,378,553
Due from related parties	26	38,627,477	40,083,359
Prepayments and other current assets	12	58,606,974	71,351,743
Cash and cash equivalents	13	191,655,638	187,189,905
<b>Current assets</b>		<b>990,751,185</b>	<b>1,004,627,615</b>
<b>Total assets</b>		<b>3,464,418,372</b>	<b>3,186,116,609</b>
<b><u>EQUITY AND LIABILITIES</u></b>			
Share capital	14	100,000,000	100,000,000
Statutory reserve	15	50,000,000	50,000,000
Retained earnings		1,463,231,728	1,157,280,704
<b>Equity attributable to owners of the Company</b>		<b>1,613,231,728</b>	<b>1,307,280,704</b>
Non-controlling interests	16	110,206,416	84,661,547
<b>Total equity</b>		<b>1,723,438,144</b>	<b>1,391,942,251</b>
<b><u>LIABILITIES</u></b>			
Loans and borrowings	17	838,207,297	779,301,131
Lease liabilities	5.2	272,518,723	295,021,018
Employees' end of service benefits	18	189,161,806	173,226,801
<b>Non-current liabilities</b>		<b>1,299,887,826</b>	<b>1,247,548,950</b>
Short-term bank loans	17	50,011,949	159,335,707
Current portion of lease liabilities	5.2	33,202,812	60,165,079
Accounts payables	19	142,903,467	134,290,779
Due to related parties	26	15,085,771	10,842,469
Accrued and other current liabilities	20	187,485,801	154,547,237
Accrued Zakat	21	12,402,602	27,444,137
<b>Current liabilities</b>		<b>441,092,402</b>	<b>546,625,408</b>
<b>Total liabilities</b>		<b>1,740,980,228</b>	<b>1,794,174,358</b>
<b>Total equity and liabilities</b>		<b>3,464,418,372</b>	<b>3,186,116,609</b>

The notes on pages from 08 to 55 form an integral part of these financial statements.

**DR. SOLIMAN ABDEL KADER FAKEEH HOSPITAL COMPANY**  
(A Saudi Closed Joint Stock Company)

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

For the year ended 31 December 2021

(Expressed in Saudi Arabian Riyals, unless otherwise stated)

	<u>Notes</u>	<u>2021</u>	<u>2020</u>
Revenue	22	<b>1,964,683,630</b>	1,715,426,397
Costs of revenue	23	<b>(1,326,602,072)</b>	(1,273,052,626)
<b>Gross profit</b>		<b>638,081,558</b>	442,373,771
Administrative expenses	24	<b>(204,124,368)</b>	(157,762,672)
Expected credit loss on accounts receivables	11.1	<b>(57,543,587)</b>	(4,527,924)
<b>Operating profit</b>		<b>376,413,603</b>	280,083,175
Other income	25	<b>23,713,141</b>	17,567,296
Finance costs		<b>(34,785,065)</b>	(46,162,714)
<b>Profit before zakat</b>		<b>365,341,679</b>	251,487,757
Zakat	21	<b>(4,563,445)</b>	(26,645,189)
<b>Profit for the year</b>		<b>360,778,234</b>	224,842,568
<b>Other comprehensive (loss) / income:</b>			
<i>Items that will not be reclassified to profit or loss:</i>			
Re-measurement loss on defined benefit obligations	18	<b>(5,741,711)</b>	7,458,109
<b>Total comprehensive income for the year</b>		<b>355,036,523</b>	232,300,677
<b>Profit for the year attributable to:</b>			
- Owners of the Company		<b>334,281,868</b>	203,178,143
- Non-controlling interests		<b>26,496,366</b>	21,664,425
		<b>360,778,234</b>	224,842,568
<b>Total comprehensive income for the year attributable to:</b>			
- Owners of the Company		<b>329,083,243</b>	209,792,223
- Non-controlling interests		<b>25,953,280</b>	22,508,454
		<b>355,036,523</b>	232,300,677

The notes on pages from 08 to 55 form an integral part of these financial statements.

**DR. SOLIMAN ABDEL KADER FAKEEH HOSPITAL COMPANY**  
(A Saudi Closed Joint Stock Company)

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For the year ended 31 December 2021

(Expressed in Saudi Arabian Riyals, unless otherwise stated)

	Attributable to owners of the Company				Non-controlling interests	Total equity
	Share capital	Statutory reserve	Retained earnings	Total		
Balance at 1 January 2021	100,000,000	50,000,000	1,157,280,704	1,307,280,704	84,661,547	1,391,942,251
<u>Total comprehensive income for the year</u>	--	--	334,281,868	334,281,868	26,496,366	360,778,234
Profit for the year	--	--	(5,198,625)	(5,198,625)	(543,086)	(5,741,711)
Other comprehensive income for the year	--	--	329,083,243	329,083,243	25,953,280	355,036,523
<u>Transactions with owners of the Company</u>						
Dividends paid (note 14.1)	--	--	(22,600,000)	(22,600,000)	--	(22,600,000)
Additional capital contribution	--	--	--	--	(174,637)	(174,637)
Non-controlling interests' share of absorption of losses of a subsidiaries / other adjustments	--	--	(532,219)	(532,219)	(233,774)	(765,993)
Total transactions with owners of the Company	--	--	(23,132,219)	(23,132,219)	(408,411)	(23,540,630)
<b>Balance at 31 December 2021</b>	<b>100,000,000</b>	<b>50,000,000</b>	<b>1,463,231,728</b>	<b>1,613,231,728</b>	<b>110,206,416</b>	<b>1,723,438,144</b>



**DR. SOLIMAN ABDEL KADER FAKEEH HOSPITAL COMPANY**  
(A Saudi Closed Joint Stock Company)

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For the year ended 31 December 2021

(Expressed in Saudi Arabian Riyals, unless otherwise stated)

	<b>Attributable to owners of the Company</b>				Non-controlling interests	Total equity
	Share capital	Statutory reserve	Retained earnings	Total		
Balance at 1 January 2020	100,000,000	50,000,000	969,786,349	1,119,786,349	86,544,106	1,206,330,455
<u>Total comprehensive income for the year</u>	--	--	203,178,143	203,178,143	21,664,425	224,842,568
Profit for the year	--	--	6,614,080	6,614,080	844,029	7,458,109
Other comprehensive income for the year	--	--	209,792,223	209,792,223	22,508,454	232,300,677
<u>Transactions with owners of the Company</u>						
Dividends paid (note 14.1)	--	--	(22,266,934)	(22,266,934)	(25,000,000)	(47,266,934)
Additional capital contribution	--	--	--	--	645,998	645,998
Non-controlling interests' share of absorption of losses of a subsidiaries / other adjustments	--	--	(30,934)	(30,934)	(37,011)	(67,945)
Total transactions with owners of the Company	--	--	(22,297,868)	(22,297,868)	(24,391,013)	(46,688,881)
Balance at 31 December 2020	100,000,000	50,000,000	1,157,280,704	1,307,280,704	84,661,547	1,391,942,251

The notes on pages from 08 to 55 form an integral part of these financial statements.

**DR. SOLIMAN ABDEL KADER FAKEEH HOSPITAL COMPANY**  
(A Saudi Closed Joint Stock Company)

**CONSOLIDATED STATEMENT OF CASH FLOWS**

For the year ended 31 December 2021

(Expressed in Saudi Arabian Riyals, unless otherwise stated)

	<u>Notes</u>	<u>2021</u>	<u>2020</u>
<b>Cash flows from operating activities</b>			
Profit before zakat		<b>365,341,678</b>	251,487,757
<i>Adjustments for:</i>			
- Depreciation on property and equipment	4	<b>58,091,791</b>	54,462,470
- Depreciation on right-of-use assets	5.1	<b>39,984,541</b>	40,659,489
- Amortization	6	<b>7,025,990</b>	8,644,580
- Depreciation on investment properties	7	<b>21,024</b>	21,024
- Provision for employee's end of service benefits	18	<b>28,871,987</b>	27,980,977
- Expected credit loss on accounts receivable	11	<b>57,543,587</b>	4,527,924
- Loss on disposal of property and equipment		<b>1,409,894</b>	1,850,077
- Finance costs		<b>34,785,065</b>	46,162,714
- Write-offs and other adjustments		<b>9,398,930</b>	--
		<b>602,474,487</b>	435,797,012
<i>Changes in operating assets and liabilities</i>			
- Other long-term receivables		<b>(300,348,617)</b>	(279,475,775)
- Inventories		<b>(3,840,725)</b>	4,855,552
- Accounts and other receivables		<b>(49,561,349)</b>	(62,726,202)
- Due from related parties		<b>1,455,884</b>	(29,415,308)
- Prepayments and other current assets		<b>13,032,591</b>	(32,166,113)
- Accounts payables		<b>8,612,687</b>	17,280,885
- Due to related parties		<b>4,243,301</b>	5,094,529
- Accrued and other current liabilities		<b>31,839,337</b>	5,482,112
Cash generated from / (used in) operating activities		<b>307,907,596</b>	64,726,692
Finance costs paid		<b>(15,056,802)</b>	(28,739,902)
Employees' end of service benefits paid	18	<b>(18,678,693)</b>	(18,025,820)
Zakat paid	21	<b>(19,494,017)</b>	(14,375,539)
<b>Net cash generated from / (used in) operating activities</b>		<b>254,678,084</b>	3,585,431
<b>Cash flows from investing activities</b>			
Additions to property and equipment	4	<b>(99,400,369)</b>	(70,054,819)
Additions to intangible assets	6	<b>(2,276,766)</b>	(2,805,796)
Proceeds from disposal of property and equipment		<b>1,007,180</b>	240,755
<b>Net cash used in investing activities</b>		<b>(100,669,955)</b>	(72,619,860)
<b>Cash flows from financing activities</b>			
Dividends paid	14	<b>(22,600,000)</b>	(22,266,934)
Net movement in non-controlling interests		<b>(174,637)</b>	(900,415)
Repayment of lease liabilities	5.2	<b>(76,350,167)</b>	(27,758,856)
Net movement in long-term loans and short-term borrowings		<b>(50,417,592)</b>	170,287,173
<b>Net cash generated from financing activities</b>		<b>(149,542,396)</b>	119,360,968
Net increase in cash and cash equivalents		<b>4,465,733</b>	50,326,539
Cash and cash equivalents at beginning of the year		<b>187,189,905</b>	136,863,366
<b>Cash and cash equivalents at the end of the year</b>	13	<b>191,655,638</b>	187,189,905

The notes on pages from 08 to 55 form an integral part of these financial statements.

**DR. SOLIMAN ABDEL KADER FAKEEH HOSPITAL COMPANY**  
(A Saudi Closed Joint Stock Company)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the year ended 31 December 2021

(Expressed in Saudi Arabian Riyals, unless otherwise stated)

**1. GENERAL**

Dr. Soliman Abdel Kader Fakeeh Hospital Company (the “Company”) is a Saudi Closed Joint Stock Company formed under the laws of the Kingdom of Saudi Arabia and is registered in the Commercial Registry in Jeddah under No. 4030014511 on 11 Rabi II 1398H (March 20, 1978). The Company was converted from a Sole Proprietorship to a Closed Saudi Joint Stock Company under the Ministerial Decision No. 28 dated 1 Safar 1433H (corresponding to 26 December 2011) approving the announcement of the establishment of Dr. Soliman Abdel Kader Fakeeh Hospital Company (A Saudi “Closed Joint Stock Company”).

The principal activity of the Group is managing, establishing and operating hospitals, clinics, medical, educational and training centers. In addition to the above, the Group is also managing and operating medical services, analysis and radiology laboratory and managing and establishing pharmacies, wholesale and retail of medical equipment, maintenance of IT equipment and software related services.

The Group’s registered office and principal place of business is Jeddah.

The Group also has a branch in Jeddah registered under the Commercial Registration No.195811 dated 13 Muharram 1431H (corresponding to 20 December 2009). The results, assets and liabilities of the branch are included in these financial statements.

As at 31 December 2021, the Group has investments in the following subsidiaries:

<u>Name of subsidiaries</u>	<u>Place of incorporation</u>	<u>Effective holding</u>		<u>Principal activities</u>
		<u>2021</u>	<u>2020</u>	
Al-Farabi Special Health Care Company Limited (“Farabi”)	Kingdom of Saudi Arabia	70%	70%	Healthcare service provider
Kameda Arabia Company Limited (“Kameda”)	Kingdom of Saudi Arabia	70%	70%	IT equipment and software services
Dr. Soliman Abdel Kader Fakeeh Family Medicine Centres (“FMH”)	Kingdom of Saudi Arabia	90%	90%	Healthcare service provider
Dr. Soliman Abdel Kader Fakeeh Medical Education Company Limited (“FMCS”)	Kingdom of Saudi Arabia	80%	80%	Medical education service provider
Saudi Airlines Company for Medical Services (“SMS”)	Kingdom of Saudi Arabia	75%	75%	Healthcare service provider
Dr. Mazen Fakeeh Complementary Health Care Company Limited (“FCHC”)	Kingdom of Saudi Arabia	100%	100%	Wholesale and retail of medical equipment

**DR. SOLIMAN ABDEL KADER FAKEEH HOSPITAL COMPANY**  
(A Saudi Closed Joint Stock Company)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the year ended 31 December 2021

(Expressed in Saudi Arabian Riyals, unless otherwise stated)

**1. GENERAL (continued)**

<u>Name of subsidiaries</u>	<u>Place of incorporation</u>	<u>Effective holding</u>		<u>Principal activities</u>
		<u>2021</u>	<u>2020</u>	
Al Toor Medical Services Company (Al Toor")	Kingdom of Saudi Arabia	51%	51%	Healthcare service provider
Al-Faraj Pharmaceutical Medical Company ("Al-Faraj")	Kingdom of Saudi Arabia	89.82%	89.82%	Trading in pharmaceutical products
Advanced Horizon Contracting Company ("AHC")	Kingdom of Saudi Arabia	100%	--	Construction and contracting
Golden Union Medical Company ("EMS")	Kingdom of Saudi Arabia	100%	--	Emergency medical services

**2. BASIS OF PREPARATION**

**2.1 Statement of compliance**

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

*a) Accounting convention / Basis of Measurement*

These consolidated financial statements have been prepared under the historical cost basis, unless otherwise stated.

Furthermore, the consolidated financial statements are prepared using the accrual basis of accounting and going concern assumption. The subsidiaries applied the same accounting policies as applied by Company in these financial statements. Also, the reporting period of the subsidiaries is 31 December 2021.

Certain comparative figures have been reclassified to conform to the current year's presentation.

*b) Functional and presentation currency*

These consolidated financial statements are presented in Saudi Arabian Riyals ("SR"), which is the Group's functional currency. All amounts have been expressed in SR and rounded off to the nearest SR, unless otherwise indicated.

**DR. SOLIMAN ABDEL KADER FAKEEH HOSPITAL COMPANY**  
(A Saudi Closed Joint Stock Company)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the year ended 31 December 2021

(Expressed in Saudi Arabian Riyals, unless otherwise stated)

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**2. BASIS OF PREPARATION (continued)**

**2.2 Critical accounting estimates and judgments**

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

a) Useful lives and residual value of property and equipment, intangible assets and investment properties

The Group's management determines the estimated useful lives of its property and equipment, intangible assets and investment properties with finite useful lives for calculating depreciation and amortisation. These estimates are determined after considering the expected usage of the assets or physical wear and tear. Management reviews the residual value, depreciation and amortisation methods and useful lives annually and future depreciation and amortisation charges would be adjusted where the management believes the useful lives differ from previous estimates and to ensure that the methods and period of depreciation and amortisation are consistent with the expected pattern of economic benefits from these assets.

b) Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount which is the higher of an asset's fair value less cost to sell and value in use.

c) Provision for slow moving and obsolete inventory items

The management makes a provision for slow moving and obsolete inventory items. Estimates of net realizable value of inventories are based on the most reliable evidence at the time the estimates are made. These estimates take into consideration fluctuations of price or cost directly related to events occurring subsequent to the balance sheet date to the extent that such events confirm conditions existing at the end of year.

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**2. BASIS OF PREPARATION (continued)**

**2.2 Critical accounting estimates and judgments (continued)**

*d) Allowance for expected credit losses (ECLs) of accounts receivables*

The measurement of the expected credit loss allowance for financial assets measured at amortised cost is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behavior.

The Group assesses on a forward-looking basis, the expected credit losses (“ECL”) associated with its financial assets carried at amortised cost. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Fund expects to receive). The Group recognizes a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of resources; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Group measures loss allowances at an amount equal to lifetime ECL.

*e) Employee benefits – defined benefit plan*

The cost of employees’ end of service benefits are determined using actuarial valuation. Certain actuarial assumptions have been adopted as disclosed in note 18 to the financial statements for valuation of present value of defined benefit obligations. Any changes in these assumptions in future years might affect gains and losses in those years.

*f) Determining the lease term of contracts with renewal and termination options – Group as lessee*

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

*g) Leases - Estimating the incremental borrowing rate*

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group ‘would have to pay’, which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

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**2. BASIS OF PREPARATION (continued)**

**2.2 Critical accounting estimates and judgments (continued)**

*h) Determination of discount rate for present value calculations*

Discount rates represent the current market assessment of the risks specific to each cash flow stream, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and is derived from recent market transactions and a market yields overview.

*i) Going concern*

The Group's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the consolidated financial statements continue to be prepared on going concern basis.

**3. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies set out below have been applied consistently in the preparation of these financial statements, unless otherwise stated.

**3.1 Financial instruments**

***Financial Assets***

*a) Recognition and initial measurement*

The Group's financial assets comprise of cash and cash equivalents, accounts and other receivables (current), other long-term receivables (non-current), margin against letter of credits and guarantees and due from related parties.

Financial assets are initially recognized when the Group becomes a party to the contractual provisions of the instrument.

A financial asset is initially measured at fair value plus, for an item not at fair value through profit and loss, transaction costs that are directly attributable to its acquisition or issue.

*b) Classification and subsequent measurement*

On initial recognition, a financial asset is classified as measured at:

- Amortized cost;
- Fair value through other comprehensive income (FVOCI) – debt investment;
- FVOCI – equity investment; or
- Fair value through profit or loss (FVTPL)

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**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**3.1 Financial instruments (continued)**

*Financial Assets (continued)*

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Group changes its business model for managing financial assets.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as measured at FVTPL:

- the 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 financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVOCI – equity investment). This election is made on an investment by investment basis.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

*Financial assets: Business model assessment*

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management.



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**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**3.1 Financial instruments (continued)**

*Financial Assets (continued)*

*Subsequent measurement and gains and losses*

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on de-recognition is recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income under the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On de-recognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to profit or loss.

*Financial liabilities: Classification, subsequent measurement and gains and losses*

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held for trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on de-recognition is also recognized in statement of profit or loss and other comprehensive income.

Significant financial liabilities include accounts payables, accrued expenses and other current liabilities and short term borrowings.

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**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**3.1 Financial instruments (continued)**

**De-recognition**

*Financial assets*

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

*Financial liabilities*

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Group also derecognizes a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognized at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognized in the statement of profit or loss and other comprehensive income.

**Offsetting of financial instruments**

Financial asset and financial liability are offset and the net amount presented in the statement of financial position when, and only when the Group:

- currently has a legally enforceable right to set off the recognised amounts; and
- intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

**3.2 Business combinations**

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the fair value of the assets given, equity instrument issued and liabilities incurred or assumed at the date of exchange, and includes costs directly attributable to the acquisition. Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured initially at fair values at the date of acquisition. The excess of the cost of the business combination over the Group's share in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities is classified as goodwill. When the excess is negative, a bargain purchase gain is recognized immediately in profit or loss. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

If the business combination is achieved in stages, any previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognized in profit or loss.

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**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**3.2 Business combinations (continued)**

(i) *Subsidiaries*

Subsidiaries are entities controlled by the Group. The Group ‘controls’ an entity when it is exposed to or has rights to, variable return from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are consolidated in the financial statements from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

All intra-group balances, transactions, income and expenses resulting from intra-group transactions, are eliminated in full. Also, any unrealized gains and losses arising from intra-group transactions are eliminated on consolidation.

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related non-controlling interest (NCI) and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Changes in a Group’s ownership interest in a subsidiary that does not result in a change in control, is accounted as equity transaction and the carrying amounts of the non-controlling interests is adjusted against the fair value of the consideration paid and any difference is recognized directly in equity under “Effect of transactions with non- controlling interest without change in control”.

(ii) *Goodwill*

Goodwill represents the difference between the cost of businesses acquired and the Group’s share in the net fair value of the acquiree’s identifiable assets, liabilities and contingent liabilities at the date of acquisition. Goodwill arising on acquisitions is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Impairment losses on goodwill are not reversed. Subsequent to initial recognition, goodwill is measured at cost less accumulated losses.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments.

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**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**3.2 Business combinations (continued)**

*(iii) Non-controlling interests*

Non-controlling interest represents the interest in subsidiary companies, not held by the Group which are measured at their proportionate share in the subsidiary's identifiable net assets. Transactions with non-controlling interest parties are treated as transactions with parties external to the Group.

Changes in Group's interest in a subsidiary as a result of transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions, i.e. as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid / received and the relevant share acquired / disposed of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals / acquisition of non-controlling interests are also recorded in equity.

**3.3 Impairment**

*i) Financial assets (including receivables)*

IFRS 9 requires to follow an expected credit loss model for the impairment of financial assets. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized. Instead, an entity always accounts for expected credit losses and changes in those expected credit losses. Consequently, more timely information is provided about expected credit losses.

Expected loss shall be measured and provided either at an amount equal to (a) 12 month expected losses; or (b) lifetime expected losses. If the credit risk of the financial instrument has not increased significantly since inception, then an amount equal to 12 month expected loss is provided. In other cases, lifetime credit losses shall be provided. For accounts receivables with a significant financing component a simplified approach is available, where by an assessment of increase in credit risk need not be performed at each reporting date. Instead, an entity can choose to provide for expected losses based on lifetime expected losses.

*ii) Non-financial assets*

The carrying amounts of the Group's non-financial assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

Impairment exists when the carrying value of an asset or cash generating unit ("CGU") exceeds the recoverable amount, which is the higher of the fair value less costs to sell and value in use. The fair value less costs to sell is arrived based on available data from binding sales transactions at arm's length, for similar assets. The value in use is based on a discounted cash flow (DCF) model, whereby the future expected cash flows discounted using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

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**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**3.3 Impairment (continued)**

Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGUs, and then to reduce the carrying amounts of the other assets in the CGUs on a pro rata basis.

An impairment loss on intangible assets with indefinite useful lives including goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

**3.4 Foreign currency**

*Foreign currency transactions*

Transactions in foreign currencies are translated to functional currency at exchange rates at the dates of the transactions.

Monetary assets and liabilities (which are not covered by a forward foreign exchange contract) denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined except for those which are covered by forward exchange contracts. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. The foreign currency gains or loss on monetary items from settlement and translation of foreign currency transactions are generally recognized in profit or loss.

**3.5 Investment properties**

Properties held to earn rentals or held for capital appreciation or held for unspecified future purposes or is being constructed or developed for such use are classified as investment properties and stated at cost less accumulated depreciation and impairment in value. Depreciation is provided on investment properties, on straight-line basis over a period of ten years. Cost includes all direct and indirect costs necessary to bring the property to working condition for its intended use.

Any gain or loss on disposal of investment properties (calculated as the difference between the net proceeds from disposal and carrying amount of the item) is recognized in the statement of profit or loss and other comprehensive income.

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**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**3.6 Property and equipment**

Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses except land which is carried at cost. Cost includes expenditure that is directly attributable to the acquisition of the asset including any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located.

If significant parts of an item of property and equipment have different useful lives, they are accounted for as consolidated items (major components) of property and equipment.

Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment, and are recognized in statement of profit or loss and other comprehensive income.

*a) Subsequent costs*

The cost of replacing a part of an item of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property and equipment are recognized in statement of profit or loss and other comprehensive income as incurred.

*b) Depreciation*

Depreciation is calculated to write off the cost of items of property and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is recognized in statement of profit or loss and other comprehensive income. Depreciation represents the systematic allocation of the depreciable amount of an asset over its estimated useful life. Depreciable amount represents the cost of an asset, or other amount substituted for cost, less its residual value.

The estimated useful lives for the current and comparative periods are as follows:

	<u>Years</u>
• Buildings	33 or shorter of lease term
• Medical and support equipment	4-7
• Furniture and fixtures	3-7
• Motor vehicles	7
• Office equipment	5
• Computers	5

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

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**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**3.7 Intangible assets**

The intangible assets that the Group holds consists of customer relationships and software which have finite useful lives and are measured at cost less accumulated amortization and any accumulated impairment losses.

a) *Subsequent costs*

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, is recognize in profit or loss as incurred.

b) *Amortization*

Amortization is calculated to write off, over their estimated useful lives, the cost of intangible assets less estimated residual values using the straight-line method for software and reducing balance method for customer relationships. Amortisation is generally recognized in profit or loss.

The estimated useful lives for the current and comparative periods are as follows:

	<u>Years</u>
Customer relationships	25
Software	3-7

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis

**3.8 Capital work-in-progress**

Capital work-in-progress represents all costs relating directly to the on-going projects in progress and are capitalized as property and equipment when the project is completed.

**3.9 Inventories**

Inventories, which comprise of medicines, various medical supplies and consumables are measured at the lower of cost and net realizable value. Cost is determined using the weighted average method. Cost includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition.

Goods-in-transit include costs and related expenses of goods shipped by the year-end.

Net realizable value comprises estimated selling price in the ordinary course of business, less appropriate selling and distribution costs. Provision is made, where necessary, for obsolete, slow moving, defective and expired stocks. The amount of any write-down of inventories to net realizable value and all losses of inventories are recognized as an expense in the period the write-down or loss occurs.

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**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**3.10 Employee Benefits**

*Defined unfunded benefit plans*

The Group operates an employees' end of service benefits scheme. End of service benefits, as required by Saudi Arabia Labor Law, are required to be provided based on the employees' length of service.

The Group's net obligations in respect of defined unfunded benefit plans ("the obligations") is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return of their service in the current and prior periods. The benefit is discounted to determine its present value, and any unrecognized past service costs.

The discount rate used is the market yield on government bonds at the reporting date that has maturity dates approximating the terms of the Group's obligations. The cost of providing benefits under the defined benefit plans is determined using the projected unit credit method to determine the Group's present value of the obligation, with actuarial valuations to be carried out every third year and updated for the following two years for material changes, if any.

The defined benefit liability comprises the present value of defined benefit obligation as adjusted for any past service cost not yet recognized. Currently there are no past service costs. Actuarial gains and losses are recognized in OCI immediately.

**3.11 Leases**

*Right-of-use assets*

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

*Lease liabilities*

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.



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**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**3.11 Leases (continued)**

*Lease liabilities (continued)*

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

**3.12 Provisions**

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are reviewed and adjusted at each reporting date. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost. Expected future operating losses are not provided for. If outflows to settle the provisions are no longer probable, reversal of the provision is recorded as income.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation.

**3.13 Zakat**

Zakat is provided for in the financial statements in accordance with Zakat, Tax and Customs Authority (formerly known as "the General Authority of Zakat and Income Tax") ("Authority" or "ZATCA") regulations. Zakat is charged to profit and loss. Additional zakat liabilities, if any, related to prior years' assessments arising from ZATCA are accounted for in the period in which the final assessments are finalized.

The Group withholds taxes on transactions with non-resident parties in accordance with zakat and income tax regulations.

**3.14 Value Added Tax**

The Group is subject to Value Added Tax ("VAT") for services except exempt supplies in accordance with the VAT regulations prevailing in the Kingdom of Saudi Arabia. The amount of VAT liability is determined by applying the applicable tax rate to the value of supply ("Output VAT") less VAT paid on purchases/services obtained ("Input VAT"). The Group reports revenue and purchases net of VAT for all the periods presented in the consolidated statement of profit or loss.

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**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**3.15 Revenue**

Revenue is the gross inflow of economic benefits arising from the ordinary operating activities of the Group when those inflows result in increase in equity, other than increases relating to contributions from equity participants. Revenue is measured at fair value of consideration received or receivable. Revenue is recognized to the extent that it is probable that any future economic benefit associated with the item of revenue will flow to the Group, the revenue can be reliably measured, regardless of when the payment is being made and the costs are identifiable and can be measured reliably.

The Group has applied IFRS 15 *Revenue from contracts with customers* for accounting of revenue. The core principle of the IFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. IFRS 15 requires that entities apply a five-step to determine when to recognize revenue and at what amount.

- Step:1 Identify the contract with the customer
- Step:2 Identify the performance obligations in the contract
- Step:3 Determine the transaction price
- Step:4 Allocate the transaction price to the performance obligations in the contract
- Step:5 Recognize revenue when or as the entity satisfies a performance obligation

Under IFRS 15, an entity recognizes revenue when or as a performance obligation is satisfied. i.e. when control of the goods or services pertaining to the respective performance obligation is transferred to the customer.

*Sale of goods*

The Group dispenses medication and medical supplies as part of the provision of its healthcare services. Sales of goods are recognized when the Group dispenses the products to its patients.

*Provision of services*

The Group provides healthcare services. The revenue is recognized when the treatment is provided and the invoice is generated (i.e. after satisfaction of performance obligation). Some contracts include variable considerations such as discounts and rejections of claims. Management estimates variable consideration using the expected value method for rejections. Management has applied one method consistently throughout the contract when estimating the effect of an uncertainty on an amount of variable consideration to which the Group will be entitled. In addition, management has considered all the information (historical, current and forecast) that is reasonably available to the Group and has identified a reasonable number of possible consideration amounts.

Health Care center services revenue is recognized over the subscription period.

Revenue primarily comprises fees charged under contract for inpatient and outpatient hospital services and also includes the sale of medical and non-medical items. Hospital services include charges for accommodation, professional medical services, equipment, radiology, laboratory and pharmaceutical goods used in treatments given to patients.

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**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**3.15 Revenue (continued)**

*Provision of services (continued)*

*Medical related services*

The Group has agreement with affiliates and other external parties for provision of medical and other related services which include maintenance of AED and DEK kits, safety and occupation services program, medical test, certification and vaccination. These are recognised as revenue agreed under Service Level Agreement (SLA) when the services are provided except provision of AED and DEK kits and safety occupation service program which are recognised on straight line basis over the period of time.

*Revenue from educational services*

Tuition and other fees are recognised as income over the academic year (i.e. over the satisfaction of performance obligation).

*Revenue from other services*

Revenue from other services is recognized when the services are rendered to the customers.

**3.16 Other income**

Other income that are incidental to the Group's business model are recognized as income as they are earned or accrued.

Rental income from investment properties are recognized on a straight-line basis over the term of the lease.

Interest income is recognized using the effective interest method.

**3.17 Expenses**

All expenses, excluding direct costs of revenue are classified as general and administrative expenses. General and administrative expenses include direct and indirect costs not specifically part of the trading activity. Allocations between cost of revenues and general and administrative expenses, when required, are made on a consistent basis.

**3.18 Finance costs**

Finance costs comprises of bank charges and financing charges as and when incurred by the Group.

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**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**3.19 Current versus non – current**

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

***Assets***

An asset as current when it is:

- Expected to be realised or intended to sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

***Liabilities***

A liability is current when:

- Expected to be settled in normal operating cycle;
- Held primarily for the purpose of trading;
- Due to be settled within twelve months after the reporting period; or
- No unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

**3.20 Fair value measurement**

The Group measures financial instruments at fair value at each statement of financial position date. 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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes 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 the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**3.20 Fair value measurement (continued)**

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

**3.21 Contingent liabilities**

All possible obligations arising from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly with the control of the Group; or all present obligations arising from past events but not recognized because: (i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or (ii) the amount of the obligation cannot be measured with sufficient reliability; all should be assessed at each balance sheet date and disclosed in the Group's financial statements under contingent liabilities.

Contingent assets are not recognised in the financial statements but are disclosed when an inflow of economic benefits is probable.

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**4. PROPERTY AND EQUIPMENT**

4.1 Reconciliation of carrying amounts:

	<u>Land</u>	<u>Buildings and leasehold improvements</u>	<u>Medical and support equipment</u>	<u>Furniture and fixtures</u>	<u>Motor vehicles</u>	<u>Office equipment</u>	<u>Computers</u>	<u>Capital work-in-progress</u>	<u>Total</u>
<b>Cost:</b>									
Balance at 1 January 2021	6,400,000	588,266,060	464,441,135	103,834,906	14,183,916	32,368,187	62,021,701	124,647,583	1,396,163,488
Additions	19,350,046	60,474	18,211,548	3,207,562	--	1,366,801	9,801,826	47,402,112	99,400,369
Reclassifications	--	2,916	(38,998)	35,570	--	512	--	--	--
Transfers	--	14,838,121	5,336,062	238,438	--	698,145	158,833	(21,964,599)	(695,000)
Disposals	--	(14,000)	(5,752,842)	(1,235,608)	(2,155,100)	(84,280)	(93,290)	--	(9,335,120)
Write-offs	--	(1,785,677)	(12,641)	--	--	--	--	(10,001,974)	(11,800,292)
Balance at 31 December 2021	<b>25,750,046</b>	<b>601,367,894</b>	<b>482,184,264</b>	<b>106,080,868</b>	<b>12,028,816</b>	<b>34,349,365</b>	<b>71,889,070</b>	<b>140,083,122</b>	<b>1,473,733,445</b>
<b>Accumulated depreciation:</b>									
Balance at 1 January 2021	--	316,516,947	313,717,414	88,150,327	11,265,479	18,785,929	36,668,285	--	785,104,381
Charge for the year	--	10,617,601	25,966,303	7,067,196	787,213	4,116,327	9,537,151	--	58,091,791
Reclassifications	--	(21,025)	(184,927)	22,732	--	114,611	68,609	--	--
Adjustments / Write-offs	--	(2,572,840)	1,622,627	(1,580,706)	93,152	146,326	1,358,548	--	(932,893)
Disposals	--	(14,000)	(5,514,395)	(1,161,647)	(1,533,668)	(74,397)	(88,410)	--	(8,386,517)
Balance at 31 December 2021	--	<b>324,526,683</b>	<b>335,607,022</b>	<b>92,497,902</b>	<b>10,612,176</b>	<b>23,088,796</b>	<b>47,544,183</b>	--	<b>833,876,762</b>
<b>Carrying amounts:</b>									
At 31 December 2021	<b>25,750,046</b>	<b>276,841,211</b>	<b>146,577,242</b>	<b>13,582,966</b>	<b>1,416,640</b>	<b>11,260,569</b>	<b>24,344,887</b>	<b>140,083,122</b>	<b>639,856,683</b>

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**4. PROPERTY AND EQUIPMENT (continued)**

4.1 Reconciliation of carrying amounts (continued):

	Land	Buildings and leasehold improvements	Medical and support equipment	Furniture and Fixtures	Motor vehicles	Office equipment	Computers	Capital work-in-progress	Total
<b>Cost:</b>									
Balance at 1 January 2020	--	532,386,418	427,665,052	102,015,863	13,091,304	22,941,468	54,128,295	185,267,061	1,337,495,461
Additions	6,400,000	4,436,407	32,585,826	2,715,260	1,226,999	7,404,340	4,499,010	10,786,977	70,054,819
Reclassifications	--	(12,226,634)	6,729,210	(859,107)	15,500	2,081,363	4,259,668	--	--
Transfers	--	66,283,407	4,281,969	838,979	--	2,100	--	(71,406,455)	--
Disposals	--	(2,613,538)	(6,820,922)	(876,089)	(149,887)	(61,084)	(865,272)	--	(11,386,792)
Balance at 31 December 2020	6,400,000	588,266,060	464,441,135	103,834,906	14,183,916	32,368,187	62,021,701	124,647,583	1,396,163,488
<b>Accumulated depreciation:</b>									
Balance at 1 January 2020	--	307,281,903	296,688,602	82,178,675	10,408,328	15,281,929	28,098,434	--	739,937,871
Charge for the year	--	10,067,596	23,661,256	6,793,847	1,007,035	3,548,509	9,384,227	--	54,462,470
Disposals	--	(832,552)	(6,632,444)	(822,195)	(149,884)	(44,509)	(814,376)	--	(9,295,960)
Balance at 31 December 2020	--	316,516,947	313,717,414	88,150,327	11,265,479	18,785,929	36,668,285	--	785,104,381
<b>Carrying amounts</b>									
At 31 December 2020	6,400,000	271,749,113	150,723,721	15,684,579	2,918,437	13,582,258	25,353,416	124,647,583	611,059,107

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**4. PROPERTY AND EQUIPMENT (continued)**

4.2 Depreciation charge for the year is distributed as detailed below:

	<u>2021</u>	<u>2020</u>
Cost of revenue (note 23)	<b>46,480,533</b>	43,604,727
Administrative expenses (note 24)	<b>11,611,258</b>	10,857,743
	<b><u>58,091,791</u></b>	<u>54,462,470</u>

Capital work-in-progress mainly represents the construction work being carried out for the Group's expansion projects and upgrading the existing infrastructure and facilities.

**5. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES**

**5.1 Right-of-use assets**

a) Reconciliation of carrying amounts

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
<b><u>Cost:</u></b>			
Balance as at 1 January 2020	90,435,536	262,471,648	352,907,184
Additions during the year	--	30,637,439	30,637,439
Modifications	1,788,315	582,476	2,370,791
Terminations	--	(13,142,140)	(13,142,140)
Balance at 31 December 2020	<u>92,223,851</u>	<u>280,549,423</u>	<u>372,773,274</u>
Additions during the year	--	<b>6,227,234</b>	<b>6,227,234</b>
Modifications	--	<b>1,152,377</b>	<b>1,152,377</b>
Balance at 31 December 2021	<b><u>92,223,851</u></b>	<b><u>287,929,034</u></b>	<b><u>380,152,885</u></b>
<b><u>Accumulated depreciation:</u></b>			
Balance as at 1 January 2020	12,878,926	17,352,536	30,231,462
Charge for the year	13,247,345	27,412,144	40,659,489
Terminations	--	(1,879,171)	(1,879,171)
Balance at 31 December 2020	<u>26,126,271</u>	<u>42,885,509</u>	<u>69,011,780</u>
Charge for the year	<b>13,212,276</b>	<b>26,772,265</b>	<b>39,984,541</b>
Balance at 31 December 2021	<b><u>39,338,547</u></b>	<b><u>69,657,774</u></b>	<b><u>108,996,321</u></b>
<b><u>Carrying amounts:</u></b>			
<b>At 31 December 2021</b>	<b><u>52,885,304</u></b>	<b><u>218,271,260</u></b>	<b><u>271,156,564</u></b>
At 31 December 2020	<u>66,097,580</u>	<u>237,663,914</u>	<u>303,761,494</u>



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**5. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)**

b) Depreciation charge for the year has been allocated as follows:

	<u>2021</u>	<u>2020</u>
Costs of revenue (note 23)	22,872,866	24,448,594
Administrative expenses (note 24)	17,111,675	16,210,895
	<u>39,984,541</u>	<u>40,659,489</u>

**5.2 Lease liabilities**

	<u>2021</u>	<u>2020</u>
Balance as at 1 January	355,186,097	340,568,801
Additions during the year	6,227,234	30,729,725
Interest expenses for the year	19,653,538	20,569,201
Modifications	1,004,833	2,270,173
Terminations	--	(11,158,840)
Payments and adjustments during the year	(76,350,167)	(27,792,963)
Balance as at 31 December	<u>305,721,535</u>	<u>355,186,097</u>

Lease liabilities are presented in statement of financial positions as follows:

	<u>2021</u>	<u>2020</u>
Non-current portion of lease liabilities	272,518,723	295,021,018
Current portion of lease liabilities	33,202,812	60,165,079
	<u>305,721,535</u>	<u>355,186,097</u>

**6. INTANGIBLE ASSETS AND GOODWILL**

6.1 Reconciliation of carrying amounts:

	<u>Goodwill</u>	<u>Customer relationships</u>	<u>Computer software</u>	<u>Software under development</u>	<u>Total</u>
<b><u>Cost:</u></b>					
Balance at 1 January 2021	373,848,500	32,339,000	27,454,917	--	433,642,417
Additions during the year	--	--	416,529	1,860,237	2,276,766
Transfers during the year	--	--	695,000	--	695,000
Balance at 31 December 2021	<u>373,848,500</u>	<u>32,339,000</u>	<u>28,566,446</u>	<u>1,860,237</u>	<u>436,614,183</u>
<b><u>Accumulated amortization:</u></b>					
Balance at 1 January 2021	--	4,689,155	10,052,186	--	14,741,341
Charge for the year	--	2,764,985	4,261,005	--	7,025,990
Balance at 31 December 2021	<u>--</u>	<u>7,454,140</u>	<u>14,313,191</u>	<u>--</u>	<u>21,767,331</u>
<b><u>Carrying amounts:</u></b>					
At 31 December 2021	<u>373,848,500</u>	<u>24,884,860</u>	<u>14,253,255</u>	<u>1,860,237</u>	<u>414,846,852</u>

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**6. INTANGIBLE ASSETS AND GOODWILL (continued)**

6.1 Reconciliation of carrying amounts (continued):

	<u>Goodwill</u>	<u>Customer relationships</u>	<u>Computer software</u>	<u>Total</u>
<u>Cost:</u>				
Balance at 1 January 2020	406,187,500	--	24,649,121	430,836,621
Additions during the year	--	--	2,805,796	2,805,796
Transfers during the year	<u>(32,339,000)</u>	<u>32,339,000</u>	<u>--</u>	<u>--</u>
Balance at 31 December 2020	<u>373,848,500</u>	<u>32,339,000</u>	<u>27,454,917</u>	<u>433,642,417</u>
<u>Accumulated amortization:</u>				
Balance at 1 January 2020	--	--	6,096,761	6,096,761
Charge for the year	<u>--</u>	<u>4,689,155</u>	<u>3,955,425</u>	<u>8,644,580</u>
Balance at 31 December 2020	<u>--</u>	<u>4,689,155</u>	<u>10,052,186</u>	<u>14,741,341</u>
<u>Carrying amounts:</u>				
At 31 December 2020	<u>373,848,500</u>	<u>27,649,845</u>	<u>17,402,731</u>	<u>418,901,076</u>

6.2 Amortisation charge for the year is distributed as detailed below:

	<u>2021</u>	<u>2020</u>
Cost of revenue (note 23)	<u>5,258,291</u>	7,030,563
Administrative expenses (note 24)	<u>1,767,699</u>	1,614,017
	<u>7,025,990</u>	<u>8,644,580</u>

6.3 During the year ended 31 December 2020, the Group completed the Purchase Price Allocation (PPA) exercise pertaining to the acquisition of Saudi Airlines Company for Medical Services. Accordingly, acquisition consideration paid amounting to SR 469 million had been allocated to net assets of SR 62.81 million, goodwill of SR 373.85 million and customer relationship intangible asset of SR 32.34 million.

The value of customer relationship intangible asset had been determined under multiple period excess earning method by discounting to present value the future cashflows expected to be generated over a period of 25 years excluding any cashflows related to contributory assets.

Customer relationship intangible asset is expected to have useful life of 25 years and is amortised over this life using reducing balance method.

6.4 For the purpose of impairment testing of goodwill, management has identified the entire business of Saudi Airlines Company for Medical Services as a Cash Generating Unit ("CGU").

The recoverable amount of this CGU was estimated using discounted cash flows. The fair value measurement was categorized as a Level 3 fair value based on the inputs in the valuation technique used. The key assumptions used in the estimation of the recoverable amount are set out below. The values assigned to the key assumptions represent management's assessment of future trends in the relevant industry and have been based on historical data from both external and internal sources.

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**6. INTANGIBLE ASSETS AND GOODWILL (continued)**

<i>In percent</i>	<u>2021</u>	<u>2020</u>
Discount rate	8.81%	8.73%
Terminal value growth rate	1.50%	1.50%

The discount rate is estimated based on the historical industry average weighted-average cost of capital, with no possible debt leveraging based on historical trends and future plans of financing the business.

The estimated recoverable amount of the CGU exceeded its carrying amount by approximately SR 288 million (2020: SR 582 million). Management has identified that a reasonably possible change in one key assumption could cause the carrying amount to exceed the recoverable amount. The assumptions of discount rate would need to change individually by 2.14% (2020: 7.3%) for the estimated recoverable amount to be equal to the carrying amount.

**7. INVESTMENT PROPERTIES**

Reconciliation of carrying amounts:

	<b><u>Land and buildings</u></b>
<b><u>Cost:</u></b>	
Balance at beginning and end of the year	<u>1,677,992</u>
<b><u>Accumulated depreciation:</u></b>	
Balance at 1 January 2020	1,094,712
Charge for the year (note 24)	<u>21,024</u>
Balance at 31 December 2020	1,115,736
Charge for the year (note 24)	<u>21,024</u>
Balance at 31 December 2021	<u>1,136,760</u>
<b><u>Carrying amounts:</u></b>	
At 31 December 2020	<u>562,256</u>
<b>At 31 December 2021</b>	<u><b>541,232</b></u>

Investment properties comprises of spaces in the hospital buildings (building 1, building 2 and building 7) let out to third parties.

**8. PREPAYMENTS AND OTHER NON-CURRENT ASSETS**

	<u>2021</u>	<u>2020</u>
Loan arrangement fee – non current	1,524,004	1,924,000
Others	<u>1,240,940</u>	<u>1,128,766</u>
	<u><b>2,764,944</b></u>	<u><b>3,052,766</b></u>

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**9. OTHER LONG-TERM RECEIVABLES**

	<u>2021</u>	<u>2020</u>
Long-term loans to a related party (notes 9.1 and 26)	1,088,328,111	800,292,257
Non-current portion of receivables under DAAM Program	<u>56,172,801</u>	<u>43,860,038</u>
	<u>1,144,500,912</u>	<u>844,152,295</u>

9.1 This represents long-term loans provided to Fakeeh Academic Medical Center- Dubai and is not repayable before the end of 12 months from the reporting period.

**10. INVENTORIES**

	<u>2021</u>	<u>2020</u>
Medicines, medical supplies and consumables	108,817,942	107,989,465
Optical and related accessories	<u>13,208,539</u>	<u>10,180,135</u>
	122,026,481	118,169,600
Less: Provision for slow moving and obsolete inventories	<u>(2,561,700)</u>	<u>(2,545,545)</u>
	<u>119,464,781</u>	<u>115,624,055</u>

10.1 The movement in the provision for slow moving inventories is as follows:

	<u>2021</u>	<u>2020</u>
Balance at beginning of the year	2,545,545	2,125,545
Charge for the year	<u>16,155</u>	<u>420,000</u>
Balance at end of the year	<u>2,561,700</u>	<u>2,545,545</u>

In accordance with the terms of the supplier's agreement, the Group is entitled to return the nearing expiry products to the supplier.

**11. ACCOUNTS AND OTHER RECEIVABLES**

	<u>2021</u>	<u>2020</u>
Accounts receivables	530,995,582	521,024,902
In-patients	91,653,026	79,356,301
Contract assets – Inpatient and outpatient	62,210,611	65,884,763
Other receivables	<u>18,135,268</u>	<u>1,492,421</u>
	702,994,487	667,758,387
Less: allowance for impairment losses	<u>(120,598,172)</u>	<u>(77,379,834)</u>
	<u>582,396,315</u>	<u>590,378,553</u>

All accounts receivables are unsecured and it is not the practice of the Group to obtain collaterals. Before accepting any customer, the management of the Group evaluates the credit quality of potential customers individually and defines maximum credit period and credit limits. The Group, based on its historical experience and collection trends, current market conditions and expected future cash flows, creates an allowance for doubtful debts against its accounts receivables.

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**11. ACCOUNTS AND OTHER RECEIVABLES (continued)**

The unimpaired accounts receivables include amount of SR 155,675,849 (2020: SR 160,507,152) due from government and quasi government institutions from which SR 117,381,922 (2020: SR 132,907,946) remains outstanding for more than the credit period normally granted to trade customers. Based on the past experience and collection trends, the management believes that there has not been a significant change in credit quality. Consequently, the amounts will be recoverable.

In-patient receivable amounting to SR 91,653,026 (2020: SR 79,356,301) relates to various in-patient receivables, for which the management of the Group performs ongoing assessment regarding the recoverability of those receivables and provide for it, if needed. The management of the Group is confident that such amounts, net of the related allowances, are recoverable.

11.1 The movement of allowance for expected credit losses is as follows:

	<u>2021</u>	<u>2020</u>
Balance at beginning of the year	77,379,834	97,201,037
Provision for expected credit loss during the year	57,543,587	4,527,924
Written-off during the year	<u>(14,325,249)</u>	<u>(24,349,127)</u>
Balance at end of the year	<u>120,598,172</u>	<u>77,379,834</u>

Unbilled receivables are considered as a financial asset as the Group has unconditional right to receive consideration in exchange services rendered only by the passage of time. The un-billed revenue will be invoiced subsequent to year-end.

**12. PREPAYMENTS AND OTHER CURRENT ASSETS**

	<u>2021</u>	<u>2020</u>
Advances to suppliers	31,878,430	39,510,569
Prepayments	20,931,607	19,549,383
Advances to employees	1,311,283	2,727,186
Margin against letter of credits and guarantees	2,005,200	600,099
Loan arrangement fee – current portion	388,000	388,000
Others	<u>2,092,454</u>	<u>8,576,506</u>
	<u>58,606,974</u>	<u>71,351,743</u>

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**13. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents include cash and bank balances.

	<u>2021</u>	<u>2020</u>
Cash in hand	<b>656,402</b>	1,647,373
Cash at banks - current accounts	<b>190,999,236</b>	185,542,532
	<b><u>191,655,638</u></b>	<u>187,189,905</u>

At each reporting date, all bank balances are assessed to have low credit risk as they are held with reputable and high credit rating domestic banking institutions and there has been no history of default with any of the Group's bank balances. Therefore, the probability of default based on forward-looking factors and any loss given defaults are considered to be negligible

**14. SHARE CAPITAL**

The shareholding of the Group is as follows:

	<u>Nationality / country of incorporation</u>	<u>Number of Shares of Saudi Riyals ('SR') 10 each</u>		<u>Amount (SR) As at 31 December</u>	
		<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Dr. Mazen Soliman Abdel Kader Fakeeh	Saudi	<b>3,999,200</b>	3,999,200	<b>39,992,000</b>	39,992,000
Mr. Ammar Soliman Abdel Kader Fakeeh	Saudi	<b>3,999,200</b>	3,999,200	<b>39,992,000</b>	39,992,000
Dr. Manal Soliman Abdel Kader Fakeeh	Saudi	<b>1,999,600</b>	1,999,600	<b>19,996,000</b>	19,996,000
Fakeeh Real Estate Company Limited (A Saudi Limited Liability Company)	Kingdom of Saudi Arabia	<b>1,000</b>	1,000	<b>10,000</b>	10,000
Al Sulimania United Company Limited (A Saudi Limited Liability Company)	Kingdom of Saudi Arabia	<b>1,000</b>	1,000	<b>10,000</b>	10,000
		<b><u>10,000,000</u></b>	<u>10,000,000</u>	<b><u>100,000,000</u></b>	<u>100,000,000</u>

14.1 The Group's shareholders approved annual dividend amounting to SR 22.6 million for the year ended 31 December 2020 (SR 22.27 million for the year ended 31 December 2019) in the annual general meeting held on 30 June 2021.

**15. STATUTORY RESERVE**

In accordance with the By-laws of the Company and the new Regulations for Companies that came into effect on Rajab 25, 1437H (corresponding to May 2, 2016), the Company is required to set aside 10% of its net income each year as statutory reserve until such reserve reaches 30% of the share capital. Since the reserve equals to 50% of the share capital which was transferred under previous regulations for companies, therefore no such transfer has been made during the year.

This minimum required reserve of 30% of share capital is not available for distribution to the shareholders of the Company.

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**16. NON-CONTROLLING INTERESTS**

The following table summarizes the information relating to each of the Group's subsidiaries that has material NCI, before any intra-group eliminations:

<b>31 December 2021</b>	<b>Kameda</b>	<b>Farabi</b>	<b>FMH</b>	<b>FMCS</b>	<b>Al-Toor</b>	<b>Al-Faraj</b>	<b>SMS</b>	<b>Total</b>
<b>NCI percentage</b>	<b>30%</b>	<b>30%</b>	<b>10%</b>	<b>20%</b>	<b>49%</b>	<b>10.18%</b>	<b>25%</b>	
Non-current assets	10,028,130	--	495,000	59,474,278	51,762,459	--	134,038,418	
Current assets	12,562,649	31,257,749	1,000,000	29,777,576	5,376,192	758,986	305,136,902	
Non-current liabilities	847,979	17,207,770	--	6,349,380	12,203	--	134,417,560	
Current liabilities	17,998,908	2,714,525	879,956	29,328,941	3,425,920	258,986	92,130,511	
<b>Net assets (100%)</b>	<b>3,743,892</b>	<b>11,335,454</b>	<b>615,044</b>	<b>53,573,533</b>	<b>53,700,529</b>	<b>500,000</b>	<b>212,627,249</b>	<b>110,206,416</b>
<b>Net assets attributable to NCI</b>	<b>1,123,166</b>	<b>3,400,636</b>	<b>61,601</b>	<b>10,714,707</b>	<b>41,748,494</b>	<b>1,000</b>	<b>53,156,812</b>	
Revenue	11,315,506	29,936,799	--	78,358,459	--	--	345,883,348	
Profit / (loss)	1,148,515	570,013	(179,616)	24,083,021	(125,693)	(52,546)	84,975,020	
Other comprehensive income ("OCI")	(98,043)	(959,296)	--	(451,995)	--	--	(541,942)	
<b>Total comprehensive income/(loss) (100%)</b>	<b>1,050,472</b>	<b>(389,283)</b>	<b>(179,616)</b>	<b>23,631,026</b>	<b>(125,693)</b>	<b>(52,546)</b>	<b>84,433,078</b>	
Profit / (loss) allocated to NCI	344,555	171,004	(17,962)	4,816,604	(61,590)	--	21,243,755	<b>26,496,366</b>
Other comprehensive income / (loss) allocated to NCI	(29,412)	(287,789)	--	(90,399)	--	--	(135,486)	<b>(543,086)</b>

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**16. NON-CONTROLLING INTERESTS (continued)**

31 December 2020	<u>Kameda</u>	<u>Farabi</u>	<u>FMH</u>	<u>FMCS</u>	<u>Al-Toor</u>	<u>Al-Faraj</u>	<u>SMS</u>	<u>Total</u>
NCI percentage	30%	30%	10%	20%	49%	10.18%	25%	
Non-current assets	9,519,465	--	495,000	66,563,241	44,771,549	--	135,195,000	
Current assets	6,062,026	31,624,056	1,000,000	21,944,857	2,771,900	706,440	232,174,574	
Non-current liabilities	1,013,249	16,435,725	--	4,906,942	--	--	134,611,945	
Current liabilities	11,871,184	2,507,573	699,376	53,658,649	5,018,067	206,440	104,825,352	
Net assets (100%)	2,697,058	12,680,758	795,624	29,942,507	42,525,382	500,000	127,932,277	
Net assets attributable to NCI	809,117	3,804,227	79,562	5,988,501	41,992,071	5,000	31,983,069	84,661,547
Revenue	10,192,711	32,652,455	--	60,786,681	--	--	292,282,562	
Profit / (loss)	728,468	1,554,879	--	16,230,632	45,708	(96,390)	70,885,621	
Other comprehensive income ("OCI")	(74,190)	1,998,541	--	(20,374)	--	--	1,083,197	
Total comprehensive income/(loss) (100%)	654,278	3,553,420	--	16,210,258	45,708	(96,390)	71,968,818	
Profit/(loss) allocated to NCI	218,540	466,464	--	3,246,126	22,397	(10,507)	17,721,405	21,664,425
Other comprehensive income / (loss) allocated to NCI	(22,257)	599,562	--	(4,075)	--	--	270,799	844,029



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**17. LOANS AND BORROWINGS**

	<u>2021</u>	<u>2020</u>
<u>Non-current portion</u>		
Long-term bank loans (note 17.1)	<b>838,207,297</b>	779,301,131
<u>Current portion</u>		
Short-term bank loans (note 17.2)	<b>50,011,949</b>	159,335,707
	<b><u>888,219,246</u></b>	<u>938,636,838</u>

The movement in the long-term bank loans over the year is as follows:

	<u>2021</u>	<u>2020</u>
Balance at beginning of the year	<b>779,301,131</b>	727,050,000
Loans obtained during the year	<b>58,906,166</b>	52,251,131
Balance at end of the year	<b><u>838,207,297</u></b>	<u>779,301,131</u>

**17.1 Long-term bank loans**

During the year ended 31 December 2017, the Group had obtained a financing facility of SR 460 million from a commercial bank. The financing includes a term loan facility for financing projects amounting to SR 440 million and a short-term facility amounting to SR 20 million for financing working capital.

During the year ended 31 December 2018, the Group had obtained a financing facility of SR 1.17 billion from a commercial bank. The financing includes a term loan facility for new investments amounting to SR 1.07 billion and a short-term facility of SR 100 million. During the year ended 31 December 2021, the short-term facility has been increased to SR 500 million with a total facility amount of SR 1.57 billion as at 31 December 2021.

The Group has availed SR 838.21 million from the term loan facility till 31 December 2021 (2020: SR 779.30 million). The borrowings carry interest at prevailing market interest rates and are secured against certain collaterals.

The facility agreement with the bank contain a covenant, which requires the Group to maintain a maximum dividend payout ratio.

**17.2 Short-term bank loans**

The short-term borrowings are repayable within 12 months from the balance sheet date.

The Group had availed SR 50.01 million (2020: SR 159.34 million) from the short-term facility.

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**18. EMPLOYEES' END OF SERVICE BENEFITS**

The Group operates an approved unfunded employees' end of service benefits scheme and ex-gratia benefits for its permanent employees. The present value of total employee benefits liability recognized in the statement of financial position is determined as follows:

	<u>2021</u>	<u>2020</u>
Present value of net defined benefit liability	<u>189,161,806</u>	<u>173,226,801</u>

***Movement in net defined benefit liability***

The movement in the present value of net defined benefit liability over the year is as follows:

	<u>2021</u>	<u>2020</u>
Balance at beginning of the year	173,226,801	172,196,744

***Included in profit or loss:***

Current service costs	23,957,087	23,158,810
Interest costs	4,911,262	4,822,167
	<u>28,868,349</u>	<u>27,980,977</u>

***Included in other comprehensive income:***

Re-measurement (gain) / loss arising from:

Actuarial (gain) / loss arising from:

- Financial assumptions	2,772,723	(7,859,504)
- Demographic assumptions	--	3,975,472
- Experience adjustments	2,968,988	(3,574,077)
	<u>5,741,711</u>	<u>(7,458,109)</u>

Other adjustments

Benefits paid

Balance at end of the year

	3,638	(1,466,991)
	<u>(18,678,693)</u>	<u>(18,025,820)</u>
	<u>189,161,806</u>	<u>173,226,801</u>

**Actuarial assumptions**

The main financial assumptions used to calculate the indicative defined benefit liabilities are as follows:

	<u>2021</u>	<u>2020</u>
<b><u>Actuarial assumptions</u></b>		
Discount rate	2.30%	2.95%
Future salary growth	1.10%	1.5% -2.11%
Retirement age	60 years	60 years

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**18. EMPLOYEES' END OF SERVICE BENEFITS (continued)**

The sensitivity of defined benefit obligation to changes in the weighted principal assumptions is as follows:

<b><u>31 December 2021</u></b>	<b>Impact on defined benefit obligation (Increase) / decrease in actual figures</b>		
	<b><u>Change in assumption by</u></b>	<b><u>Increase in assumption by</u></b>	<b><u>Decrease in assumption by</u></b>
<i>Financial assumptions</i>			
Discount rate	1%	11,599,781	(10,294,092)
Future salary growth / Expected rate of salary increase	1%	(11,387,456)	12,605,850

<b><u>31 December 2020</u></b>	<b>Impact on defined benefit obligation (Increase) / decrease in actual figures</b>		
	<b><u>Change in assumption by</u></b>	<b><u>Increase in assumption by</u></b>	<b><u>Decrease in assumption by</u></b>
<i>Financial assumptions</i>			
Discount rate	1%	6,655,265	(13,002,656)
Future salary growth / Expected rate of salary increase	1%	(13,980,929)	7,703,142

The weighted average duration of the defined benefit obligation ranges from 5.73 to 9.13 years (2020: from 5.50 to 8.24 years).

During the year ended 31 December 2021, an independent actuarial exercise has been conducted to ensure the adequacy of provision for employees' end of service benefits and ex-gratia benefits in accordance with the rules stated under the Saudi Arabian Labor and Workmen Law by using the Projected Unit Credit Method as required under IAS 19.

The defined benefit plan is exposed to a number of actuarial risks, the most significant of which are final salary risk, discount / interest rate fluctuation risk, longevity risk, currency risk and inflation risk.

**19. ACCOUNTS PAYABLES**

	<b><u>2021</u></b>	<b><u>2020</u></b>
Accounts payables	<b><u>142,903,467</u></b>	<b><u>134,290,779</u></b>

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**20. ACCRUED AND OTHER CURRENT LIABILITIES**

	<u>2021</u>	<u>2020</u>
Accrued expenses	<b>89,900,852</b>	66,967,213
Dividends payable	--	25,000,000
Deferred income	<b>18,596,603</b>	14,144,429
Education fee received in advance	<b>6,895,858</b>	6,373,693
Accrued financial charges	<b>3,414,986</b>	2,822,138
Advance from customers	<b>2,308,713</b>	3,584,846
Other payables	<b>66,368,789</b>	35,654,918
	<b><u>187,485,801</u></b>	<u>154,547,237</u>

**21. ZAKAT**

**a) Charge for the year:**

Zakat included in the statement of profit or loss and other comprehensive income are comprised of the following:

	<u>2021</u>	<u>2020</u>
Current year	<b>17,658,111</b>	26,645,189
Prior year	<b>(13,094,667)</b>	--
	<b><u>4,563,444</u></b>	<u>26,645,189</u>

**b) The movement in the accrual for Zakat is as follows:**

	<u>2021</u>	<u>2020</u>
Balance at beginning of the year	<b>27,444,137</b>	15,174,487
Charge for current year	<b>17,658,111</b>	26,645,189
Change in estimate for prior year	<b>(13,094,667)</b>	--
Adjustment	<b>(110,962)</b>	--
Payments during the year	<b>(19,494,017)</b>	(14,375,539)
Balance at end of the year	<b><u>12,402,602</u></b>	<u>27,444,137</u>

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**21. ZAKAT (continued)**

**c) Status of final assessments**

During 2021, the Parent Company obtained Zakat, Tax and Customs Authority “ZATCA” approval to submit the returns on combined basis with a sister concern, and the Parent Company has submitted its Zakat returns from the year 2020 on a combined basis. Accordingly, the Parent Company has filed Zakat declaration up to the financial year ended 31 December 2021 with the General Authority of Zakat and Income Tax (ZATCA) on combined basis as well. The Company also obtained the Zakat certificate valid until 30 April 2023. The Company finalized its Zakat status for the years from 2009 to 2015. The Company filed its Zakat return for the year ended December 31, 2016. The ZATCA issued its Zakat assessment against the Company's accounts, which has shown Zakat differences of SR 50,926. Subsequent to the year ended 31 December 2021, the Company accepted the ZATCA assessment and settled the said Zakat differences of SR 50,926.

The Company filed its Zakat return for the year ended December 31, 2018. The ZATCA issued its Zakat assessment against the Company's accounts, and claimed an additional Zakat liability of SR 1,517,500. The Company objected against the said assessment. The ZATCA rejected the Company's objection. The Company escalated its objection to the Committees for Resolution of Zakat, Tax, and Customs Violations and Disputes (CRTVD), which is still under review by the CRTVD till to-date.

The Company filed its Zakat returns for the years ended December 31, 2017, 2019, and 2020, and obtained the unrestricted Zakat certificate for the year 2020. The ZATCA did not issue the Zakat assessments for the said years till to-date.

Al Farabi Special Healthcare Company Limited has filed its Zakat returns and paid due amounts for all periods up to the year ended 31 December 2021 which are under review by ZATCA.

Kameda Arabia Company Limited has filed its Zakat returns and paid due amounts for all periods up to the year ended 31 December 2021 which are under review by ZATCA.

Dr. Soliman Abdel Kader Fakeeh Family Medicine Centers has filed its Zakat returns and paid due amounts for all periods up to the year ended 31 December 2021 which are under review by ZATCA.

Dr. Mazen Fakeeh Complementary Health Care Company Limited has filed its Zakat returns and paid due amounts for all periods up to the year ended 31 December 2021 which are under review by ZATCA.

Dr. Soliman Abdel Kader Fakeeh Medical Education Company Limited has filed its Zakat returns and paid due amounts for all periods up to the year ended 31 December 2021 which are under review by ZATCA.

Saudi Airlines Company for Medical Services (“SMS”) has filed its Zakat return till the year 2021. The management of SMS believes that Saudi Airlines Company for Medical Services was exempt from Zakat till 31 December 2018 in accordance with the regulations of the ZATCA in the Kingdom of Saudi Arabia, since it was owned by Saudi Arabian Airlines Corporation (“Saudia”) as of 31 December 2018, therefore no Zakat provision was made up to the end of year 2018. However, upon the change in the shareholding in 2019, SMS is 75% owned by Dr. Soliman Abdul Kader Fakeeh Hospital Company and 25% owned by Saudia. Accordingly, SMS is now subject to Zakat on the 75% share of Dr. Soliman Abdul Kader Fakeeh Hospital Company in SMS’s net adjusted profit and zakat base effective from 26 December 2019. The ZATCA has challenged the exemption of shares of Saudia in 2019 considering that the Company is no longer 100% owned by Saudia.

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**21. ZAKAT (continued)**

**c) Status of final assessments (continued)**

SMS has submitted a ruling request based on the Saudia Group stance (same as zakat submission of other partially owned entities of Saudia) for the Zakat exemption on 100% shareholding of Saudi Arabian Airlines Corporation up to 25 December 2019 and 25% shareholding from 26 December 2019. The Group believes that SMS should still be exempt from Zakat on the shares held by Saudia for the year ended 31 December 2019 and onwards.

Al Toor Medical Services Company has submitted its Zakat returns for all periods up to the year ended 31 December 2021, which are under review with the ZATCA.

Al Faraj Pharmaceutical Medical Company has submitted its Zakat returns for all periods up to the year ended 31 December 2021, which are under review with the ZATCA.

Golden Union Company Limited has filed first Zakat return and paid the due amount for the year ended 31 December 2021 which are under review by ZATCA.

Advance Horizon Constructing Company Limited has filed first Zakat return and paid the due amount for the year ended 31 December 2021 which are under review by ZATCA.

**22. REVENUE**

***Revenue streams***

	<u>2021</u>	<u>2020</u>
Revenue from contracts with customers	<u>1,964,683,630</u>	<u>1,715,426,397</u>

***Disaggregation of revenue from contracts with customers***

In the following table, revenue from contracts with customers is disaggregated by major service lines and timing of revenue recognition, all revenue is primarily generated in the Kingdom of Saudi Arabia:

	<u>2021</u>	<u>2020</u>
<b><i>Major service lines</i></b>		
Out-Patient	1,243,092,180	1,094,843,303
In-Patient	723,578,444	689,430,246
Medical related services	<u>137,282,575</u>	<u>73,186,787</u>
<b>Gross revenue from healthcare services</b>	<b>2,103,953,199</b>	1,857,460,336
Discounts and rejections from healthcare services	<u>(229,826,863)</u>	<u>(213,163,944)</u>
<b>Net revenue from healthcare services</b>	<b>1,874,126,336</b>	1,644,296,392
<b>Health Club</b>	3,485,067	3,569,921
<b>Education</b>	78,358,459	60,786,681
<b>IT services</b>	6,422,297	6,331,146
<b>Others</b>	<u>2,291,471</u>	<u>442,257</u>
	<u>1,964,683,630</u>	<u>1,715,426,397</u>
<b><i>Timing of revenue recognition</i></b>		
Point in time	1,876,417,807	1,644,738,649
Over time	<u>88,265,823</u>	<u>70,687,748</u>
<b>Revenue from contracts with customers</b>	<b>1,964,683,630</b>	<b>1,715,426,397</b>

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**23. COSTS OF REVENUE**

	<u>2021</u>	<u>2020</u>
Salaries and employee related benefits	622,845,444	614,428,955
Materials and consumables	503,301,716	466,353,756
Depreciation on property and equipment (note 4)	46,480,533	43,604,727
Repairs and maintenance	24,649,561	24,995,139
Depreciation on right-of-use assets (note 5.1)	22,872,866	24,448,594
Insurance expenses	26,349,745	21,311,318
Food and beverages	18,015,341	16,833,038
Rental charges	10,808,608	13,778,605
Utilities charges	11,885,992	9,790,320
Amortization (note 6)	5,258,291	7,030,563
Advertising and publicity	8,137,275	5,144,470
Others	25,996,700	25,333,141
	<u>1,326,602,072</u>	<u>1,273,052,626</u>

**24. ADMINISTRATIVE EXPENSES**

	<u>2021</u>	<u>2020</u>
Salaries and employee related benefits	125,296,411	77,548,952
Rental charges	1,204,162	827,335
Advertising and publicity	3,518,608	669,794
Depreciation on right-of-use assets (note 5.1)	17,111,675	16,210,895
Printing and stationary	1,304,626	2,303,540
Depreciation on property and equipment (note 4)	11,611,258	10,857,743
Insurance expenses	3,864,979	5,878,978
Utilities charges	4,377,311	5,343,012
Repairs and maintenance	8,401,686	12,021,678
Amortization (note 6)	1,767,699	1,614,017
Depreciation on investment properties (note 7)	21,024	21,024
Others	25,644,929	24,465,704
	<u>204,124,368</u>	<u>157,762,672</u>

**25. OTHER INCOME**

	<u>2021</u>	<u>2020</u>
Interest income (note 26)	6,167,900	8,490,833
Rental income	1,343,851	1,826,864
Parking fees	188,596	220,961
Training fees	1,153,696	128,353
Income from Human Resource Development Fund	185,640	65,950
Others	14,673,458	6,834,335
	<u>23,713,141</u>	<u>17,567,296</u>

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**26. RELATED PARTY TRANSACTIONS**

Related parties include the Group's shareholders, associates and affiliated companies, other entities related to certain subsidiaries and key management personnel of the Group. Terms and conditions of these transactions are approved by the Group's Board of Directors.

**Transactions with key management personnel**

***Key management personnel compensation***

Compensation to Group's key management personnel includes salaries, non-cash benefits, and contributions to post-employment defined benefit plan. Group has recognized an expense of SR 24,066,578 for the year ended 31 December 2021 (31 December 2020: SR 16,428,550). Further land rentals to the shareholders amounting to SR 19,097,706 (2020: SR 19,097,706) has been recognised as expense of the Group.

Board of Directors' remuneration for the year ended 31 December 2021 amounting to SR 1,291,500 (31 December 2020: SR 1,870,100) has been calculated in accordance with the Company's By-Laws. Attendance allowances and other expenses to the directors and members of various board committees amounting to SR 39,410 (2020: SR 63,500) are charged to expenses and included under administrative expenses.

***Other related party transactions***

A number of companies transacted with the Group during the year. The terms and conditions of these transactions were no more favourable than those available, or which might reasonably be expected to be available, in similar transactions with non-key management personnel related companies on arm's length basis.

The significant related party transactions and outstanding balances including those related to key management personnel, and entities over which they have control or significant influence are as follows:



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**26. RELATED PARTY TRANSACTIONS (continued)**

Name	Relationship	Nature of transactions	Amount of transactions		Closing balance	
			2021	2020	2021	2020
<b><u>Due from related parties – other long-term receivables (non-current)</u></b>						
Fakeeh Academic Medical Center – Dubai	Affiliate	Interest income (note 25) Loans given to affiliate (note 9)	6,167,900 281,867,954	8,490,833 263,923,200	1,088,328,111	800,292,257
<b><u>Due from related parties</u></b>						
Saudi Arabian Airlines Corporation	Non-controlling Shareholder	Revenue Expenses incurred on behalf of the shareholder	67,880,519 1,292,878	26,732,122 2,447,323	27,683,638	32,740,762
Fakeeh Real Estate Company Limited	Shareholder	Expenses incurred on behalf of shareholder Absorption of losses of the subsidiary	-- 75,399	192,829 --	596,526	521,127
Maabar Rehabilitation Centre	Affiliate	Payments made on behalf of affiliate	--	--	702,754	702,755
Abdulbary Mohammed Eid Al-Shawy Trust	Non-controlling Shareholder	Share capital and absorption of losses of a subsidiary	(529,212)	--	--	529,212
Saudi Arabain Engineering Industries Company LLC	Affiliate	Services provided	2,476,083	1,187,600	1,329,148	1,630,256
Flyadeal Airline Company LLC	Affiliate	Services provided	1,115,964	337,446	293,966	126,752
Al Sulimania United Company Limited	Shareholder	Expenses incurred on behalf of the shareholder	192,880	--	234,392	41,512
Saudi Ground Services Company	Affiliate	Services provided	30,174	898,576	54,054	35,943
Dr. Abdulaziz AlFallah	Non-controlling Shareholder	Share capital and absorption of losses of a subsidiary	(963)	963	6,100	7,064
Royal Fleet Services	Affiliate	Services provided	7,749,674	3,474,081	7,518,821	3,474,081

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**26. RELATED PARTY TRANSACTIONS (continued)**

Name	Relationship	Nature of transactions	Amount of transactions		Closing balance	
			2021	2020	2021	2020
<b><i>Due from related parties (continued)</i></b>						
Saudi Airlines Cargo Company	Affiliate	Services provided	577,031	245,137	133,679	245,137
Saudi Private Aviation	Affiliate	Services provided	15,600	7,997	3,335	7,997
Saudi Airlines Real Estate Development Company	Affiliate	Services provided	6,341	345	3,968	345
Prince Sultan Aviation Academy	Affiliate	Services provided	100,315	20,416	67,096	20,416
			<b>38,627,477</b>	<b>40,083,359</b>		
<b><i>Due to related parties</i></b>						
Dr. Mazen Fakeeh	Shareholder	Payments made on behalf of the Group	--	--	1,960,000	1,960,000
Mr. Ammar Fakeeh	Shareholder	Payments made on behalf of the Group	--	--	1,960,000	1,960,000
Dr. Manal Fakeeh	Shareholder	Payments made on behalf of the Group	--	--	980,000	980,000
Fakeeh Academic Medical Center – Dubai	Affiliate	Services received	4,243,302	5,942,469	10,185,771	5,942,469
			<b>15,085,771</b>	<b>10,842,469</b>		

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(Expressed in Saudi Arabian Riyals, unless otherwise stated)

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**27. FINANCIAL INSTRUMENTS – FAIR VALUES AND FINANCIAL RISK MANAGEMENT**

**FAIR VALUES**

The management considers that the carrying amounts of financial assets and financial liabilities recognized in the financial statements approximate their fair values.

**FINANCIAL RISK MANAGEMENT**

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value and cash flow interest rate risks and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

**Risk management framework**

Risk management is carried out by senior management under policies approved by the Board of Directors. Senior management identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The most important types of risk are credit risk, currency risk and fair value risk.

The Board of Directors has overall responsibility for establishment and oversight of the Group's risk management framework. The executive management team is responsible for developing and monitoring the Group's risk management policies. The team regularly meets and any changes and compliance issues are reported to the Board of Directors through the audit committee.

Risk management systems are reviewed regularly by the executive management team to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The audit committee oversees compliance by management with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

Financial instruments carried on the consolidated financial statements include cash and cash equivalents, accounts and other receivables (current), other long-term receivables (non-current), margin against letter of credits and guarantees, due from related parties, short term borrowings, due to related parties, accrued expenses and other current liabilities and accounts payables. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

**Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk.

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(Expressed in Saudi Arabian Riyals, unless otherwise stated)

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**27. FINANCIAL INSTRUMENTS – FAIR VALUES AND FINANCIAL RISK MANAGEMENT**  
**(continued)**

**Risk management framework (continued)**

**Interest rate risk**

Interest rate risks are the exposures to various risks associated with the effect of fluctuations in the prevailing interest rates on the Group's financial position and cash flows. The Group's interest rate risks arise mainly from its borrowings, which are at floating rate of interest and are subject to re-pricing on a regular basis and for which the management closely monitors the changes in interest rates.

The interest rate profile of the Group's interest-bearing financial instruments as reported to the management of the Group is as follows:

	<u>2021</u>	<u>2020</u>
<b>Variable rate instruments</b>		
Financial liabilities	<u>888,219,246</u>	<u>938,636,838</u>

Sensitivity analysis for variable rate instruments

Change in 100 basis points in interest rates, with all other variables held constant, would have increased or decreased the equity and profit before zakat and income tax for the year by SR 8.88 million (31 December 2020: SR 9.39 million).

**Currency risk**

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Group 's transactions are principally in Saudi Arabian Riyals and United States Dollars. The Saudi Arabian Riyal is pegged to the United States Dollars. Currency risk is managed on regular basis.

**Credit risk**

Credit risk is the risk that one party will fail to discharge an obligation and will cause the other party to incur a financial loss. Management evaluate credit risk relating to customers on an ongoing basis. Five major customers of the Group represent 77% (2020: 78%) of total receivables.

Cash and cash equivalents are placed with national banks with sound credit ratings. Accounts and other receivable are mainly due from government and quasi- government authorities, local customers and related parties and are stated at their estimated realizable values. Management does not expect any significant loss from non-performance by counterparties on credit granted during the financial year under review other than those which have been provided in these financial statements.

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(Expressed in Saudi Arabian Riyals, unless otherwise stated)

**27. FINANCIAL INSTRUMENTS – FAIR VALUES AND FINANCIAL RISK MANAGEMENT**  
**(continued)**

**Credit risk (continued)**

Potential counterparties are subject to credit assessment and approval before concluding transactions and are thereafter subject to regular review, including re-appraisal and approval of the limits previously granted.

The creditworthiness of counterparties is assessed based on an analysis of quantitative and qualitative data regarding financial standing and business risks, together with the review of any relevant third party and market information.

Credit exposure, which is essentially an economic exposure or an expected future physical exposure, is permanently monitored and subject to sensitivity measures. Credit risks in excess of approved levels are secured by means of promissory notes and insurance arrangements.

For credit risks arising from other financial assets of the Group, including cash and bank balances, accounts and other receivables (current), other long-term receivables (non-current), margin against letter of credits and guarantees and due from related parties, the Group's exposure arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

The Group's gross maximum exposure to credit risk at the reporting date is as follows:

	<u>2021</u>	<u>2020</u>
<b>Financial assets</b>		
Accounts and other receivables – gross	702,994,487	667,758,387
Due from related parties	38,627,477	40,083,359
Other receivables	1,148,598,566	853,328,900
Cash at banks	190,999,236	185,542,532
	<u>2,081,219,765</u>	<u>1,746,713,178</u>

Accounts and other receivables are carried net of impairment allowances.

	<u>2021</u>	<u>2020</u>
<b>Financial assets</b>		
- Unsecured	<u>1,918,552,866</u>	<u>1,622,320,852</u>

**Impairment loss**

The Group manages credit risk with respect to receivables from customers by monitoring in accordance with defined policies and procedures. The management continuously monitors the credit exposure towards the customers and makes provision against those balances considered doubtful of recovery.

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**27. FINANCIAL INSTRUMENTS – FAIR VALUES AND FINANCIAL RISK MANAGEMENT**  
**(continued)**

**Credit risk (continued)**

**Impairment loss (continued)**

The receivables are shown net of allowance for impairment of accounts receivables. The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all accounts receivables. To measure the expected credit losses, accounts receivables have been grouped based on shared credit risk characteristics and the days past due. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors (such as GDP forecast and industry outlook) affecting the ability of the customers to settle the receivables such. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Group assessed the concentration of risk with respect to accounts receivable and concluded it to be low. The following table provides information about the aging and expected credit losses for accounts receivables.

**As at 31 December 2021**

<b><u>Age days</u></b>	<b><u>Accounts receivable</u></b>	<b><u>Provision for ECL</u></b>
Not yet due	218,638,506	262,083
1 - 90	121,735,384	1,499,678
91 – 180	58,116,019	1,714,998
181 - 270	60,243,356	6,409,818
271 - 365	67,410,666	20,695,584
Over 365	176,850,556	90,016,011
Total	<u>702,994,487</u>	<u>120,598,172</u>

**As at 31 December 2020**

<b><u>Age days</u></b>	<b><u>Accounts receivable</u></b>	<b><u>Provision for ECL</u></b>
Not yet due	161,632,520	3,502,893
1 - 90	228,074,542	3,019,649
91 – 180	104,180,685	4,039,395
181 - 270	31,640,664	2,726,901
271 - 365	22,888,038	2,863,147
Over 365	119,341,938	61,227,849
Total	<u>667,758,387</u>	<u>77,379,834</u>

With respect to credit risk arising from the other financial assets of the Group, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount as disclosed in the statement of financial position.

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For the year ended 31 December 2021

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**27. FINANCIAL INSTRUMENTS – FAIR VALUES AND FINANCIAL RISK MANAGEMENT**  
**(continued)**

**Liquidity risk**

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from the inability to sell a financial asset quickly at an amount close to its fair value. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities.

The Group's liquidity risk is mitigated by the availability of funds to cover future commitments. The Group manages liquidity risk through an ongoing review of future commitments and credit facilities. Cash flow forecasts are prepared and utilized borrowing facilities are monitored regularly.

The following is contractual undiscounted maturity analysis of the financial liabilities of the Group as at 31 December 2021. The Group does not hold financial assets for managing liquidity risk. Hence, these risks have not been considered for maturity analysis.

	<b>Carrying Amount</b>	<b>1 year or less</b>	<b>1 to 5 years</b>	<b>More than 5 years</b>	<b>Total</b>
<b>31 December 2021</b>					
<i>Non derivative financial liabilities</i>					
Accounts payables	142,903,467	142,903,467	--	--	142,903,467
Due to related parties	15,085,771	15,085,771	--	--	15,085,771
Accrued and other liabilities	187,485,801	187,485,801	--	--	187,485,801
Loans and borrowings	888,219,246	67,507,527	586,692,241	425,771,839	1,079,971,607
Lease liabilities	305,721,535	49,668,305	177,422,013	178,107,549	405,197,867
	<u>1,539,415,820</u>	<u>462,650,871</u>	<u>764,114,254</u>	<u>603,879,388</u>	<u>1,830,644,513</u>
<b>31 December 2020</b>					
<i>Non derivative financial liabilities</i>					
Accounts payables	134,290,779	134,290,779	--	--	134,290,779
Due to related parties	10,842,469	10,842,469	--	--	10,842,469
Accrued and other liabilities	133,899,635	133,899,635	--	--	133,899,635
Loans and borrowings	938,636,838	159,335,707	189,900,000	879,100,000	1,228,335,707
Lease liabilities	355,186,097	48,883,049	190,900,417	184,287,824	424,071,290
	<u>1,572,855,818</u>	<u>487,251,639</u>	<u>380,800,417</u>	<u>1,063,387,824</u>	<u>1,931,439,880</u>

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amount.

**Capital risk management**

The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and to maintain a strong capital base to support the sustained development of its businesses.

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**27. FINANCIAL INSTRUMENTS – FAIR VALUES AND FINANCIAL RISK MANAGEMENT**  
**(continued)**

**Capital risk management (continued)**

The Group manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders or issue new shares. The Group also monitors capital using a gearing ratio, which is net debt, interest bearing loans and borrowings including finance cost thereon, less cash and bank balances. Capital signifies equity as shown in the consolidated statement of financial position plus net debt. The gearing ratio as at 31 December 2021 and 31 December 2020 is as follows:

	<u>2021</u>	<u>2020</u>
Loans and borrowings	<b>888,219,246</b>	938,636,838
Lease liabilities	<b>305,721,535</b>	355,186,097
<b>Total debt</b>	<b>1,193,940,781</b>	1,293,822,935
Cash and cash equivalents	<b>(191,655,638)</b>	(187,189,905)
<b>Net debt</b>	<b>1,002,285,143</b>	1,106,633,030
Share capital	<b>100,000,000</b>	100,000,000
Statutory reserve	<b>50,000,000</b>	50,000,000
Retained earnings	<b>1,463,231,728</b>	1,157,280,704
Non-controlling interests	<b>110,206,416</b>	84,661,547
<b>Equity</b>	<b>1,723,438,144</b>	1,391,942,251
<b>Gearing ratio (total net debt / total equity)</b>	<b>58.16%</b>	79.50%



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**28. COMMITMENTS AND CONTINGENCIES**

As at 31 December 2021, the Group's bankers have issued letters of guarantee amounting to SR 19,408,323 (2020: SR 16,057,884) out of which SR 12,135,750 (2020: SR Nil) have been issued on behalf of the Group's related parties. Remaining SR 7,272,573 (2020: SR 16,057,884) letters of guarantee have been issued by the Group's bankers on behalf of the Group.

As at 31 December 2021, the Group has outstanding letters of credit amounting to SR 13,797,311 (2020: SR 68,074,647) issued by the bank in favor of the Group's related party.

As at 31 December 2021, the Group has commitments for capital work in progress of SR 212.2 million (2020: SR 315 million) mainly relating to construction, renovation and upgradation of buildings.

As at 31 December 2021, there are no significant litigations and claims against the Group.

The amount recognised as a provision on account of litigations and legal claims are the management's and their legal counsel's best estimate of the expenditure required to settle the present obligation arising at the reporting period.

**29. NEW STANDARDS AND AMENDMENTS TO STANDARDS**

Several amendments and interpretations apply for the first time in 2021, which are effective for annual periods beginning on or after 1 January 2021. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

- Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)
- COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16)

**30. STANDARDS ISSUED BUT NOT YET EFFECTIVE**

The standards, interpretations and amendments issued, but not yet effective up to the date of issuance of the consolidated financial statements are disclosed below. The Group intends to adopt these standards, where applicable, when they become effective.

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**30. STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)**

<i>Standard / Interpretation</i>	<i>Description</i>	<i>Effective from periods beginning on or after the following date</i>
IAS 37	Onerous contracts - cost of fulfilling a contract	1 January 2022
IFRS Standards	Annual improvements to IFRS standards 2018 - 2020	1 January 2022
IAS 16	Property, plant and equipment: proceeds before intended use	1 January 2022
IFRS 3	Reference to the conceptual framework	1 January 2022
IFRS 17	Insurance contracts	1 January 2023
IAS 1	Classification of liabilities as current or non-current (amendments to IAS 1)	1 January 2023
IAS 8	Definition to accounting estimates	1 January 2023
IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction`	1 January 2023
IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
IFRS 10 and IAS 28	Sale or contribution of assets between investor and its associate or joint venture (amendments to IFRS 10 and IAS 28)	Available for optional adoption / effective date deferred indefinitely

The standards, interpretations and amendments with effective date of 1 January 2022 will not have any material impact on the Group's consolidated financial statements, whereas for other above-mentioned standards, interpretations and amendments, the Company is currently assessing the implications on the Group's financial statements on adoption.

**31. IMPACT OF COVID-19**

Since early 2020, the Novel Coronavirus Pandemic (COVID-19) has spread globally across various geographies causing disruption to businesses and economic activities thereby impacting the oil prices and products demand.

Whilst it is challenging to predict the full extent and duration of business and economic impacts, the Group's management has considered the potential impacts of COVID-19 on the Group's operations and concluded that as of the issuance date of these financial statements, no significant changes are required to the judgements and key estimates. The Group is continuously monitoring the evolving scenario and any change in the judgements and key estimates will be reflected as part of the operating results and cash flows of the future reporting periods.

**32. DATE OF AUTHORIZATION FOR ISSUE**

These financial statements were authorized for issue by the Company's Board of Directors on 19<sup>th</sup> April 2022, corresponding to 18<sup>th</sup> Ramadan 1443H.

**DR. SOLIMAN ABDEL KADER  
FAKEEH HOSPITAL COMPANY**  
(A Saudi Closed Joint Stock Company)

**CONSOLIDATED FINANCIAL STATEMENTS**

For the year ended 31 December 2022  
together with the Independent Auditor's Report

**DR. SOLIMAN ABDEL KADER FAKEEH HOSPITAL COMPANY**  
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**CONSOLIDATED FINANCIAL STATEMENTS**

For the year ended 31 December 2022

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## KPMG Professional Services

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Prince Sultan Street  
P. O. Box 55078  
Jeddah 21534  
Kingdom of Saudi Arabia  
Commercial Registration No 403029792

Headquarters in Riyadh

## كي بي إم جي للاستشارات المهنية

مركز زهران للأعمال  
شارع الأمير سلطان  
ص. ب. 55078  
جدة 21534  
المملكة العربية السعودية  
سجل تجاري رقم 4030290792

المركز الرئيسي في الرياض

# Independent Auditor's Report

To the Shareholders of Dr. Soliman Abdel Kader Fakeeh Hospital Company

## Opinion

We have audited the consolidated financial statements of Dr. Soliman Abdel Kader Fakeeh Hospital Company ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2022, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) 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 that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), that is endorsed in the Kingdom of Saudi Arabia, that are relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with the Code's requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## 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 IFRS that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, the applicable requirements of the Regulation for Companies and Company's By-laws and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those Charged with Governance are responsible for overseeing the Group's financial reporting process.

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© 2023 كي بي إم جي للاستشارات المهنية شركة مساهمة مغلقة، مسجلة في المملكة العربية السعودية، رأسمالها (40,000,000) ريال سعودي مدفوع بالكامل، المسماة سابقاً "شركة كي بي إم جي للفران وشركه محاسبين ومراجون قانونيون". وهي عضو غير شريك في الشبكة العالمية لشركات كي بي إم جي المستقلة والتابعة لكي بي إم جي العالمية المحدودة، شركة النظيرية محدودة بضمان. جميع الحقوق محفوظة.

Commercial Registration of the headquarters in Riyadh is 1010425494.



## Independent Auditor's Report

To the Shareholders of Dr. Soliman Abdel Kader Fakeeh Hospital Company (continued)

### 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 International Standards on Auditing 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 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 International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgement and maintain professional scepticism 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 for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, then 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 of Dr. Soliman Abdel Kader Fakeeh Hospital Company ("the Company") and its subsidiaries ("the Group").

#### For KPMG Professional Services

Kholoud A. Mousa Altambakti  
License No. 421



Jeddah, 22 May 2023  
Corresponding to 2 Dhul Qadah 1444H

**DR. SOLIMAN ABDEL KADER FAKEEH HOSPITAL COMPANY**  
(A Saudi Closed Joint Stock Company)

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As at 31 December 2022

(Expressed in Saudi Arabian Riyals, unless otherwise stated)

	<u>Notes</u>	<u>2022</u>	<u>2021</u>
<b><u>ASSETS</u></b>			
Property and equipment	6	<b>1,303,085,288</b>	639,856,683
Right-of-use assets	7.1	<b>391,973,536</b>	271,156,564
Intangible assets and goodwill	8	<b>567,800,044</b>	414,846,852
Investment properties	9	<b>499,975</b>	541,232
Prepayments and other non-current assets	10	<b>2,485,543</b>	2,764,944
Other long-term receivables	11	<b>1,416,954,534</b>	1,144,500,912
<b>Non-current assets</b>		<b><u>3,682,798,920</u></b>	<u>2,473,667,187</u>
Inventories	12	<b>131,462,764</b>	119,464,781
Accounts and other receivables	13	<b>746,931,800</b>	582,396,315
Due from related parties	27	<b>39,322,235</b>	38,627,477
Prepayments and other current assets	14	<b>153,151,188</b>	58,606,974
Cash and cash equivalents	15	<b>316,762,023</b>	191,655,638
<b>Current assets</b>		<b><u>1,387,630,010</u></b>	<u>990,751,185</u>
<b>Total assets</b>		<b><u>5,070,428,930</u></b>	<u>3,464,418,372</u>
<b><u>EQUITY AND LIABILITIES</u></b>			
<b><u>EQUITY</u></b>			
Share capital	16	<b>100,000,000</b>	100,000,000
Statutory reserve	17	<b>50,000,000</b>	50,000,000
Retained earnings		<b>1,747,638,538</b>	1,463,231,728
<b>Equity attributable to owners of the Company</b>		<b><u>1,897,638,538</u></b>	<u>1,613,231,728</u>
Non-controlling interests	18	<b>259,605,650</b>	110,206,416
<b>Total equity</b>		<b><u>2,157,244,188</u></b>	<u>1,723,438,144</u>
<b><u>LIABILITIES</u></b>			
Long-term loans	19	<b>1,252,132,548</b>	838,207,297
Lease liabilities	7.2	<b>290,503,743</b>	272,518,723
Employees' end of service benefits	20	<b>205,759,274</b>	189,161,806
<b>Non-current liabilities</b>		<b><u>1,748,395,565</u></b>	<u>1,299,887,826</u>
Short-term loans	19	<b>554,019,942</b>	50,011,949
Current portion of long-term loans	19	<b>41,849,950</b>	--
Current portion of lease liabilities	7.2	<b>110,981,207</b>	33,202,812
Accounts payables		<b>247,368,626</b>	142,903,467
Due to related parties	27	<b>18,699,870</b>	15,085,771
Accrued and other current liabilities	21	<b>174,693,132</b>	187,485,801
Accrued Zakat	22	<b>17,176,450</b>	12,402,602
<b>Current liabilities</b>		<b><u>1,164,789,177</u></b>	<u>441,092,402</u>
<b>Total liabilities</b>		<b><u>2,913,184,742</u></b>	<u>1,740,980,228</u>
<b>Total equity and liabilities</b>		<b><u>5,070,428,930</u></b>	<u>3,464,418,372</u>

The accompanying notes 1 to 31 form an integral part of these consolidated financial statements.

**DR. SOLIMAN ABDEL KADER FAKEEH HOSPITAL COMPANY**  
(A Saudi Closed Joint Stock Company)

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

For the year ended 31 December 2022

(Expressed in Saudi Arabian Riyals, unless otherwise stated)

	<u>Notes</u>	<u>2022</u>	<u>2021</u>
Revenue	23	<b>2,012,390,590</b>	1,964,683,630
Costs of revenue	24	<b>(1,409,944,232)</b>	(1,326,602,072)
<b>Gross profit</b>		<b>602,446,358</b>	638,081,558
Other income, net	26	<b>37,369,357</b>	23,713,141
Administrative expenses	25	<b>(211,789,340)</b>	(204,124,368)
Expected credit loss on accounts receivables	13.1	<b>(20,963,813)</b>	(57,543,587)
<b>Operating profit</b>		<b>407,062,562</b>	400,126,744
Finance costs		<b>(55,939,208)</b>	(34,785,065)
<b>Profit before zakat</b>		<b>351,123,354</b>	365,341,679
Zakat	22	<b>(20,439,741)</b>	(4,563,445)
<b>Profit for the year</b>		<b>330,683,613</b>	360,778,234
<b>Other comprehensive loss:</b>			
<i>Items that will not be reclassified to profit or loss:</i>			
Re-measurement loss on defined benefit obligations	20	<b>(7,076,685)</b>	(5,741,711)
<b>Total comprehensive income for the year</b>		<b>323,606,928</b>	355,036,523
<b>Profit for the year attributable to:</b>			
- Owners of the Company		<b>326,316,488</b>	334,281,868
- Non-controlling interests		<b>4,367,125</b>	26,496,366
		<b>330,683,613</b>	360,778,234
<b>Total comprehensive income for the year attributable to:</b>			
- Owners of the Company		<b>319,406,810</b>	329,083,243
- Non-controlling interests		<b>4,200,118</b>	25,953,280
		<b>323,606,928</b>	355,036,523

The accompanying notes 1 to 31 form an integral part of these consolidated financial statements.



**DR. SOLIMAN ABDEL KADER FAKEEH HOSPITAL COMPANY**  
(A Saudi Closed Joint Stock Company)

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For the year ended 31 December 2022

(Expressed in Saudi Arabian Riyals, unless otherwise stated)

	Attributable to owners of the Company						
	Notes	Share capital	Statutory reserve	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 1 January 2022		100,000,000	50,000,000	1,463,231,728	1,613,231,728	110,206,416	1,723,438,144
<b>Total comprehensive income for the year</b>		--	--	326,316,488	326,316,488	4,367,125	330,683,613
Profit for the year		--	--	(6,909,678)	(6,909,678)	(167,007)	(7,076,685)
Other comprehensive income for the year		--	--	319,406,810	319,406,810	4,200,118	323,606,928
<b>Transactions with owners of the Company</b>							
Dividends paid	16.1	--	--	(35,000,000)	(35,000,000)	--	(35,000,000)
Additional capital contribution	18.1	--	--	--	--	20,500,000	20,500,000
Total transactions with owners of the Company		--	--	(35,000,000)	(35,000,000)	20,500,000	(14,500,000)
<b>Changes in ownership interest</b>							
Acquisition of subsidiary with NCI	5	--	--	--	--	124,699,116	124,699,116
<b>Balance at 31 December 2022</b>		<b>100,000,000</b>	<b>50,000,000</b>	<b>1,747,638,538</b>	<b>1,897,638,538</b>	<b>259,605,650</b>	<b>2,157,244,188</b>

**DR. SOLIMAN ABDEL KADER FAKEEH HOSPITAL COMPANY**  
(A Saudi Closed Joint Stock Company)

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For the year ended 31 December 2022

(Expressed in Saudi Arabian Riyals, unless otherwise stated)

	<u>Attributable to owners of the Company</u>						
	<u>Notes</u>	<u>Share capital</u>	<u>Statutory reserve</u>	<u>Retained earnings</u>	<u>Total</u>	<u>Non-controlling interests</u>	<u>Total equity</u>
Balance at 1 January 2021		100,000,000	50,000,000	1,157,280,704	1,307,280,704	84,661,547	1,391,942,251
<b>Total comprehensive income for the year</b>							
Profit for the year		--	--	334,281,868	334,281,868	26,496,366	360,778,234
Other comprehensive income for the year		--	--	(5,198,625)	(5,198,625)	(543,086)	(5,741,711)
Total comprehensive income for the year		--	--	329,083,243	329,083,243	25,953,280	355,036,523
<b>Transactions with owners of the Company</b>							
Dividends paid	16.1	--	--	(22,600,000)	(22,600,000)	--	(22,600,000)
Non-controlling interests' share of absorption of losses of a subsidiaries /other adjustments		--	--	(532,219)	(532,219)	(408,411)	(940,630)
Total transactions with owners of the Company		--	--	(23,132,219)	(23,132,219)	(408,411)	(23,540,630)
Balance at 31 December 2021		<u>100,000,000</u>	<u>50,000,000</u>	<u>1,463,231,728</u>	<u>1,613,231,728</u>	<u>110,206,416</u>	<u>1,723,438,144</u>

The accompanying notes 1 to 31 form an integral part of these consolidated financial statements.

**DR. SOLIMAN ABDEL KADER FAKEEH HOSPITAL COMPANY**  
(A Saudi Closed Joint Stock Company)

**CONSOLIDATED STATEMENT OF CASH FLOWS**

For the year ended 31 December 2022

(Expressed in Saudi Arabian Riyals, unless otherwise stated)

	Notes	<u>2022</u>	<u>2021</u>
<b>Cash flows from operating activities</b>			
Profit before zakat		<b>351,123,354</b>	365,341,679
<i>Adjustments for:</i>			
- Depreciation on property and equipment	6	<b>62,633,113</b>	58,091,791
- Depreciation on right-of-use assets	7.1	<b>40,137,569</b>	39,984,541
- Amortization	8	<b>6,581,267</b>	7,025,990
- Depreciation on investment properties	9	<b>41,257</b>	21,024
- Provision for employee's end of service benefits	20	<b>27,667,518</b>	28,868,349
- Expected credit loss on accounts receivable	13	<b>20,963,813</b>	57,543,587
- (Gain) / Loss on disposal of property and equipment		<b>(127,604)</b>	1,409,894
- Finance costs		<b>55,939,208</b>	34,785,065
- Write-offs and other adjustments		<b>13,073,892</b>	9,398,930
		<b>578,033,387</b>	602,470,850
<i>Changes in operating assets and liabilities:</i>			
- Other long-term receivables		<b>(272,453,622)</b>	(300,348,617)
- Inventories		<b>(6,305,699)</b>	(3,840,725)
- Accounts and other receivables		<b>(185,286,962)</b>	(49,561,349)
- Due from related parties		<b>(694,759)</b>	1,455,884
- Prepayments and other current assets		<b>(79,984,972)</b>	13,032,591
- Accounts payables		<b>57,953,398</b>	8,612,687
- Due to related parties		<b>2,488,680</b>	4,243,301
- Accrued and other current liabilities		<b>(35,932,142)</b>	31,842,974
Cash generated from operating activities		<b>57,817,309</b>	307,907,596
Finance costs paid		<b>(36,606,593)</b>	(15,056,802)
Employees' end of service benefits paid	20	<b>(20,128,552)</b>	(18,678,693)
Zakat paid	22	<b>(15,710,834)</b>	(19,494,017)
<b>Net cash (used in) / generated from operating activities</b>		<b>(14,628,670)</b>	254,678,084
<b>Cash flows from investing activities:</b>			
Additions to property and equipment	6	<b>(123,600,330)</b>	(99,400,369)
Additions to intangible assets	8	<b>(324,467)</b>	(2,276,766)
Proceeds from disposal of property and equipment		<b>563,738</b>	1,007,180
Proceeds from disposal of intangible		<b>786,770</b>	--
Acquisition of a subsidiary, net of cash	5.1	<b>(261,767,974)</b>	--
<b>Net cash used in investing activities</b>		<b>(384,342,263)</b>	(100,669,955)
<b>Cash flows from financing activities:</b>			
Dividends paid	16.1	<b>(35,000,000)</b>	(22,600,000)
Net movement in non-controlling interests		<b>20,500,000</b>	(174,637)
Repayment of lease liabilities	7.2	<b>(46,219,129)</b>	(76,350,167)
Proceeds from Long-term loans		<b>80,788,454</b>	59,444,003
Net movement in short term loans		<b>504,007,993</b>	(109,861,595)
<b>Net cash generated from financing activities</b>		<b>524,077,318</b>	(149,542,396)
Net increase in cash and cash equivalents		<b>125,106,385</b>	4,465,733
Cash and cash equivalents at beginning of the year		<b>191,655,638</b>	187,189,905
<b>Cash and cash equivalents at the end of the year</b>	15	<b>316,762,023</b>	191,655,638

The accompanying notes 1 to 31 form an integral part of these consolidated financial statements.

## DR. SOLIMAN ABDEL KADER FAKEEH HOSPITAL COMPANY

(A Saudi Closed Joint Stock Company)

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

(Expressed in Saudi Arabian Riyals, unless otherwise stated)

#### 1. GENERAL

Dr. Soliman Abdel Kader Fakeeh Hospital Company (the “Company”) is a Saudi Closed Joint Stock Company formed under the laws of the Kingdom of Saudi Arabia and is registered in the Commercial Registry in Jeddah under No. 4030014511 on 11 Rabi II 1398H (March 20, 1978). The Company was converted from a Sole Proprietorship to a Closed Saudi Joint Stock Company under the Ministerial Decision No. 28 dated 1 Safar 1433H (corresponding to 26 December 2011) approving the announcement of the establishment of Dr. Soliman Abdel Kader Fakeeh Hospital Company (A Saudi “Closed Joint Stock Company”).

The principal activity of the Group is managing, establishing and operating hospitals, clinics, medical, educational and training centers. In addition to the above, the Group is also managing and operating medical services, analysis and radiology laboratory and managing and establishing pharmacies, wholesale and retail of medical equipment, maintenance of IT equipment and software related services.

The Group’s registered office and principal place of business is Jeddah.

As at 31 December 2022, the Group has investments in the following subsidiaries:

<u>Name of subsidiaries</u>	<u>Place of incorporation</u>	<u>Effective holding</u>		<u>Principal activities</u>
		<u>2022</u>	<u>2021</u>	
Al-Farabi Special Health Care Company Limited (“Farabi”)	Kingdom of Saudi Arabia	70%	70%	Healthcare service provider
Kameda Arabia Company Limited (“Kameda”)	Kingdom of Saudi Arabia	70%	70%	IT equipment and software services
Dr. Soliman Abdel Kader Fakeeh Family Medicine Centers (“FMH”)	Kingdom of Saudi Arabia	90%	90%	Healthcare service provider
Dr. Soliman Abdel Kader Fakeeh Medical Education Company Limited (“FMCS”)	Kingdom of Saudi Arabia	80%	80%	Medical education service provider
Saudi Airlines Company for Medical Services (“SMS”)	Kingdom of Saudi Arabia	75%	75%	Healthcare service provider
Dr. Mazen Fakeeh Complementary Health Care Company Limited (“FHC”)	Kingdom of Saudi Arabia	100%	100%	Wholesale and retail of medical equipment

**DR. SOLIMAN ABDEL KADER FAKEEH HOSPITAL COMPANY**  
(A Saudi Closed Joint Stock Company)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the year ended 31 December 2022

(Expressed in Saudi Arabian Riyals, unless otherwise stated)

**1. GENERAL (continued)**

<u>Name of subsidiaries</u>	<u>Place of incorporation</u>	<u>Effective holding</u>		<u>Principal activities</u>
		<u>2022</u>	<u>2021</u>	
Al Toor Medical Services Company (Al Toor")	Kingdom of Saudi Arabia	51%	51%	Healthcare service provider
Al-Faraj Pharmaceutical Medical Company ("Al-Faraj")	Kingdom of Saudi Arabia	89.82%	89.82%	Trading in pharmaceutical products
Advanced Horizon Contracting Company ("AHC")	Kingdom of Saudi Arabia	100%	100%	Construction and contracting
Golden Union Medical Company ("EMS")	Kingdom of Saudi Arabia	100%	100%	Emergency medical services
Dr. Soliman Abdel Kader Fakeeh Hospital Company (Riyadh) (Formerly, Rana Medical Services Company) ("DSFH Riyadh")	Kingdom of Saudi Arabia	60.56%	--	Healthcare service provider

**2. BASIS OF PREPARATION**

**2.1 Statement of compliance**

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

*a) Accounting convention / Basis of Measurement*

These consolidated financial statements have been prepared under the historical cost basis, unless otherwise stated.

Furthermore, the consolidated financial statements are prepared using the accrual basis of accounting and going concern assumption. The subsidiaries applied the same accounting policies as applied by Company in these financial statements. Also, the reporting period of the subsidiaries is 31 December 2022.

Certain comparative figures have been reclassified to conform to the current year's presentation.

*b) Functional and presentation currency*

These consolidated financial statements are presented in Saudi Arabian Riyals ("SR"), which is the Group's functional currency. All amounts have been expressed in SR and rounded off to the nearest SR, unless otherwise indicated.

**DR. SOLIMAN ABDEL KADER FAKEEH HOSPITAL COMPANY**  
(A Saudi Closed Joint Stock Company)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the year ended 31 December 2022

(Expressed in Saudi Arabian Riyals, unless otherwise stated)

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**2. BASIS OF PREPARATION (continued)**

**2.2 Critical accounting estimates and judgments**

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

a) Useful lives and residual value of property and equipment, intangible assets and investment properties

The Group's management determines the estimated useful lives of its property and equipment, intangible assets and investment properties with finite useful lives for calculating depreciation and amortization. These estimates are determined after considering the expected usage of the assets or physical wear and tear. Management reviews the residual value, depreciation and amortization methods and useful lives annually and future depreciation and amortization charges would be adjusted where the management believes the useful lives differ from previous estimates and to ensure that the methods and period of depreciation and amortization are consistent with the expected pattern of economic benefits from these assets.

b) Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount which is the higher of an asset's fair value less cost to sell and value in use.

c) Provision for slow moving and obsolete inventory items

The management makes a provision for slow moving and obsolete inventory items. Estimates of net realizable value of inventories are based on the most reliable evidence at the time the estimates are made. These estimates take into consideration fluctuations of price or cost directly related to events occurring subsequent to the balance sheet date to the extent that such events confirm conditions existing at the end of year.

**DR. SOLIMAN ABDEL KADER FAKEEH HOSPITAL COMPANY**  
(A Saudi Closed Joint Stock Company)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the year ended 31 December 2022

(Expressed in Saudi Arabian Riyals, unless otherwise stated)

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**2. BASIS OF PREPARATION (continued)**

**2.2 Critical accounting estimates and judgments (continued)**

*d) Allowance for expected credit losses (ECLs) of accounts receivables*

The measurement of the expected credit loss allowance for financial assets measured at amortized cost is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behavior.

The Group assesses on a forward-looking basis, the expected credit losses (“ECL”) associated with its financial assets carried at amortized cost. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Fund expects to receive). The Group recognizes a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of resources; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Group measures loss allowances at an amount equal to lifetime ECL.

*e) Employee benefits – defined benefit plan*

The cost of employees’ end of service benefits are determined using actuarial valuation. Certain actuarial assumptions have been adopted as disclosed in note 20 to the financial statements for valuation of present value of defined benefit obligations. Any changes in these assumptions in future years might affect gains and losses in those years.

*f) Determining the lease term of contracts with renewal and termination options – Group as lessee*

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

*g) Leases - Estimating the incremental borrowing rate*

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group ‘would have to pay’, which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

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**2. BASIS OF PREPARATION (continued)**

**2.2 Critical accounting estimates and judgments (continued)**

*h) Revenue recognition estimating variable consideration*

The application of IFRS 15 has required management to make the following judgements:

*Satisfaction of performance obligations* - The Group is required to assess each of its contracts with patients to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method of recognizing revenue.

*Determination of transaction prices* - The Group is required to determine the transaction price in respect of each of its agreements with customers. In making such judgment the Group assess the impact of any variable consideration in the contract, due to insurance claims rejection or any other variable items, the existence of any significant financing component in the contract and any non-cash consideration in the contract.

*i) Determination of discount rate for present value calculations*

Discount rates represent the current market assessment of the risks specific to each cash flow stream, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and is derived from recent market transactions and a market yields overview.

*j) Going concern*

The Group's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the consolidated financial statements continue to be prepared on going concern basis.

**3. NEW STANDARDS, AMENDMENTS TO STANDARDS AND STANDARDS ISSUED BUT NOT YET EFFECTIVE**

**3.1 NEW STANDARDS AND AMENDMENTS TO STANDARDS**

The following amendments to existing standards and framework have been applied by the Group in preparation of these consolidated financial statements. The adoption of the below did not result in changes to the previously reported consolidated net profit or equity of the Group.

<i><u>Standard / Interpretation</u></i>	<i><u>Description</u></i>	<i><u>Effective date</u></i>
IFRS 16	COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16)	01 April 2021
IAS 37	Onerous contracts – cost of fulfilling a contract – Amendment	01 January 2022
IFRS Standards	Annual improvements to IFRS standards 2018 – 2020	01 January 2022
IAS 16	Property, plant and equipment: proceeds before intended use - Amendment	01 January 2022
IFRS 3	Reference to the conceptual framework – Amendment	01 January 2022

The management has assessed that the amendments have no significant impact on the Group's financial statements.



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**3. NEW STANDARDS, AMENDMENTS TO STANDARDS AND STANDARDS ISSUED BUT NOT YET EFFECTIVE (Continued)**

**(a) Standards issued but not yet effective**

The standards, interpretations and amendments issued, but not yet effective up to the date of issuance of the consolidated financial statements are disclosed below. The Group intends to adopt these standards, where applicable, when they become effective.

<i><u>Standard / Interpretation</u></i>	<i><u>Description</u></i>	<i><u>Effective from periods beginning on or after the following date</u></i>
IFRS 17	Insurance contracts	01 January 2023
IFRS 17	Amendments to IFRS 17	01 January 2023
IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies	01 January 2023
IAS 8	Definition to accounting estimates	01 January 2023
IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction`	01 January 2023
IFRS 17	Initial Application of IFRS 17 and IFRS 9	01 January 2023
IFRS 17	Comparative Information	01 January 2023
IAS 1	Classification of liabilities as current or non-current	01 January 2024
IFRS 16	Lease liability in a Sale and Leaseback	01 January 2024
IAS 1	Non-current Liabilities with Covenants	01 January 2024
IFRS 10 and IAS 28	Sale or contribution of assets between investor and its associate or joint venture	Available for optional adoption / effective date deferred indefinitely

**4. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies set out below have been applied consistently in the preparation of these financial statements, unless otherwise stated.

**4.1 Financial instruments**

***Financial Assets***

*a) Recognition and initial measurement*

The Group's financial assets comprise of cash and cash equivalents, accounts and other receivables (current), other long-term receivables (non-current), margin against letter of credits and guarantees and due from related parties.

Financial assets are initially recognized when the Group becomes a party to the contractual provisions of the instrument.

A financial asset is initially measured at fair value plus, for an item not at fair value through profit and loss, transaction costs that are directly attributable to its acquisition or issue.

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**4. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**4.1 Financial instruments (continued)**

*Financial Assets (continued)*

*b) Classification and subsequent measurement*

On initial recognition, a financial asset is classified as measured at:

- Amortized cost;
- Fair value through other comprehensive income (FVOCI) – debt investment;
- FVOCI – equity investment; or
- Fair value through profit or loss (FVTPL)

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Group changes its business model for managing financial assets.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as measured at FVTPL:

- the 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 financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVOCI – equity investment). This election is made on an investment by investment basis.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

*Financial assets: Business model assessment*

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management.

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**4. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**4.1 Financial instruments (continued)**

*Financial Assets (continued)*

*Subsequent measurement and gains and losses*

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on de-recognition is recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income under the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On de-recognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to profit or loss.

*Financial liabilities: Classification, subsequent measurement and gains and losses*

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held for trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on de-recognition is also recognized in statement of profit or loss and other comprehensive income.

Significant financial liabilities include accounts payables, accrued expenses and other current liabilities and short term borrowings.

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**4. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**4.1 Financial instruments (continued)**

**De-recognition**

*Financial assets*

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

*Financial liabilities*

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Group also derecognizes a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognized at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognized in the statement of profit or loss and other comprehensive income.

**Offsetting of financial instruments**

Financial asset and financial liability are offset and the net amount presented in the statement of financial position when, and only when the Group:

- currently has a legally enforceable right to set off the recognized amounts; and
- intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

**4.2 Business combinations**

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the fair value of the assets given, equity instrument issued and liabilities incurred or assumed at the date of exchange, and includes costs directly attributable to the acquisition. Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured initially at fair values at the date of acquisition. The excess of the cost of the business combination over the Group's share in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities is classified as goodwill. When the excess is negative, a bargain purchase gain is recognized immediately in profit or loss. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

If the business combination is achieved in stages, any previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognized in profit or loss.

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**4. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**4.2 Business combinations (continued)**

(i) *Subsidiaries*

Subsidiaries are entities controlled by the Group. The Group ‘controls’ an entity when it is exposed to or has rights to, variable return from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are consolidated in the financial statements from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

All intra-group balances, transactions, income and expenses resulting from intra-group transactions, are eliminated in full. Also, any unrealized gains and losses arising from intra-group transactions are eliminated on consolidation.

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related non-controlling interest (NCI) and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Changes in a Group’s ownership interest in a subsidiary that does not result in a change in control, is accounted as equity transaction and the carrying amounts of the non-controlling interests is adjusted against the fair value of the consideration paid and any difference is recognized directly in equity under “Effect of transactions with non- controlling interest without change in control”.

(ii) *Goodwill*

Goodwill represents the difference between the cost of businesses acquired and the Group’s share in the net fair value of the acquiree’s identifiable assets, liabilities and contingent liabilities at the date of acquisition. Goodwill arising on acquisitions is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Impairment losses on goodwill are not reversed. Subsequent to initial recognition, goodwill is measured at cost less accumulated losses.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments.

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**4. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**4.2 Business combinations (continued)**

*(iii) Non-controlling interests*

Non-controlling interest represents the interest in subsidiary companies, not held by the Group which are measured at their proportionate share in the subsidiary's identifiable net assets. Transactions with non-controlling interest parties are treated as transactions with parties external to the Group.

Changes in Group's interest in a subsidiary as a result of transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions, i.e. as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid / received and the relevant share acquired / disposed of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals / acquisition of non-controlling interests are also recorded in equity.

**4.3 Impairment**

*i) Financial assets (including receivables)*

IFRS 9 requires to follow an expected credit loss model for the impairment of financial assets. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized. Instead, an entity always accounts for expected credit losses and changes in those expected credit losses. Consequently, more timely information is provided about expected credit losses.

Expected loss shall be measured and provided either at an amount equal to (a) 12 month expected losses; or (b) lifetime expected losses. If the credit risk of the financial instrument has not increased significantly since inception, then an amount equal to 12 month expected loss is provided. In other cases, lifetime credit losses shall be provided. For accounts receivables with a significant financing component a simplified approach is available, where by an assessment of increase in credit risk need not be performed at each reporting date. Instead, an entity can choose to provide for expected losses based on lifetime expected losses.

*ii) Non-financial assets*

The carrying amounts of the Group's non-financial assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

Impairment exists when the carrying value of an asset or cash generating unit ("CGU") exceeds the recoverable amount, which is the higher of the fair value less costs to sell and value in use. The fair value less costs to sell is arrived based on available data from binding sales transactions at arm's length, for similar assets. The value in use is based on a discounted cash flow (DCF) model, whereby the future expected cash flows discounted using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

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**4. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**4.3 Impairment (continued)**

*ii) Non-financial assets (continued)*

Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGUs, and then to reduce the carrying amounts of the other assets in the CGUs on a pro rata basis.

An impairment loss on intangible assets with indefinite useful lives including goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

**4.4 Foreign currency**

*Foreign currency transactions*

Transactions in foreign currencies are translated to functional currency at exchange rates at the dates of the transactions.

Monetary assets and liabilities (which are not covered by a forward foreign exchange contract) denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined except for those which are covered by forward exchange contracts. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. The foreign currency gains or loss on monetary items from settlement and translation of foreign currency transactions are generally recognized in profit or loss.

**4.5 Investment properties**

Properties held to earn rentals or held for capital appreciation or held for unspecified future purposes or is being constructed or developed for such use are classified as investment properties and stated at cost less accumulated depreciation and impairment in value. Depreciation is provided on investment properties, on straight-line basis over a period of ten years. Cost includes all direct and indirect costs necessary to bring the property to working condition for its intended use.

Any gain or loss on disposal of investment properties (calculated as the difference between the net proceeds from disposal and carrying amount of the item) is recognized in the statement of profit or loss and other comprehensive income.

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**4. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**4.6 Property and equipment**

Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses except land which is carried at cost. Cost includes expenditure that is directly attributable to the acquisition of the asset including any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located.

If significant parts of an item of property and equipment have different useful lives, they are accounted for as consolidated items (major components) of property and equipment.

Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment, and are recognized in statement of profit or loss and other comprehensive income.

a) Subsequent costs

The cost of replacing a part of an item of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property and equipment are recognized in statement of profit or loss and other comprehensive income as incurred.

b) Depreciation

Depreciation is calculated to write off the cost of items of property and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is recognized in statement of profit or loss and other comprehensive income. Depreciation represents the systematic allocation of the depreciable amount of an asset over its estimated useful life. Depreciable amount represents the cost of an asset, or other amount substituted for cost, less its residual value.

The estimated useful lives for the current and comparative periods are as follows:

	<u>Years</u>
	33 or shorter of
• Buildings	lease term
• Medical and support equipment	4-7
• Furniture and fixtures	3-7
• Motor vehicles	7
• Office equipment	5
• Computers	5

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.



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**4. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**4.7 Intangible assets**

The intangible assets that the Group holds consists of customer relationships and software which have finite useful lives and are measured at cost less accumulated amortization and any accumulated impairment losses.

a) Subsequent costs

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, is recognize in profit or loss as incurred.

b) Amortization

Amortization is calculated to write off, over their estimated useful lives, the cost of intangible assets less estimated residual values using the straight-line method for software and reducing balance method for customer relationships. Amortization is generally recognized in profit or loss.

The estimated useful lives for the current and comparative periods are as follows:

	<u>Years</u>
Customer relationships	25
Software	3-7

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis

**4.8 Capital work-in-progress**

Capital work-in-progress represents all costs relating directly to the on-going projects in progress and are capitalized as property and equipment when the project is completed.

**4.9 Inventories**

Inventories, which comprise of medicines, various medical supplies and consumables are measured at the lower of cost and net realizable value. Cost is determined using the weighted average method. Cost includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition.

Goods-in-transit include costs and related expenses of goods shipped by the year-end.

Net realizable value comprises estimated selling price in the ordinary course of business, less appropriate selling and distribution costs. Provision is made, where necessary, for obsolete, slow moving, defective and expired stocks. The amount of any write-down of inventories to net realizable value and all losses of inventories are recognized as an expense in the period the write-down or loss occurs.

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**4. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**4.10 Employee Benefits**

*Defined unfunded benefit plans*

The Group operates an employees' end of service benefits scheme. End of service benefits, as required by Saudi Arabia Labor Law, are required to be provided based on the employees' length of service.

The Group's net obligations in respect of defined unfunded benefit plans ("the obligations") is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return of their service in the current and prior periods. The benefit is discounted to determine its present value, and any unrecognized past service costs.

The discount rate used is the market yield on government bonds at the reporting date that has maturity dates approximating the terms of the Group's obligations. The cost of providing benefits under the defined benefit plans is determined using the projected unit credit method to determine the Group's present value of the obligation, with actuarial valuations to be carried out every third year and updated for the following two years for material changes, if any.

The defined benefit liability comprises the present value of defined benefit obligation as adjusted for any past service cost not yet recognized. Currently there are no past service costs. Actuarial gains and losses are recognized in OCI immediately.

**4.11 Leases**

*Right-of-use assets*

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

*Lease liabilities*

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

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**4. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**4.11 Leases (continued)**

*Lease liabilities (continued)*

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

**4.12 Provisions**

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are reviewed and adjusted at each reporting date. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost. Expected future operating losses are not provided for. If outflows to settle the provisions are no longer probable, reversal of the provision is recorded as income.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation.

**4.13 Zakat**

Zakat is provided for in the financial statements in accordance with Zakat, Tax and Customs Authority (formerly known as "the General Authority of Zakat and Income Tax") ("Authority" or "ZATCA") regulations. Zakat is charged to profit and loss. Additional zakat liabilities, if any, related to prior years' assessments arising from ZATCA are accounted for in the period in which the final assessments are finalized.

The Group withholds taxes on transactions with non-resident parties in accordance with zakat and income tax regulations.

**4.14 Value Added Tax**

The Group is subject to Value Added Tax ("VAT") for services except exempt supplies in accordance with the VAT regulations prevailing in the Kingdom of Saudi Arabia. The amount of VAT liability is determined by applying the applicable tax rate to the value of supply ("Output VAT") less VAT paid on purchases/services obtained ("Input VAT"). The Group reports revenue and purchases net of VAT for all the periods presented in the consolidated statement of profit or loss.

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**4. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**4.15 Revenue**

Revenue is the gross inflow of economic benefits arising from the ordinary operating activities of the Group when those inflows result in increase in equity, other than increases relating to contributions from equity participants. Revenue is measured at fair value of consideration received or receivable. Revenue is recognized to the extent that it is probable that any future economic benefit associated with the item of revenue will flow to the Group, the revenue can be reliably measured, regardless of when the payment is being made and the costs are identifiable and can be measured reliably.

The Group has applied IFRS 15 *Revenue from contracts with customers* for accounting of revenue. The core principle of the IFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. IFRS 15 requires that entities apply a five-step to determine when to recognize revenue and at what amount.

- Step:1 Identify the contract with the customer
- Step:2 Identify the performance obligations in the contract
- Step:3 Determine the transaction price
- Step:4 Allocate the transaction price to the performance obligations in the contract
- Step:5 Recognize revenue when or as the entity satisfies a performance obligation

Under IFRS 15, an entity recognizes revenue when or as a performance obligation is satisfied, i.e. when control of the goods or services pertaining to the respective performance obligation is transferred to the customer.

*Sale of goods*

The Group dispenses medication and medical supplies as part of the provision of its healthcare services. Sales of goods are recognized when the Group dispenses the products to its patients.

*Provision of services*

The Group provides healthcare services. The revenue is recognized when the treatment is provided and the invoice is generated (i.e. after satisfaction of performance obligation). Some contracts include variable considerations such as discounts and rejections of claims. Management estimates variable consideration using the expected value method for rejections. Management has applied one method consistently throughout the contract when estimating the effect of an uncertainty on an amount of variable consideration to which the Group will be entitled. In addition, management has considered all the information (historical, current and forecast) that is reasonably available to the Group and has identified a reasonable number of possible consideration amounts.

Health Care center services revenue is recognized over the subscription period.

Revenue primarily comprises fees charged under contract for inpatient and outpatient hospital services and also includes the sale of medical and non-medical items. Hospital services include charges for accommodation, professional medical services, equipment, radiology, laboratory and pharmaceutical goods used in treatments given to patients.

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**4. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**4.15 Revenue (continued)**

*Medical related services*

The Group has agreement with affiliates and other external parties for provision of medical and other related services which include maintenance of AED and DEK kits, safety and occupation services program, medical test, certification and vaccination. These are recognized as revenue agreed under Service Level Agreement (SLA) when the services are provided except provision of AED and DEK kits and safety occupation service program which are recognized on straight line basis over the period of time.

*Revenue from educational services*

Tuition and other fees are recognized as income over the academic year (i.e. over the satisfaction of performance obligation).

*Revenue from other services*

Revenue from other services is recognized when the services are rendered to the customers.

**4.16 Other income**

Other income that are incidental to the Group's business model are recognized as income as they are earned or accrued.

Rental income from investment properties are recognized on a straight-line basis over the term of the lease.

Interest income is recognized using the effective interest method.

**4.17 Expenses**

All expenses, excluding direct costs of revenue are classified as general and administrative expenses. General and administrative expenses include direct and indirect costs not specifically part of the trading activity. Allocations between cost of revenues and general and administrative expenses, when required, are made on a consistent basis.

**4.18 Finance costs**

Finance costs comprises of bank charges and financing charges as and when incurred by the Group.

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**4. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**4.19 Current versus non – current**

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

***Assets***

An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

***Liabilities***

A liability is current when:

- Expected to be settled in normal operating cycle;
- Held primarily for the purpose of trading;
- Due to be settled within twelve months after the reporting period; or
- No unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

**4.20 Fair value measurement**

The Group measures financial instruments at fair value at each statement of financial position date. 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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes 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 the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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**4. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**4.20 Fair value measurement (continued)**

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

**4.21 Contingent liabilities**

All possible obligations arising from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or all present obligations arising from past events but not recognized because: (i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or (ii) the amount of the obligation cannot be measured with sufficient reliability; all should be assessed at each balance sheet date and disclosed in the Group's financial statements under contingent liabilities.

Contingent assets are not recognized in the financial statements but are disclosed when an inflow of economic benefits is probable.

**5 ACQUISITION OF A SUBSIDIARY**

**Dr. Soliman Abdel Kader Fakeeh Hospital Company (Riyadh) (Formerly, Rana Medical Services Company) (“DSFH Riyadh”)**

On 8 August 2022, the Company entered into a Share Purchase and Subscription Agreement (“SPSA”) with the shareholders of the Rana Medical Services Company (subsequently renamed as Dr. Soliman Abdel Kader Fakeeh Hospital Company (Riyadh)), to acquire 60.56% shareholding. The Company has made payments aggregating to SR 151.5 million to the shareholders of Rana Medical Services Company and has placed an amount of SR 34 million in escrow against subsequent payments to be made on the finalization of transaction value. The Company further subscribed to new shares of Rana Medical Services Company, at par for amount of SR 200 million. The acquisition was formalized on 29 October 2022, after requisite regulatory approvals.

The acquisition has been accounted for using the acquisition method under IFRS 3 – Business Combinations. The Group is currently in the process of finalizing and allocating the purchase consideration to the identifiable assets, liabilities and contingent liabilities acquired. Accordingly, the Group has provisionally accounted for the transaction based on the provisional fair values of the acquired identified assets and liabilities as of the acquisition date.

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**5 ACQUISITION OF A SUBSIDIARY (continued)**

**Dr. Soliman Abdel Kader Fakeeh Hospital Company (Riyadh) (Formerly, Rana Medical Services Company) (continued)**

The provisional goodwill and intangible assets arising from the acquisition have been recognized as follows:

	<b>29 October 2022</b>
Total consideration transferred (note 5.1)	351,471,874
NCI, based on their proportionate interest in the recognized amounts of the assets and liabilities	124,699,116
Provisional fair value of identifiable net assets at acquisition date (refer below)	<u>(316,174,228)</u>
Provisional Goodwill	<b><u>159,996,762</u></b>

The following table summarizes the recognized provisional amounts of assets acquired and liabilities assumed at the date of acquisition.

	<b>29 October 2022</b>
Property and equipment	630,058,728
Right-of-use assets	65,468,625
Inventories	5,692,285
Prepayments and other non-current assets	14,492,179
Cash and cash equivalents	89,703,900
Lease liabilities	(40,295,045)
EOS Indemnity Reserve	(4,790,160)
Contractors Payables	(12,420,083)
Account Payables	(34,091,679)
Loans and borrowings	(374,986,747)
Retention payable	(18,232,297)
Accrued and other current liabilities	(3,300,058)
Due to related parties	<u>(1,125,420)</u>
Total identified net assets acquired at acquisition date	<b><u>316,174,228</u></b>

Adjustments to the provisional fair values, goodwill and intangibles will be finalized within one year of the date of acquisition as allowed by IFRS 3. The Group incurred acquisition-related costs amounting to SR 5.4 million on legal fees and due diligence costs. These costs have been included under administrative expenses.

The identified net assets acquired at acquisition date reflect the conversion of loans payable to the shareholders of DSFH Riyadh amounting to SR 42.6 million.

5.1 Consideration paid comprises the following:	<b><u>Amount</u></b>
Cash paid to selling / non-selling shareholders	151,471,874
Subscription of share capital (20 million shares at par value of SR 10 each)	<u>200,000,000</u>
Total consideration transferred	351,471,874
Less: cash and cash equivalents acquired	<u>(89,703,900)</u>
Acquisition of subsidiary, net of cash	<b><u>261,767,974</u></b>



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**6 PROPERTY AND EQUIPMENT**

6.1 Reconciliation of carrying amounts:

	<u>Land</u>	<u>Buildings and leasehold improvements</u>	<u>Medical and support equipment</u>	<u>Furniture and Fixtures</u>	<u>Motor vehicles</u>	<u>Office equipment</u>	<u>Computers</u>	<u>Capital work- in-progress</u>	<u>Total</u>
<b>Cost:</b>									
Balance at 1 January 2022	25,750,046	601,367,894	482,184,264	106,080,868	12,028,816	34,349,365	71,889,070	140,083,122	1,473,733,445
Additions	--	5,395,246	15,613,608	9,504,892	3,702,607	2,671,244	3,641,609	83,071,124	123,600,330
Acquisition through business combination (note 5)	89,012,000	454,050,464	53,889,572	20,496,822	868,887	5,830	7,059,349	4,675,804	630,058,728
Transfers	--	65,000,006	2,144,264	762,449	--	443,808	1,189,360	(69,539,887)	--
Disposals	--	(29,604,120)	(16,469,645)	(2,295,266)	(48,000)	(349,711)	(112,990)	(897,205)	(49,776,937)
Balance at 31 December 2022	<b>114,762,046</b>	<b>1,096,209,490</b>	<b>537,362,063</b>	<b>134,549,765</b>	<b>16,552,310</b>	<b>37,120,536</b>	<b>83,666,398</b>	<b>157,392,958</b>	<b>2,177,615,566</b>
<b>Accumulated depreciation:</b>									
Balance at 1 January 2022	--	324,526,683	335,607,022	92,497,902	10,612,176	23,088,796	47,544,183	--	833,876,762
Charge for the year	--	10,920,543	26,827,383	8,711,767	1,144,643	4,516,552	10,512,225	--	62,633,113
Disposals	--	(2,895,214)	(16,581,104)	(2,041,778)	(31,918)	(322,419)	(107,164)	--	(21,979,597)
Balance at 31 December 2022	--	<b>332,552,012</b>	<b>345,853,301</b>	<b>99,167,891</b>	<b>11,724,901</b>	<b>27,282,929</b>	<b>57,949,244</b>	--	<b>874,530,278</b>
<b>Carrying amounts:</b>									
At 31 December 2022	<b>114,762,046</b>	<b>763,657,478</b>	<b>191,508,762</b>	<b>35,381,874</b>	<b>4,827,409</b>	<b>9,837,607</b>	<b>25,717,154</b>	<b>157,392,958</b>	<b>1,303,085,288</b>

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**6 PROPERTY AND EQUIPMENT (continued)**

6.1 Reconciliation of carrying amounts (continued):

	<u>Land</u>	<u>Buildings and leasehold improvements</u>	<u>Medical and support equipment</u>	<u>Furniture and Fixtures</u>	<u>Motor vehicles</u>	<u>Office equipment</u>	<u>Computers</u>	<u>Capital work-in- progress</u>	<u>Total</u>
<b>Cost:</b>									
Balance at 1 January 2021	6,400,000	588,266,060	464,441,135	103,834,906	14,183,916	32,368,187	62,021,701	124,647,583	1,396,163,488
Additions	19,350,046	60,474	18,211,548	3,207,562	--	1,366,801	9,801,826	47,402,112	99,400,369
Reclassifications	--	2,916	(38,998)	35,570	--	512	--	--	--
Transfers	--	14,838,121	5,336,062	238,438	--	698,145	158,833	(21,964,599)	(695,000)
Disposals	--	(14,000)	(5,752,842)	(1,235,608)	(2,155,100)	(84,280)	(93,290)	--	(9,335,120)
Write-offs	--	(1,785,677)	(12,641)	--	--	--	--	(10,001,974)	(11,800,292)
Balance at 31 December 2021	25,750,046	601,367,894	482,184,264	106,080,868	12,028,816	34,349,365	71,889,070	140,083,122	1,473,733,445
<b>Accumulated depreciation:</b>									
Balance at 1 January 2021	--	316,516,947	313,717,414	88,150,327	11,265,479	18,785,929	36,668,285	--	785,104,381
Charge for the year	--	10,617,601	25,966,303	7,067,196	787,213	4,116,327	9,537,151	--	58,091,791
Reclassifications	--	(21,025)	(184,927)	22,732	--	114,611	68,609	--	--
Adjustments / Write-offs	--	(2,572,840)	1,622,627	(1,580,706)	93,152	146,326	1,358,548	--	(932,893)
Disposals	--	(14,000)	(5,514,395)	(1,161,647)	(1,533,668)	(74,397)	(88,410)	--	(8,386,517)
Balance at 31 December 2021	--	324,526,683	335,607,022	92,497,902	10,612,176	23,088,796	47,544,183	--	833,876,762
<b>Carrying amounts:</b>									
At 31 December 2021	25,750,046	276,841,211	146,577,242	13,582,966	1,416,640	11,260,569	24,344,887	140,083,122	639,856,683

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**6. PROPERTY AND EQUIPMENT (continued)**

6.2 Depreciation charge for the year is distributed as detailed below:

	<u>2022</u>	<u>2021</u>
Cost of revenue (note 24)	<b>46,926,239</b>	46,480,533
Administrative expenses (note 25)	<b>15,706,874</b>	11,611,258
	<b><u>62,633,113</u></b>	<u>58,091,791</u>

Capital work-in-progress mainly represents the construction work being carried out for the Group's expansion projects and upgrading the existing infrastructure and facilities.

**7 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES**

**7.1 Right-of-use assets**

a) Reconciliation of carrying amounts

	<u>Land</u>	<u>Buildings</u>	<u>Medical equipment</u>	<u>Total</u>
<b><u>Cost:</u></b>				
Balance as at 1 January 2021	92,223,851	280,549,423	--	372,773,274
Additions during the year	--	6,227,234	--	6,227,234
Modifications	--	1,152,377	--	1,152,377
Balance at 31 December 2021	<u>92,223,851</u>	<u>287,929,034</u>	--	<u>380,152,885</u>
Additions during the year	--	<b>132,711,151</b>	--	<b>132,711,151</b>
Acquisition through business combination (note 5)	--	<b>8,820,343</b>	<b>56,648,282</b>	<b>65,468,625</b>
Modifications	--	<b>3,125,835</b>	--	<b>3,125,835</b>
Terminations	--	<b>(64,709,404)</b>	--	<b>(64,709,404)</b>
Balance at 31 December 2022	<u>92,223,851</u>	<u>367,876,959</u>	<u>56,648,282</u>	<u>516,749,092</u>
<b><u>Accumulated depreciation:</u></b>				
Balance as at 1 January 2021	26,126,271	42,885,509	--	69,011,780
Charge for the year	13,212,276	26,772,265	--	39,984,541
Balance at 31 December 2021	<u>39,338,547</u>	<u>69,657,774</u>	--	<u>108,996,321</u>
Charge for the year	<b>13,212,276</b>	<b>26,149,561</b>	<b>775,732</b>	<b>40,137,569</b>
Terminations	--	<b>(24,358,334)</b>	--	<b>(24,358,334)</b>
Balance at 31 December 2022	<u>52,550,823</u>	<u>71,449,001</u>	<u>775,732</u>	<u>124,775,556</u>
<b><u>Carrying amounts:</u></b>				
At 31 December 2022	<u>39,673,028</u>	<u>296,427,958</u>	<u>55,872,550</u>	<u>391,973,536</u>
At 31 December 2021	<u>52,885,304</u>	<u>218,271,260</u>	--	<u>271,156,564</u>

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**7. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)**

b) Depreciation charge for the year has been allocated as follows:

	<u>2022</u>	<u>2021</u>
Costs of revenue (note 24)	25,152,865	22,872,866
Administrative expenses (note 25)	14,984,704	17,111,675
	<u>40,137,569</u>	<u>39,984,541</u>

**7.2 Lease liabilities**

	<u>2022</u>	<u>2021</u>
Balance as at 1 January	305,721,535	355,186,097
Additions during the year	132,711,151	6,227,234
Acquisition through business combination (note 5)	40,295,045	--
Interest expenses for the year	19,257,890	19,653,538
Modifications	3,677,484	1,004,833
Terminations	(53,959,026)	--
Payments and adjustments during the year	(46,219,129)	(76,350,167)
Balance as at 31 December	<u>401,484,950</u>	<u>305,721,535</u>

Lease liabilities are presented in statement of financial positions as follows:

	<u>2022</u>	<u>2021</u>
Non-current portion of lease liabilities	290,503,743	272,518,723
Current portion of lease liabilities	110,981,207	33,202,812
	<u>401,484,950</u>	<u>305,721,535</u>

**8 INTANGIBLE ASSETS AND GOODWILL**

8.1 Reconciliation of carrying amounts:

	<u>Goodwill</u>	<u>Customer relationships</u>	<u>Computer software</u>	<u>Software under development</u>	<u>Total</u>
<b><u>Cost:</u></b>					
Balance at 1 January 2022	373,848,500	32,339,000	28,566,446	1,860,237	436,614,183
Additions during the year	--	--	180,192	144,275	324,467
Resulting from acquisition of subsidiary (note 5)	159,996,762	--	--	--	159,996,762
Transfers during the year	--	--	1,644,512	(1,644,512)	--
Disposals	--	--	(1,209,181)	--	(1,209,181)
Balance at 31 December 2022	<u>533,845,262</u>	<u>32,339,000</u>	<u>29,181,969</u>	<u>360,000</u>	<u>595,726,231</u>
<b><u>Accumulated amortization:</u></b>					
Balance at 1 January 2022	--	7,454,140	14,313,191	--	21,767,331
Charge for the year	--	2,488,479	4,092,788	--	6,581,267
Adjustments	--	--	(422,411)	--	(422,411)
Balance at 31 December 2022	<u>--</u>	<u>9,942,619</u>	<u>17,983,568</u>	<u>--</u>	<u>27,926,187</u>
<b><u>Carrying amounts:</u></b>					
At 31 December 2022	<u>533,845,262</u>	<u>22,396,381</u>	<u>11,198,401</u>	<u>360,000</u>	<u>567,800,044</u>

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**8. INTANGIBLE ASSETS AND GOODWILL (continued)**

8.1 Reconciliation of carrying amounts (continued):

	<u>Goodwill</u>	<u>Customer relationships</u>	<u>Computer software</u>	<u>Software under development</u>	<u>Total</u>
<u>Cost:</u>					
Balance at 1 January 2021	373,848,500	32,339,000	27,454,917	--	433,642,417
Additions during the year	--	--	416,529	1,860,237	2,276,766
Transfers during the year	--	--	695,000	--	695,000
Balance at 31 December 2021	<u>373,848,500</u>	<u>32,339,000</u>	<u>28,566,446</u>	<u>1,860,237</u>	<u>436,614,183</u>
<u>Accumulated amortization:</u>					
Balance at 1 January 2021	--	4,689,155	10,052,186	--	14,741,341
Charge for the year	--	2,764,985	4,261,005	--	7,025,990
Balance at 31 December 2021	<u>--</u>	<u>7,454,140</u>	<u>14,313,191</u>	<u>--</u>	<u>21,767,331</u>
<u>Carrying amounts:</u>					
At 31 December 2021	<u>373,848,500</u>	<u>24,884,860</u>	<u>14,253,255</u>	<u>1,860,237</u>	<u>414,846,852</u>

8.2 Amortization charge for the year is distributed as detailed below:

	<u>2022</u>	<u>2021</u>
Cost of revenue (note 24)	<b>4,846,055</b>	5,258,291
Administrative expenses (note 25)	<b>1,735,212</b>	1,767,699
	<u><b>6,581,267</b></u>	<u>7,025,990</u>

8.3 During the year ended 31 December 2020, the Group completed the Purchase Price Allocation (PPA) exercise pertaining to the acquisition of Saudi Airlines Company for Medical Services. Accordingly, acquisition consideration paid amounting to SR 469 million had been allocated to net assets of SR 62.8 million, goodwill of SR 373.8 million and customer relationship intangible asset of SR 32.3 million.

The value of customer relationship intangible asset had been determined under multiple period excess earning method by discounting to present value the future cashflows expected to be generated over a period of 25 years excluding any cashflows related to contributory assets.

Customer relationship intangible asset is expected to have useful life of 25 years and is amortized over this life using reducing balance method.

8.4 For the purpose of impairment testing of goodwill, management has identified the entire business of Saudi Airlines Company for Medical Services as a Cash Generating Unit ("CGU").

The recoverable amount of this CGU was estimated using discounted cash flows. The fair value measurement was categorized as a Level 3 fair value based on the inputs in the valuation technique used. The key assumptions used in the estimation of the recoverable amount are set out below. The values assigned to the key assumptions represent management's assessment of future trends in the relevant industry and have been based on historical data from both external and internal sources.

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**8. INTANGIBLE ASSETS AND GOODWILL (continued)**

<i>In percent</i>	<b><u>2022</u></b>	<b><u>2021</u></b>
Discount rate	<b>10.53%</b>	8.81%
Terminal value growth rate	<b>1.50%</b>	1.50%

The discount rate is estimated based on the historical industry average weighted-average cost of capital, with no possible debt leveraging based on historical trends and future plans of financing the business.

The estimated recoverable amount of the CGU exceeded its carrying amount by approximately SR 191 million (2021: SR 288 million). Management has identified that a reasonably possible change in one key assumption could cause the carrying amount to exceed the recoverable amount. The assumptions of discount rate would need to change individually by 2.89% (2021: 2.14%) for the estimated recoverable amount to be equal to the carrying amount.

**9. INVESTMENT PROPERTIES**

Reconciliation of carrying amounts:

	<b><u>Land and buildings</u></b>
<b><u>Cost:</u></b>	
Balance at beginning and end of the year	<b><u>1,677,992</u></b>
<b><u>Accumulated depreciation:</u></b>	
Balance at 1 January 2021	1,115,736
Charge for the year (note 25)	21,024
Balance at 31 December 2021	<u>1,136,760</u>
Charge for the year (note 25)	41,257
Balance at 31 December 2022	<b><u>1,178,017</u></b>
<b><u>Carrying amounts:</u></b>	
At 31 December 2021	<u>541,232</u>
<b>At 31 December 2022</b>	<b><u>499,975</u></b>

Investment properties comprise of spaces in the hospital buildings (building 1, building 2 and building 7) let out to third parties.

**10. PREPAYMENTS AND OTHER NON-CURRENT ASSETS**

	<b><u>2022</u></b>	<b><u>2021</u></b>
Loan arrangement fee – non-current	<b>2,485,543</b>	1,524,004
Others	--	1,240,940
	<b><u>2,485,543</u></b>	<b><u>2,764,944</u></b>

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**11. OTHER LONG-TERM RECEIVABLES**

	<u>2022</u>	<u>2021</u>
Long-term loans to a related party (notes 11.1 and 27)	1,336,666,062	1,088,328,111
Non-current portion of receivables under DAAM Program	<u>80,288,472</u>	<u>56,172,801</u>
	<u>1,416,954,534</u>	<u>1,144,500,912</u>

11.1 This represents long-term loans provided to Fakeeh Academic Medical Center- Dubai and is not repayable before the end of 12 months from the reporting period.

**12. INVENTORIES**

	<u>2022</u>	<u>2021</u>
Medicines, medical supplies and consumables	117,106,913	108,817,942
Optical and related accessories	<u>17,414,996</u>	<u>13,208,539</u>
	<u>134,521,909</u>	<u>122,026,481</u>
Less: Provision for slow moving and obsolete inventories	<u>(3,059,145)</u>	<u>(2,561,700)</u>
	<u>131,462,764</u>	<u>119,464,781</u>

12.1 The movement in the provision for slow moving inventories is as follows:

	<u>2022</u>	<u>2021</u>
Balance at beginning of the year	2,561,700	2,545,545
Charge for the year	<u>497,445</u>	<u>16,155</u>
Balance at end of the year	<u>3,059,145</u>	<u>2,561,700</u>

In accordance with the terms of the supplier's agreement, the Group is entitled to return the nearing expiry products to the supplier.

**13. ACCOUNTS AND OTHER RECEIVABLES**

	<u>2022</u>	<u>2021</u>
Trade receivables	484,890,047	530,995,582
In-patients	89,175,467	91,653,026
Contract assets – Inpatient and outpatient	305,354,184	62,210,611
Other receivables	<u>890,276</u>	<u>18,135,268</u>
	<u>880,309,974</u>	<u>702,994,487</u>
Less: allowance for impairment losses	<u>(133,378,174)</u>	<u>(120,598,172)</u>
	<u>746,931,800</u>	<u>582,396,315</u>

All accounts receivables are unsecured and it is not the practice of the Group to obtain collaterals. Before accepting any customer, the management of the Group evaluates the credit quality of potential customers individually and defines maximum credit period and credit limits. The Group, based on its historical experience and collection trends, current market conditions and expected future cash flows, creates an allowance for doubtful debts against its accounts receivables.

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**13. ACCOUNTS AND OTHER RECEIVABLES (continued)**

The net unimpaired accounts receivables include amount of SR 78.3 million (2021: SR 97.1 million) due from government and quasi government institutions from which SR 32 million (2021: SR 58.8 million) remains outstanding for more than the credit period normally granted to trade customers. Based on the past experience and collection trends, the management believes that there has not been a significant change in credit quality. Consequently, the amounts will be recoverable.

In-patient receivable amounting to SR 89.2 million (2021: SR 91.7 million) relates to various in-patient receivables, for which the management of the Group performs ongoing assessment regarding the recoverability of those receivables and provide for it, if needed. The management of the Group is confident that such amounts, net of the related allowances, are recoverable.

13.1 The movement of allowance for expected credit losses is as follows:

	<u>2022</u>	<u>2021</u>
Balance at beginning of the year	120,598,172	77,379,834
Provision for expected credit loss during the year	20,963,813	57,543,587
Written-off during the year	<u>(8,183,811)</u>	<u>(14,325,249)</u>
Balance at end of the year	<u>133,378,174</u>	<u>120,598,172</u>

Unbilled receivables are considered as a financial asset as the Group has unconditional right to receive consideration in exchange services rendered only by the passage of time. The unbilled revenue will be invoiced subsequent to year-end.

**14. PREPAYMENTS AND OTHER CURRENT ASSETS**

	<u>2022</u>	<u>2021</u>
Advances to suppliers	86,386,033	31,878,430
Prepayments	28,172,523	20,931,607
Advances to employees	1,145,542	1,311,283
Margin against letter of credits and guarantees	150,000	2,005,200
Loan arrangement fee – current portion	1,112,426	388,000
VAT receivable – net	21,823,556	--
Others	14,361,108	2,092,454
	<u>153,151,188</u>	<u>58,606,974</u>



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**15. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents include cash and bank balances.

	<u>2022</u>	<u>2021</u>
Cash in hand	1,338,262	656,402
Short-term deposits (note 15.1)	170,000,000	--
Cash at banks - current accounts	145,423,761	190,999,236
	<u>316,762,023</u>	<u>191,655,638</u>

At each reporting date, all bank balances are assessed to have low credit risk as they are held with reputable and high credit rating domestic banking institutions and there has been no history of default with any of the Group's bank balances. Therefore, the probability of default based on forward-looking factors and any loss given defaults are considered to be negligible.

- 15.1 Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

**16. SHARE CAPITAL**

The shareholding of the Group is as follows:

	<u>Nationality / country of incorporation</u>	<u>Number of Shares of Saudi Riyals ('SR')</u>		<u>Amount (SR) As at 31 December</u>	
		<u>10 each</u>		<u>2022</u>	<u>2021</u>
		<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Dr. Mazen Soliman Abdel Kader Fakeeh	Saudi	3,999,200	3,999,200	39,992,000	39,992,000
Mr. Ammar Soliman Abdel Kader Fakeeh	Saudi	3,999,200	3,999,200	39,992,000	39,992,000
Dr. Manal Soliman Abdel Kader Fakeeh	Saudi	1,999,600	1,999,600	19,996,000	19,996,000
Fakeeh Real Estate Company Limited (A Saudi Limited Liability Company)	Kingdom of Saudi Arabia	1,000	1,000	10,000	10,000
Al Solimania United Company Limited (A Saudi Limited Liability Company)	Kingdom of Saudi Arabia	1,000	1,000	10,000	10,000
		<u>10,000,000</u>	<u>10,000,000</u>	<u>100,000,000</u>	<u>100,000,000</u>

- 16.1 The Group's shareholders approved annual dividend amounting to SR 35 million for the year ended 31 December 2021 (SR 22.6 million for the year ended 31 December 2020) in the annual general meeting held on 30 June 2022.

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**17. STATUTORY RESERVE**

In accordance with the By-laws of the Company and the new Regulations for Companies that came into effect on Rajab 25, 1437H (corresponding to May 2, 2016), the Company is required to set aside 10% of its net income each year as statutory reserve until such reserve reaches 30% of the share capital. Since the reserve equals to 50% of the share capital which was transferred under previous regulations for companies, therefore no such transfer has been made during the year.

This minimum required reserve of 30% of share capital is not available for distribution to the shareholders of the Company.

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**18. NON-CONTROLLING INTERESTS**

The following table summarizes the information relating to each of the Group's subsidiaries that has material NCI, before any intra-group eliminations:

<u>31 December 2022</u>	<u>Kameda</u>	<u>Farabi</u>	<u>FMH</u>	<u>FMCS</u>	<u>Al-Toor</u>	<u>Al-Faraj</u>	<u>SMS</u>	<u>DSFH Rivadh</u>	<u>Total</u>
<b>NCI percentage</b>	<b>30%</b>	<b>30%</b>	<b>10%</b>	<b>20%</b>	<b>49%</b>	<b>10.18%</b>	<b>25%</b>	<b>39.54%</b>	
Non-current assets	7,711,181	--	495,000	61,076,816	88,405,002	--	141,319,630	692,685,461	
Current assets	17,234,154	33,276,655	1,000,000	87,226,067	44,166,786	758,986	348,986,475	80,885,789	
Non-current liabilities	(790,302)	(17,859,631)	--	(10,265,503)	(88,701)	--	(134,857,406)	(400,830,255)	
Current liabilities	(21,834,319)	(4,438,569)	(924,085)	(71,022,311)	(7,933,525)	(349,941)	(83,846,782)	(85,787,139)	
<b>Net assets (100%)</b>	<b>2,320,714</b>	<b>10,978,455</b>	<b>570,915</b>	<b>67,015,069</b>	<b>124,549,562</b>	<b>409,045</b>	<b>271,601,917</b>	<b>286,953,856</b>	
<b>Net assets attributable to NCI</b>	<b>696,214</b>	<b>3,293,536</b>	<b>57,091</b>	<b>13,403,014</b>	<b>61,029,285</b>	<b>483</b>	<b>67,900,479</b>	<b>113,225,548</b>	<b>259,605,650</b>
Revenue	11,111,226	32,023,537	--	87,691,525	--	--	307,514,281	2,239,591	
Profit / (loss)	(1,058,867)	(268,606)	(44,129)	15,580,344	(3,345,706)	(90,955)	57,560,631	(28,113,063)	
Other comprehensive income ("OCI")	--	--	--	(474,470)	--	--	1,401,605	(1,071,284)	
<b>Total comprehensive income/(loss) (100%)</b>	<b>(1,058,867)</b>	<b>(268,606)</b>	<b>(44,129)</b>	<b>15,105,874</b>	<b>(3,345,706)</b>	<b>(90,955)</b>	<b>58,962,236</b>	<b>(29,184,347)</b>	
Profit / (loss) allocated to NCI	(317,660)	(80,582)	(4,413)	3,116,069	(1,639,396)	(9,259)	14,390,158	(11,087,792)	4,367,125
Other comprehensive income / (loss) allocated to NCI	--	--	--	(94,894)	--	--	350,401	(422,514)	(167,007)

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**18. NON-CONTROLLING INTERESTS (continued)**

31 December 2021	Kameda	Farabi	FMH	FMCS	Al-Toor	Al-Faraj	SMS	Total
NCI percentage	30%	30%	10%	20%	49%	10.18%	25%	
Non-current assets	10,028,130	--	495,000	59,474,278	51,762,459	--	134,038,418	
Current assets	12,562,649	31,257,749	1,000,000	29,777,576	5,376,192	758,986	305,136,902	
Non-current liabilities	(847,979)	(17,207,770)	--	(6,349,380)	(12,203)	--	(134,417,560)	
Current liabilities	(17,998,908)	(2,714,525)	(879,956)	(29,328,941)	(3,425,920)	(258,986)	(92,130,511)	
Net assets (100%)	3,743,892	11,335,454	615,044	53,573,533	53,700,528	500,000	212,627,249	
Net assets attributable to NCI	1,123,168	3,400,636	61,504	10,714,707	41,748,494	1,095	53,156,812	110,206,416
Revenue	11,315,506	29,936,799	--	78,358,459	--	--	345,883,348	
Profit / (loss)	1,148,515	570,013	(179,616)	24,083,021	(125,693)	(52,546)	84,975,020	
Other comprehensive income ("OCI")	(98,043)	(959,296)	--	(451,995)	--	--	(541,942)	
Total comprehensive income/(loss) (100%)	1,050,472	(389,283)	(179,616)	23,631,026	(125,693)	(52,546)	84,433,078	
Profit / (loss) allocated to NCI	344,555	171,004	(17,962)	4,816,604	(61,590)	--	21,243,755	26,496,366
Other comprehensive income / (loss) allocated to NCI	(29,412)	(287,789)	--	(90,399)	--	--	(135,486)	(443,086)

18.1 Additional contribution

During the year, the NCI has made an additional contribution in Al-Toor amounting to SR 20.5 million.

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**19. LOANS AND BORROWINGS**

	<u>2022</u>	<u>2021</u>
Balance at beginning of the year	<b>888,219,246</b>	938,636,838
Acquisition through business combination (note 19 (ii) and note 5)	<b>374,986,747</b>	--
Loans obtained during the year (iii)	<b>978,776,447</b>	531,220,246
Payments made during the year	<b>(393,980,000)</b>	(581,637,838)
Balance at end of the year	<b><u>1,848,002,440</u></b>	<u>888,219,246</u>

**19.1 Long-term loans**

	<u>2022</u>	<u>2021</u>
Long-term loans	<b>1,293,982,498</b>	838,207,297
Current portion of Long-term loans	<b>(41,849,950)</b>	--
<b>Non-current portion of Long-term loans</b>	<b><u>1,252,132,548</u></b>	<u>838,207,297</u>

- i) The Group has a long term loan facility of SR 1.1 billion (2021: SR 1.1 billion) from a commercial bank for new investments and capital projects, out of which the Group has utilised SR 918.9 million as at 31 December 2022 (2021: SR 838.2 million). The loan carry interest at prevailing market interest rates.

The facility agreement with the bank contains a covenant, which requires the Group to maintain a maximum dividend payout ratio.

- ii) During the year, due to an acquisition of a subsidiary by the Group, the Group has a long term facility of SR 375 million from a commercial bank for capital projects, which has been fully utilised as at 31 December 2022. The loan carry interest at prevailing market interest rates and is secured against the mortgage of the hospital land.

- iii) During the year, the Group has obtained another long term facility of SR 755 million from a commercial bank for new investments and capital projects, out of which the Group has utilised SR NIL as at 31 December 2022. The loan carry interest at prevailing market interest rates.

The facility agreement with the bank contains a covenant, which requires the Group to maintain certain leverage ratios.

**19.2 Short term loans**

The short-term loans are repayable within 12 months from the balance sheet date.

- i) The Group has a short term loan facility of SR 650 million (2021: SR 650 million) from a commercial bank for working capital requirements, of which the Group has utilised SR 554 million as at 31 December 2022 (2021: SR 50 million). The loan carry interest at prevailing market interest rates.

- ii) During the year, the Group has obtained another short term loan facility of SR 230 million from a commercial bank for working capital requirements, out of which the Group has utilised SR NIL as at 31 December 2022. The loan carry interest at prevailing market interest rates.

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**20 EMPLOYEES' END OF SERVICE BENEFITS**

The Group operates an approved unfunded employees' end of service benefits scheme and ex-gratia benefits for its permanent employees. The present value of total employee benefits liability recognized in the statement of financial position is determined as follows:

	<u>2022</u>	<u>2021</u>
Present value of net defined benefit liability	<u>205,759,274</u>	<u>189,161,806</u>

***Movement in net defined benefit liability***

The movement in the present value of net defined benefit liability over the year is as follows:

	<u>2022</u>	<u>2021</u>
Balance at beginning of the year	189,161,806	173,226,801
Acquisition through business combination (note 5)	4,790,160	--
<i>Included in profit or loss:</i>		
Current service costs	24,485,111	23,957,087
Interest costs	3,182,407	4,911,262
	<u>27,667,518</u>	<u>28,868,349</u>
<i>Included in other comprehensive income:</i>		
Re-measurement (gain) / loss arising from:		
Actuarial (gain) / loss arising from:		
- Financial assumptions	6,586,510	2,772,723
- Demographic assumptions	(148,067)	--
- Experience adjustments	638,242	2,968,988
	<u>7,076,685</u>	<u>5,741,711</u>
Other adjustments	(2,808,343)	3,638
Benefits paid	(20,128,552)	(18,678,693)
Balance at end of the year	<u>205,759,274</u>	<u>189,161,806</u>

**Actuarial assumptions**

The main financial assumptions used to calculate the indicative defined benefit liabilities are as follows:

	<u>2022</u>	<u>2021</u>
<b><u>Actuarial assumptions</u></b>		
Discount rate	4.10%	2.30%
Future salary growth	2.50%	1.10%
Retirement age	60 years	60 years

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**20. EMPLOYEES' END OF SERVICE BENEFITS (continued)**

The sensitivity of defined benefit obligation to changes in the weighted principal assumptions is as follows:

<u>31 December 2022</u>	<b>Impact on defined benefit obligation (Increase) / decrease in actual figures</b>		
	<b>Change in assumption by</b>	<b>Increase in assumption by</b>	<b>Decrease in assumption by</b>
<i>Financial assumptions</i>			
Discount rate	1%	10,282,214	(11,579,792)
Future salary growth / Expected rate of salary increase	1%	(12,614,226)	11,393,956
<u>31 December 2021</u>	<b>Impact on defined benefit obligation (Increase) / decrease in actual figures</b>		
	<b>Change in assumption by</b>	<b>Increase in assumption by</b>	<b>Decrease in assumption by</b>
<i>Financial assumptions</i>			
Discount rate	1%	11,599,781	(10,294,092)
Future salary growth / Expected rate of salary increase	1%	(11,387,456)	12,605,850

The weighted average duration of the defined benefit obligation ranges from 5.73 to 9.13 years (2021: from 5.73 to 9.13 years).

During the year ended 31 December 2022, an independent actuarial exercise has been conducted to ensure the adequacy of provision for employees' end of service benefits and ex-gratia benefits in accordance with the rules stated under the Saudi Arabian Labor and Workmen Law by using the Projected Unit Credit Method as required under IAS 19.

The defined benefit plan is exposed to a number of actuarial risks, the most significant of which are final salary risk, discount / interest rate fluctuation risk, longevity risk, currency risk and inflation risk.

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**21 ACCRUED AND OTHER CURRENT LIABILITIES**

	<u>2022</u>	<u>2021</u>
Accrued expenses	50,995,211	89,900,852
Deferred income	60,243,289	18,596,603
Education fee received in advance	--	6,895,858
Accrued financial charges	19,827,604	3,414,986
Accrued portal charges	5,721,398	--
Advance from customers	2,393,579	2,308,713
Other payables	35,512,051	66,368,789
	<u>174,693,132</u>	<u>187,485,801</u>

**22 ZAKAT**

**a) Charge for the year:**

Zakat included in the statement of profit or loss and other comprehensive income are comprised of the following:

	<u>2022</u>	<u>2021</u>
Current year	20,439,741	17,658,112
Prior year	--	(13,094,667)
	<u>20,439,741</u>	<u>4,563,445</u>

**b) The movement in the accrual for Zakat is as follows:**

	<u>2022</u>	<u>2021</u>
Balance at beginning of the year	12,402,602	27,444,137
Charge for current year	20,439,741	17,658,112
Change in estimate for prior year	--	(13,094,667)
Adjustment	44,941	(110,963)
Payments during the year	<u>(15,710,834)</u>	<u>(19,494,017)</u>
Balance at end of the year	<u>17,176,450</u>	<u>12,402,602</u>

**c) Status of final assessments**

During 2021, the Parent Company obtained Zakat, Tax and Customs Authority "ZATCA" approval to submit the returns on combined basis with a sister concern, and the Parent Company has submitted its Zakat returns from the year 2020 on a combined basis. Accordingly, the Parent Company has filed Zakat declaration up to the financial year ended 31 December 2021 with the General Authority of Zakat and Income Tax (ZATCA) on combined basis as well. The Company also obtained the Zakat certificate valid until 30 April 2023. The Company finalized its Zakat status for the years from 2009 to 2016. The Company filed its Zakat return for the year ended December 31, 2017 and the ZATCA did not issue the final Zakat assessments for the said years till date.



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**22. ZAKAT (continued)**

**c) Status of final assessments (continued)**

The Company filed its Zakat return for the year ended December 31, 2018. The ZATCA issued its Zakat assessment against the Company's accounts, and claimed an additional Zakat liability of SR 1.5 million. The Company objected against the said assessment. The ZATCA rejected the Company's objection. The Company escalated its objection to the Committees for Resolution of Zakat, Tax, and Customs Violations and Disputes (CRTVD), which is still under review by the CRTVD till to-date. The CRTVD rejected the Company's objection. The Company filed an appeal against the CRTVD decision at the Appellate Committee for Zakat, Tax, and Customs Violations and Disputes Resolution (ACTVDR), and is still under study till to date.

The Company filed its Zakat returns for the years ended December 31, 2017, 2019, 2020, and 2021, and obtained the unrestricted Zakat certificate for the year 2021. The ZATCA did not issue the Zakat assessments for the said years till to-date.

Al Farabi Special Healthcare Company Limited filed its Zakat returns for the years up to December 31, 2016. As per the Zakat/tax bylaws, the status of the Company for the said years is considered finalized. The Company filed its Zakat returns for the years ended December 31, 2017 to 2021, and obtained the unrestricted Zakat certificate for the year 2021. The ZATCA did not issue the Zakat assessments for the said years till to-date.

Kameda Arabia Company Limited Company filed its Zakat returns for the years up to December 31, 2016. As per the Zakat/tax bylaws, the status of the Company for the said years is considered finalized. The Company filed its Zakat returns for the years ended December 31, 2017 to 2021, and obtained the unrestricted Zakat certificate for the year 2021. The ZATCA did not issue the Zakat assessments for the said years till to-date.

Dr. Soliman Abdel Kader Fakeeh Family Medicine Centers filed its Zakat returns for the years up to December 31, 2016. As per the Zakat/tax bylaws, the status of the Company for the said years is considered finalized. The Company filed its Zakat returns for the years ended December 31, 2017 to 2021, and obtained the unrestricted Zakat certificate for the year 2021. The ZATCA did not issue the Zakat assessments for the said years till to-date.

Dr. Mazen Fakeeh Complementary Health Care Company Limited has filed its Zakat returns for the years up to December 31, 2016. As per the Zakat/tax bylaws, the status of the Company for the said years is considered finalized. The Company filed its Zakat returns for the years ended December 31, 2017 to 2021, and obtained the unrestricted Zakat certificate for the year 2021. The ZATCA did not issue the Zakat assessments for the said years till to-date.

Dr. Soliman Abdel Kader Fakeeh Medical Education Company Limited has filed its Zakat returns for the years up to December 31, 2016. As per the Zakat/tax bylaws, the status of the Company for the said years is considered finalized. The Company filed its Zakat returns for the years ended December 31, 2017 to 2021, and obtained the unrestricted Zakat certificate for the year 2021. The ZATCA did not issue the Zakat assessments for the said years till to-date.

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**22. ZAKAT (continued)**

**c) Status of final assessments (continued)**

Al Toor Medical Services filed its Zakat returns for the years ended December 31, 2021, and obtained the unrestricted Zakat certificate for the year 2021. The ZATCA did not issue the Zakat assessments for the said years till to-date.

Al Faraj Pharmaceutical Medical Company has filed its Zakat returns for the years ended December 31, 2021, and obtained the unrestricted Zakat certificate for the year 2021. The ZATCA did not issue the Zakat assessments for the said years till to-date.

Golden Union Company Limited filed its Zakat returns for the years ended December 31, 2021, and obtained the unrestricted Zakat certificate for the year 2021. The ZATCA did not issue the Zakat assessments for the said years till to-date.

Advance Horizon Constructing Company Limited has filed its Zakat returns for the years up to December 31, 2016. The Company filed its Zakat returns for the years ended December 31, 2017 to 2021, and obtained the unrestricted Zakat certificate for the year 2021. The ZATCA did not issue the Zakat assessments for the said years till to-date.

Saudi Airlines Company for Medical Services (“SMS”) has filed its Zakat return till the year 2021. The management of SMS believes that Saudi Airlines Company for Medical Services was exempt from Zakat till 31 December 2018 in accordance with the regulations of the ZATCA in the Kingdom of Saudi Arabia, since it was owned by Saudi Arabian Airlines Corporation (“Saudi”) as of 31 December 2018, therefore no Zakat provision was made up to the end of year 2018. However, upon the change in the shareholding in 2019, SMS is 75% owned by Dr. Soliman Abdul Kader Fakeeh Hospital Company and 25% owned by Saudia. Accordingly, SMS is now subject to Zakat on the 75% share of Dr. Soliman Abdul Kader Fakeeh Hospital Company in SMS’s net adjusted profit and zakat base effective from 26 December 2019. The ZATCA has challenged the exemption of shares of Saudia in 2019 considering that the Company is no longer 100% owned by Saudia.

**23. REVENUE**

*Revenue streams*

	<u>2022</u>	<u>2021</u>
Revenue from contracts with customers	<u>2,039,251,577</u>	<u>1,964,683,630</u>

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**23. REVENUE (continued)**

*Disaggregation of revenue from contracts with customers*

In the following table, revenue from contracts with customers is disaggregated by major service lines and timing of revenue recognition, all revenue is primarily generated in the Kingdom of Saudi Arabia:

	<u>2022</u>	<u>2021</u>
<i>Major service lines</i>		
Out-Patient	1,263,662,127	1,243,092,180
In-Patient	741,043,610	723,578,444
Medical related services	<u>96,595,203</u>	<u>137,282,575</u>
<b>Gross revenue from healthcare services</b>	<b>2,101,300,940</b>	<b>2,103,953,199</b>
Discounts and rejections from healthcare services	<u>(188,888,151)</u>	<u>(229,826,863)</u>
<b>Net revenue from healthcare services</b>	<b>1,912,412,789</b>	<b>1,874,126,336</b>
Health Club	2,597,429	3,485,067
Education	87,691,525	78,358,459
IT services	8,403,877	6,422,297
Others	<u>1,284,970</u>	<u>2,291,471</u>
	<u><b>2,012,390,590</b></u>	<u><b>1,964,683,630</b></u>
<i>Timing of revenue recognition</i>		
Point in time	1,913,697,759	1,876,417,807
Over time	<u>98,692,831</u>	<u>88,265,823</u>
<b>Revenue from contracts with customers</b>	<u><b>2,012,390,590</b></u>	<u><b>1,964,683,630</b></u>

**24. COSTS OF REVENUE**

	<u>2022</u>	<u>2021</u>
Salaries and employee related benefits	666,322,147	622,845,444
Materials and consumables	507,630,493	503,301,716
Depreciation on property and equipment (note 6)	46,926,239	46,480,533
Insurance expenses	29,261,877	26,349,745
Property and equipment written-off	27,361,205	--
Depreciation on right-of-use assets (note 7.1)	25,152,865	22,872,866
Repairs and maintenance	22,976,637	24,649,561
Food and beverages	18,400,461	18,015,341
Utilities charges	10,751,223	11,885,992
Advertising and publicity	10,540,092	8,137,275
Rental charges	9,822,078	10,808,608
Amortization (note 8)	4,846,055	5,258,291
Others	<u>29,952,860</u>	<u>25,996,700</u>
	<u><b>1,409,944,232</b></u>	<u><b>1,326,602,072</b></u>

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**25. ADMINISTRATIVE EXPENSES**

	<u>2022</u>	<u>2021</u>
Salaries and employee related benefits	129,624,882	125,296,411
Depreciation on property and equipment (note 6)	15,706,874	11,611,258
Depreciation on right-of-use assets (note 7.1)	14,984,704	17,111,675
Advertising and publicity	5,738,649	3,518,608
Insurance expenses	4,272,677	3,864,979
Utilities charges	3,676,579	4,377,311
Rental charges	2,852,355	1,204,162
Repairs and maintenance	2,096,205	8,401,686
Amortization (note 8)	1,735,212	1,767,699
Printing and stationary	1,514,337	1,304,626
Depreciation on investment properties (note 9)	41,257	21,024
Others	29,545,609	25,644,929
	<u>211,789,340</u>	<u>204,124,368</u>

**26. OTHER INCOME, NET**

	<u>2022</u>	<u>2021</u>
Interest income	24,880,850	6,167,900
Rental income	1,922,287	1,343,851
Training fees	718,262	1,153,696
Parking fees	180,558	188,596
Gain on disposal of assets	127,604	--
Others	9,539,796	14,859,098
	<u>37,369,357</u>	<u>23,713,141</u>

**27. RELATED PARTY TRANSACTIONS**

Related parties include the Group's shareholders, associates and affiliated companies, other entities related to certain subsidiaries and key management personnel of the Group. Terms and conditions of these transactions are approved by the Group's Board of Directors.

**Transactions with key management personnel**

***Key management personnel compensation***

Compensation to Group's key management personnel includes salaries, non-cash benefits, and contributions to post-employment defined benefit plan. Group has recognized an expense of SR 23.3 million for the year ended 31 December 2022 (31 December 2021: SR 24.1 million). Further, rentals on properties to the shareholders amounting to SR 22.4 million (2021: SR 19.1 million) has been recognised as expense of the Group.

Board of Directors' remuneration for the year ended 31 December 2022 amounting to SR 1.3 million (31 December 2021: SR 1.3 million) has been calculated in accordance with the Company's By-Laws. Attendance allowances and other expenses to the directors and members of various board committees amounting to SR 0.2 million (2021: SR 0.04 million) are charged to expenses and included under administrative expenses.

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**27. RELATED PARTY TRANSACTIONS (continued)**

*Other related party transactions*

A number of companies transacted with the Group during the year. The terms and conditions of these transactions were no more favourable than those available, or which might reasonably be expected to be available, in similar transactions with non-key management personnel related companies on arm's length basis.

The significant related party transactions and outstanding balances including those related to key management personnel, and entities over which they have control or significant influence are as follows:

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**27. RELATED PARTY TRANSACTIONS (continued)**

Name	Relationship	Nature of transactions	Amount of transactions		Closing balance	
			2022	2021	2022	2021
<b><i>Due from related parties – other long-term receivables (non-current)</i></b>						
Fakeeh Academic Medical Center – Dubai	Affiliate	Interest income (note 26) Loans given to affiliate (note 11)	24,880,850	6,167,900	1,336,666,062	1,088,328,111
			400,816,263	281,867,954		
<b><i>Due from related parties</i></b>						
Saudi Arabian Airlines Corporation	Non-controlling Shareholder	Revenue	32,222,855	67,880,519		
Fakeeh Real Estate Company Limited	Shareholder	Expenses incurred on behalf of the shareholder	2,984,957	1,292,878	30,461,570	27,683,638
Maabar Rehabilitation Centre	Affiliate	Expenses incurred on behalf of shareholder	20,217	75,399	616,743	596,526
Abdulbary Mohammed Eid Al-Shawy Trust	Non-controlling Shareholder	Absorption of losses of the subsidiary	--	--	702,754	702,754
Saudi Arabian Engineering Industries Company LLC	Affiliate	Payments made on behalf of affiliate	--	(529,212)	--	--
Flyadeal Airline Company LLC	Affiliate	Share capital and absorption of losses of a subsidiary	1,303,127	2,476,083	1,694,293	1,329,148
Al Solimania United Company Limited	Shareholder	Services provided	966,455	1,115,964	58,167	293,966
Saudi Ground Services Company	Affiliate	Services provided	6,725	192,880	241,117	234,392
Dr. Abdulaziz AlFallah	Non-controlling Shareholder	Expenses incurred on behalf of the shareholder	36,249	30,174	17,805	54,054
Royal Fleet Services	Affiliate	Share capital and absorption of losses of a subsidiary	--	(963)	6,100	6,100
		Services provided	5,183,754	7,749,674	5,263,990	7,518,821

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**27. RELATED PARTY TRANSACTIONS (continued)**

Name	Relationship	Nature of transactions	Amount of transactions		Closing balance	
			2022	2021	2022	2021
<b><u>Due from related parties (continued)</u></b>						
Saudi Airlines Cargo Company	Affiliate	Services provided	110,495	577,031	23,184	133,679
Saudi Private Aviation	Affiliate	Services provided	44,556	15,600	17,561	3,335
Saudi Airlines Real Estate Development Company	Affiliate	Services provided	9,770	6,341	115	3,968
Prince Sultan Aviation Academy	Affiliate	Services provided	152,926	100,315	218,836	67,096
			<b>39,322,235</b>	<b>38,627,477</b>		
<b><u>Due to related parties</u></b>						
Dr. Mazen Fakeeh	Shareholder	Payments made on behalf of the Group	--	--	1,960,000	1,960,000
Mr. Ammar Fakeeh	Shareholder	Payments made on behalf of the Group	--	--	1,960,000	1,960,000
Dr. Manal Fakeeh	Shareholder	Payments made on behalf of the Group	--	--	980,000	980,000
Fakeeh Academic Medical Center – Dubai	Affiliate	Services received	3,614,100	4,243,302	13,799,870	10,185,771
			<b>18,699,870</b>	<b>15,085,771</b>		

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**28. FINANCIAL INSTRUMENTS – FAIR VALUES AND FINANCIAL RISK MANAGEMENT**

**FAIR VALUES**

The management considers that the carrying amounts of financial assets and financial liabilities recognized in the financial statements approximate their fair values.

**FINANCIAL RISK MANAGEMENT**

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value and cash flow interest rate risks and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

**Risk management framework**

Risk management is carried out by senior management under policies approved by the Board of Directors. Senior management identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The most important types of risk are credit risk, currency risk and fair value risk.

The Board of Directors has overall responsibility for establishment and oversight of the Group's risk management framework. The executive management team is responsible for developing and monitoring the Group's risk management policies. The team regularly meets and any changes and compliance issues are reported to the Board of Directors through the audit committee.

Risk management systems are reviewed regularly by the executive management team to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The audit committee oversees compliance by management with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

Financial instruments carried on the consolidated financial statements include cash and cash equivalents, accounts and other receivables (current), other long-term receivables (non-current), margin against letter of credits and guarantees, due from related parties, short term borrowings, due to related parties, accrued expenses and other current liabilities and accounts payables. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

**Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk.



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**28. FINANCIAL INSTRUMENTS – FAIR VALUES AND FINANCIAL RISK MANAGEMENT**  
**(continued)**

**Risk management framework (continued)**

**Market risk (continued)**

**Interest rate risk**

Interest rate risks are the exposures to various risks associated with the effect of fluctuations in the prevailing interest rates on the Group's financial position and cash flows. The Group's interest rate risks arise mainly from its borrowings, which are at floating rate of interest and are subject to re-pricing on a regular basis and for which the management closely monitors the changes in interest rates.

The interest rate profile of the Group's interest-bearing financial instruments as reported to the management of the Group is as follows:

	<u>2022</u>	<u>2021</u>
<b>Variable rate instruments</b>		
Financial liabilities	<u>1,845,674,106</u>	<u>888,219,246</u>

These financial liabilities carried at interest rate of SAIBOR plus 1.25% to 2.5%.

**Sensitivity analysis for variable rate instruments**

Change in 100 basis points in interest rates, with all other variables held constant, would have increased or decreased the equity and profit before zakat and income tax for the year by SR 8.9 million (31 December 2021: SR 9.4 million).

**Currency risk**

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Group 's transactions are principally in Saudi Arabian Riyals and United States Dollars. The Saudi Arabian Riyal is pegged to the United States Dollars. Currency risk is managed on regular basis.

**Credit risk**

Credit risk is the risk that one party will fail to discharge an obligation and will cause the other party to incur a financial loss. Management evaluate credit risk relating to customers on an ongoing basis. Five major customers of the Group represent 77% (2021: 78%) of total receivables.

Cash and cash equivalents are placed with national banks with sound credit ratings. Accounts and other receivable are mainly due from government and quasi- government authorities, local customers and related parties and are stated at their estimated realizable values. Management does not expect any significant loss from non-performance by counterparties on credit granted during the financial year under review other than those which have been provided in these financial statements.

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**28. FINANCIAL INSTRUMENTS – FAIR VALUES AND FINANCIAL RISK MANAGEMENT**  
**(continued)**

**Risk management framework (continued)**

**Credit risk (continued)**

Potential counterparties are subject to credit assessment and approval before concluding transactions and are thereafter subject to regular review, including re-appraisal and approval of the limits previously granted.

The creditworthiness of counterparties is assessed based on an analysis of quantitative and qualitative data regarding financial standing and business risks, together with the review of any relevant third party and market information.

Credit exposure, which is essentially an economic exposure or an expected future physical exposure, is permanently monitored and subject to sensitivity measures. Credit risks in excess of approved levels are secured by means of promissory notes and insurance arrangements.

For credit risks arising from other financial assets of the Group, including cash and bank balances, accounts and other receivables (current), other long-term receivables (non-current), margin against letter of credits and guarantees and due from related parties, the Group's exposure arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

The Group's gross maximum exposure to credit risk at the reporting date is as follows:

	<u>2022</u>	<u>2021</u>
<b>Financial assets</b>		
Accounts and other receivables – gross	880,309,976	702,994,487
Due from related parties	39,322,235	38,627,477
Other receivables	1,433,951,185	1,151,363,510
Cash at banks	315,423,761	190,999,236
	<u>2,669,007,157</u>	<u>2,083,984,710</u>

Accounts and other receivables are carried net of impairment allowances.

	<u>2022</u>	<u>2021</u>
<b>Financial assets</b>		
- Unsecured	2,474,516,914	1,918,552,866

**Impairment loss**

The Group manages credit risk with respect to receivables from customers by monitoring in accordance with defined policies and procedures. The management continuously monitors the credit exposure towards the customers and makes provision against those balances considered doubtful of recovery.

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**28. FINANCIAL INSTRUMENTS – FAIR VALUES AND FINANCIAL RISK MANAGEMENT**  
**(continued)**

**Risk management framework (continued)**

**Credit risk (continued)**

**Impairment loss (continued)**

The receivables are shown net of allowance for impairment of accounts receivables. The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all accounts receivables. To measure the expected credit losses, accounts receivables have been grouped based on shared credit risk characteristics and the days past due. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors (such as GDP forecast and industry outlook) affecting the ability of the customers to settle the receivables such. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Group assessed the concentration of risk with respect to accounts receivable and concluded it to be low. The following table provides information about the aging and expected credit losses for accounts receivables.

**As at 31 December 2022**

<u>Age days</u>	<u>Accounts receivable</u>	<u>Provision for ECL</u>
Not yet due	415,240,876	1,437,508
1 - 90	194,429,740	1,392,128
91 – 180	69,318,791	3,986,996
181 - 270	17,438,731	4,271,151
271 - 365	2,648,232	2,500,236
Over 365	181,233,604	119,790,155
Total	<u>880,309,974</u>	<u>133,378,174</u>

**As at 31 December 2021**

<u>Age days</u>	<u>Accounts receivable</u>	<u>Provision for ECL</u>
Not yet due	218,638,506	262,083
1 - 90	121,735,384	1,499,678
91 – 180	58,116,019	1,714,998
181 - 270	60,243,356	6,409,818
271 - 365	67,410,666	20,695,584
Over 365	176,850,556	90,016,011
Total	<u>702,994,487</u>	<u>120,598,172</u>

With respect to credit risk arising from the other financial assets of the Group, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount as disclosed in the statement of financial position.

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**28. FINANCIAL INSTRUMENTS – FAIR VALUES AND FINANCIAL RISK MANAGEMENT**  
**(continued)**

**Risk management framework (continued)**

**Liquidity risk**

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from the inability to sell a financial asset quickly at an amount close to its fair value. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities.

The Group's liquidity risk is mitigated by the availability of funds to cover future commitments. The Group manages liquidity risk through an ongoing review of future commitments and credit facilities. Cash flow forecasts are prepared and utilized borrowing facilities are monitored regularly.

The following is contractual undiscounted maturity analysis of the financial liabilities of the Group as at 31 December 2022. The Group does not hold financial assets for managing liquidity risk. Hence, these risks have not been considered for maturity analysis.

	<u>Carrying</u> <u>Amount</u>	<u>1 year</u> <u>or less</u>	<u>1 to 5 years</u>	<u>More than</u> <u>5 years</u>	<u>Total</u>
<b>31 December 2022</b>					
<i>Non derivative financial liabilities</i>					
Accounts payables	247,368,626	247,368,626	--	--	247,368,626
Due to related parties	18,699,870	18,699,870	--	--	18,699,870
Accrued and other liabilities	174,693,132	174,693,132	--	--	174,693,132
Loans and borrowings	1,848,002,440	675,435,988	895,352,149	742,237,891	2,313,026,028
Lease liabilities	401,484,950	128,656,742	164,902,955	422,099,427	715,659,124
	<u>2,690,249,018</u>	<u>1,244,854,358</u>	<u>1,060,255,104</u>	<u>1,164,337,318</u>	<u>3,469,446,780</u>
<b>31 December 2021</b>					
<i>Non derivative financial liabilities</i>					
Accounts payables	142,903,467	142,903,467	--	--	142,903,467
Due to related parties	15,085,771	15,085,771	--	--	15,085,771
Accrued and other liabilities	187,485,801	187,485,801	--	--	187,485,801
Loans and borrowings	888,219,246	67,507,527	586,692,241	425,771,839	1,079,971,607
Lease liabilities	305,721,535	49,668,305	177,422,013	178,107,549	405,197,867
	<u>1,539,415,820</u>	<u>462,650,871</u>	<u>764,114,254</u>	<u>603,879,388</u>	<u>1,830,644,513</u>

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amount.

**Capital risk management**

The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and to maintain a strong capital base to support the sustained development of its businesses.

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**28. FINANCIAL INSTRUMENTS – FAIR VALUES AND FINANCIAL RISK MANAGEMENT**  
**(continued)**

**Capital risk management (continued)**

The Group manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders or issue new shares. The Group also monitors capital using a gearing ratio, which is net debt, interest bearing loans and borrowings including finance cost thereon, less cash and bank balances. Capital signifies equity as shown in the consolidated statement of financial position plus net debt. The gearing ratio as at 31 December 2022 and 31 December 2021 is as follows:

	<u>2022</u>	<u>2021</u>
Loans and borrowings	<b>1,848,002,440</b>	888,219,246
Lease liabilities	<b>401,484,950</b>	305,721,535
<b>Total debt</b>	<b>2,249,487,390</b>	1,193,940,781
Cash and cash equivalents	<b>(316,762,023)</b>	(191,655,638)
<b>Net debt</b>	<b>1,932,725,367</b>	1,002,285,143
Share capital	<b>100,000,000</b>	100,000,000
Statutory reserve	<b>50,000,000</b>	50,000,000
Retained earnings	<b>1,747,638,538</b>	1,463,231,728
Non-controlling interests	<b>259,605,650</b>	110,206,416
<b>Equity</b>	<b>2,157,244,188</b>	1,723,438,144
<b>Gearing ratio (total net debt / total equity)</b>	<b>89.59%</b>	58.16%

**29. COMMITMENTS AND CONTINGENCIES**

As at 31 December 2022, the Group's bankers have issued letters of guarantee amounting to SR 17.1 million (2021: SR 19.4 million) out of which SR 12.6 million (2021: SR 12.1 million) have been issued on behalf of the Group's related parties. Remaining SR 4.5 million (2021: SR 7.3 million) letters of guarantee have been issued by the Group's bankers on behalf of the Group.

As at 31 December 2022, the Group has outstanding letters of credit amounting to SR 3.1 million (2021: SR 13.8 million) issued by the bank in favor of the Group's related party.

As at 31 December 2022, the Group has commitments for capital work in progress of SR 132.5 million (2021: SR 315 million) mainly relating to construction, renovation and upgradation of buildings.

**DR. SOLIMAN ABDELKADER FAKEEH HOSPITAL COMPANY**  
(A Saudi Closed Joint Stock Company)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the year ended 31 December 2022

(Expressed in Saudi Arabian Riyals, unless otherwise stated)

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**29. COMMITMENTS AND CONTINGENCIES (continued)**

As at 31 December 2022, there are no significant litigations and claims against the Group.

The amount recognized as a provision on account of litigations and legal claims are the management's and their legal counsel's best estimate of the expenditure required to settle the present obligation arising at the reporting period.

**30. SUBSEQUENT EVENTS**

The new Companies Law issued through Royal Decree M/132 on 1/12/1443H (corresponding to 30 June 2022) (hereinafter referred as "the Law") came into force on 26/6/1444 H (corresponding to 19 January 2023). For certain provisions of the Law, full compliance is expected not later than two years from 26/6/1444H (corresponding to 19 January 2023). The management is in process of assessing the impact of the New Companies Law and will amend its Articles of Association for any changes to align the Articles to the provisions of the Law. Consequently, the Group shall present the amended Articles of Association to the shareholders in their Annual General Assembly meeting for their ratification. Except for the above, there have been no significant subsequent events since the year-end, that would require disclosures or adjustments in these consolidated financial statements.

**31. DATE OF AUTHORIZATION FOR ISSUE**

These consolidated financial statements were authorized for issue by the Company's Board of Directors on 14 Shawwal 1444H, corresponding to 4 May 2023.

**DR. SOLIMAN ABDEL KADER  
FAKEEH HOSPITAL COMPANY**  
(A Saudi Closed Joint Stock Company)

**CONDENSED CONSOLIDATED INTERIM  
FINANCIAL STATEMENTS (UNAUDITED)**  
For the three-month and nine-month periods ended  
30 September 2023  
together with the  
Independent Auditors' Review Report

**DR. SOLIMAN ABDEL KADER FAKEEH HOSPITAL COMPANY**  
(A Saudi Closed Joint Stock Company)

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
For the three-month and nine-month periods ended 30 September 2023

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## KPMG Professional Services

Zahran Business Center  
Prince Sultan Street  
P. O. Box 55078  
Jeddah 21534  
Kingdom of Saudi Arabia  
Commercial Registration No 403029792

Headquarters in Riyadh

## كي بي إم جي للاستشارات المهنية

مركز زهران للأعمال  
شارع الأمير سلطان  
ص. ب. 55078  
جدة 21534  
المملكة العربية السعودية  
سجل تجاري رقم 4030290792

المركز الرئيسي في الرياض

# Independent auditor's report on review of condensed consolidated interim financial statements

To the Shareholders of Dr. Soliman Abdel Kader Fakeeh Hospital Company

## Introduction

We have reviewed the accompanying 30 September 2023 condensed consolidated interim financial statements of Dr. Soliman Abdel Kader Fakeeh Hospital Company ("the Parent Company") and its subsidiaries ("the Group"), which comprises:

- the condensed consolidated statement of financial position as at 30 September 2023;
- the condensed consolidated statement of profit or loss and other comprehensive income for the three-month and nine-month periods ended 30 September 2023;
- the condensed consolidated statement of changes in equity for the nine-month period ended 30 September 2023;
- the condensed consolidated statement of cash flows for the nine-month period ended 30 September 2023; and
- the notes to the condensed consolidated interim financial statements.

Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

## Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' that is endorsed in the Kingdom of Saudi Arabia. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with 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.

KPMG Professional Services, a professional closed joint stock company registered in the Kingdom of Saudi Arabia with a paid-up capital of SAR40,000,000 (previously known as "KPMG Al Fozan & Partners Certified Public Accountants") and a non-partner member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

كي بي إم جي للاستشارات المهنية شركة مهنية مساهمة بقطاع، مسجلة في المملكة العربية السعودية، رأس مائها (40,000,000) ريال سعودي مدفوع بالكامل المسماة سابقاً "شركة كي بي إم جي الفوزان وشركاه محاسبون ومراجعون قانونيون"، وهي عضو غير شريك في الشبكة العالمية للشركات كي بي إم جي المستقلة والتابعة لكي بي إم جي العالمية المحدودة، شركة الجائزة محدودة بضمان. جميع الحقوق محفوظة.

Commercial Registration of the headquarters in Riyadh is 1010425494.



# Independent auditor's report on review of condensed consolidated interim financial statements

To the Shareholders of Dr. Soliman Abdel Kader Fakeeh Hospital Company (continued)

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 30 September 2023 condensed consolidated interim financial statements of **Dr. Soliman Abdel Kader Fakeeh Hospital Company** and its subsidiaries are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia.

### KPMG Professional Services

Abdullah Oudah Althagafi  
License No. 455

Jeddah, 23 November 2023  
Corresponding to 09 Jumada Al Ula 1445H



ATA

**DR. SOLIMAN ABDEL KADER FAKEEH HOSPITAL COMPANY**  
(A Saudi Closed Joint Stock Company)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As at 30 September 2023

(Expressed in Saudi Arabian Riyals, unless otherwise stated)

	Notes	30 September 2023 (Unaudited)	31 December 2022 (Audited)
<b><u>ASSETS</u></b>			
Property and equipment	6	1,595,215,676	1,303,085,288
Right-of-use assets	7	528,306,110	391,973,536
Intangible assets and goodwill	8	545,624,266	549,468,160
Investment properties		469,033	499,975
Prepayments and other non-current assets		45,313,547	2,485,543
Other long-term receivables	9	96,887,425	1,416,954,534
<b>Non-current assets</b>		<b>2,811,816,057</b>	<b>3,664,467,036</b>
Inventories		176,020,843	131,462,764
Accounts and other receivables	10	789,600,743	746,931,800
Due from related parties	18	34,218,144	39,322,235
Prepayments and other current assets		151,778,545	171,483,072
Cash and cash equivalents	11	198,595,154	316,762,023
<b>Current assets</b>		<b>1,350,213,429</b>	<b>1,405,961,894</b>
<b>Total assets</b>		<b>4,162,029,486</b>	<b>5,070,428,930</b>
<b><u>EQUITY AND LIABILITIES</u></b>			
<b><u>EQUITY</u></b>			
Share capital	12	200,000,000	100,000,000
Statutory reserve	13	--	50,000,000
Retained earnings		753,244,917	1,747,638,538
<b>Equity attributable to owners of the Company</b>		<b>953,244,917</b>	<b>1,897,638,538</b>
Non-controlling interests ("NCI")		236,404,546	259,605,650
<b>Total equity</b>		<b>1,189,649,463</b>	<b>2,157,244,188</b>
<b><u>LIABILITIES</u></b>			
Long-term loans	14	1,196,445,000	1,252,132,548
Lease liabilities	7	516,080,093	290,503,743
Employees' end of service benefits		217,846,340	205,759,274
<b>Non-current liabilities</b>		<b>1,930,371,433</b>	<b>1,748,395,565</b>
Short-term loans	14	175,300,435	554,019,942
Current portion of long-term loans	14	30,485,000	41,849,950
Current portion of lease liabilities	7	62,630,225	110,981,207
Accounts payables		265,520,165	247,368,626
Due to related parties	18	220,105,280	18,699,870
Accrued and other current liabilities		265,202,430	174,693,132
Accrued Zakat	15	22,765,055	17,176,450
<b>Current liabilities</b>		<b>1,042,008,590</b>	<b>1,164,789,177</b>
<b>Total liabilities</b>		<b>2,972,380,023</b>	<b>2,913,184,742</b>
<b>Total equity and liabilities</b>		<b>4,162,029,486</b>	<b>5,070,428,930</b>

The accompanying notes 1 to 23 form an integral part of these condensed consolidated interim financial statements.

**DR. SOLIMAN ABDEL KADER FAKEEH HOSPITAL COMPANY**  
(A Saudi Closed Joint Stock Company)

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME (UNAUDITED)**

For the three-month and nine-month periods ended 30 September 2023  
(Expressed in Saudi Arabian Riyals, unless otherwise stated)

	Notes	For the three- month period ended 30 September 2023 (Unaudited)	For the three- month period ended 30 September 2022 (Unaudited)	For the nine- month period ended 30 September 2023 (Unaudited)	For the nine- month period ended 30 September 2022 (Unaudited)
Revenue	16	589,290,519	461,815,503	1,664,368,093	1,472,023,957
Costs of revenue		<u>(413,289,528)</u>	<u>(329,461,422)</u>	<u>(1,229,788,159)</u>	<u>(1,036,092,960)</u>
<b>Gross profit</b>		<b>176,000,991</b>	<b>132,354,081</b>	<b>434,579,934</b>	<b>435,930,997</b>
Other income - net		15,602,522	4,933,653	47,842,116	11,053,920
Administrative expenses		(77,020,486)	(29,039,023)	(191,363,118)	(142,898,974)
Expected credit loss on accounts receivables	10.1	<u>(2,905,000)</u>	<u>(6,110,000)</u>	<u>(10,105,000)</u>	<u>(20,930,000)</u>
<b>Operating profit</b>		<b>111,678,027</b>	<b>102,138,711</b>	<b>280,953,932</b>	<b>283,155,943</b>
Finance costs		<u>(31,383,226)</u>	<u>(22,492,885)</u>	<u>(91,204,830)</u>	<u>(34,622,210)</u>
<b>Profit before zakat</b>		<b>80,294,801</b>	<b>79,645,826</b>	<b>189,749,102</b>	<b>248,533,733</b>
Zakat	15	<u>(10,503,607)</u>	<u>(4,926,669)</u>	<u>(20,835,572)</u>	<u>(14,907,454)</u>
<b>Profit for the period</b>		<b>69,791,194</b>	<b>74,719,157</b>	<b>168,913,530</b>	<b>233,626,279</b>
<b>Other comprehensive loss:</b> <i>Items that will not be reclassified to profit or loss:</i>					
Re-measurement loss on defined benefit obligations		--	--	--	--
<b>Total comprehensive income for the period</b>		<b>69,791,194</b>	<b>74,719,157</b>	<b>168,913,530</b>	<b>233,626,279</b>
<b>Profit / (loss) for the period attributable to:</b>					
- Owners of the Parent Company		79,651,123	69,476,415	205,606,379	221,406,008
- Non-controlling interests		<u>(9,859,929)</u>	<u>5,242,742</u>	<u>(36,692,849)</u>	<u>12,220,271</u>
		<b>69,791,194</b>	<b>74,719,157</b>	<b>168,913,530</b>	<b>233,626,279</b>
<b>Total comprehensive income / (loss) for the period attributable to:</b>					
- Owners of the Parent Company		79,651,123	69,476,415	205,606,379	221,406,008
- Non-controlling interests		<u>(9,859,929)</u>	<u>5,242,742</u>	<u>(36,692,849)</u>	<u>12,220,271</u>
		<b>69,791,194</b>	<b>74,719,157</b>	<b>168,913,530</b>	<b>233,626,279</b>
<b>Earnings per share</b>					
Basic and diluted earnings per share	17	<b>0.40</b>	<b>0.35</b>	<b>1.03</b>	<b>1.11</b>

The accompanying notes 1 to 23 form an integral part of these condensed consolidated interim financial statements.

**DR. SOLIMAN ABDEL KADER FAKEEH HOSPITAL COMPANY**  
(A Saudi Closed Joint Stock Company)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**

For the nine-month period ended 30 September 2023  
(Expressed in Saudi Arabian Riyals, unless otherwise stated)

		<u>Attributable to owners of the Parent Company</u>				
<u>Notes</u>	<u>Share capital</u>	<u>Statutory reserve</u>	<u>Retained earnings</u>	<u>Total</u>	<u>Non-controlling interests</u>	<u>Total equity</u>
	<b>100,000,000</b>	<b>50,000,000</b>	<b>1,747,638,538</b>	<b>1,897,638,538</b>	<b>259,605,650</b>	<b>2,157,244,188</b>
Balance at 1 January 2023						
<b><u>Total comprehensive income for the period</u></b>						
Profit for the period	--	--	205,606,379	205,606,379	(36,692,849)	168,913,530
Other comprehensive income for the period	--	--	--	--	--	--
Total comprehensive income for the period	--	--	<b>205,606,379</b>	<b>205,606,379</b>	<b>(36,692,849)</b>	<b>168,913,530</b>
<b><u>Transactions with owners</u></b>						
Dividends	--	--	(1,150,000,000)	(1,150,000,000)	(5,600,000)	(1,155,600,000)
Transfers	100,000,000	(50,000,000)	(50,000,000)	--	--	--
Additional capital contribution	--	--	--	--	19,091,745	19,091,745
Total transactions with owners	<b>100,000,000</b>	<b>(50,000,000)</b>	<b>(1,200,000,000)</b>	<b>(1,150,000,000)</b>	<b>13,491,745</b>	<b>(1,136,508,255)</b>
<b>Balance at 30 September 2023</b>	<b>200,000,000</b>	<b>--</b>	<b>753,244,917</b>	<b>953,244,917</b>	<b>236,404,546</b>	<b>1,189,649,463</b>

The accompanying notes 1 to 23 form an integral part of these condensed consolidated interim financial statements.

**DR. SOLIMAN ABDEL KADER FAKEEH HOSPITAL COMPANY**  
(A Saudi Closed Joint Stock Company)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED) (continued)**

For the nine-month period ended 30 September 2022  
(Expressed in Saudi Arabian Riyals, unless otherwise stated)

	Attributable to owners of the Parent Company					Total equity	
	Notes	Share capital	Statutory reserve	Retained earnings	Non-controlling interests		
Balance at 1 January 2022		100,000,000	50,000,000	1,463,231,728	1,613,231,728	110,206,416	1,723,438,144
<u>Total comprehensive income for the period</u>		--	--	221,406,008	221,406,008	12,220,271	233,626,279
Profit for the period		--	--	--	--	--	--
Other comprehensive income for the period		--	--	--	--	--	--
Total comprehensive income for the period		--	--	221,406,008	221,406,008	12,220,271	233,626,279
<u>Transactions with owners</u>							
Dividends	12.2	--	--	(35,000,000)	(35,000,000)	--	(35,000,000)
Balance at 30 September 2022		<u>100,000,000</u>	<u>50,000,000</u>	<u>1,649,637,736</u>	<u>1,799,637,736</u>	<u>122,426,687</u>	<u>1,922,064,423</u>

The accompanying notes 1 to 23 form an integral part of these condensed consolidated interim financial statements.

**DR. SOLIMAN ABDEL KADER FAKEEH HOSPITAL COMPANY**  
(A Saudi Closed Joint Stock Company)

**CONDENSED CONSOLIDATED STATEMENT OF CASHFLOWS (UNAUDITED)**

For nine-month period ended 30 September 2023

(Expressed in Saudi Arabian Riyals, unless otherwise stated)

	Notes	For the nine-month period ended 30 September 2023 (Unaudited)	For the nine-month period ended 30 September 2022 (Unaudited)
<b>Cash flows from operating activities</b>			
Profit before zakat		189,749,102	248,533,733
<i>Adjustments for:</i>			
- Depreciation on property and equipment	6	65,625,132	37,489,852
- Depreciation on right-of-use assets	7.1	36,822,337	27,846,704
- Amortization	8	7,126,343	4,679,746
- Depreciation on investment properties		30,942	30,943
- Provision for employee's end of service benefits		28,391,943	20,750,639
- Expected credit loss on accounts receivable	10.1	13,671,607	21,307,215
- (Gain) / loss on disposal of property and equipment		(341,702)	801,788
- Finance costs		91,204,830	34,622,210
		<u>432,280,534</u>	<u>396,062,830</u>
<i>Changes in operating assets and liabilities:</i>			
- Inventories		(44,558,079)	(6,607,970)
- Accounts and other receivables		(56,340,549)	(283,627,770)
- Due from related parties		5,074,147	17,327,866
- Prepayments and other current assets		1,372,642	(197,788,815)
- Accounts payables		18,151,540	82,863,700
- Due to related parties		(14,431,590)	(11,270,699)
- Accrued and other current liabilities		84,573,556	58,317,963
<b>Cash generated from operating activities</b>		<u>426,122,201</u>	<u>55,277,105</u>
Finance costs paid		(74,480,901)	(18,395,932)
Employees' end of service benefits paid		(16,304,875)	(7,587,987)
Zakat paid	15	(15,246,967)	(13,210,834)
<b>Net cash generated from operating activities</b>		<u>320,089,458</u>	<u>16,082,352</u>
<b>Cash flows from investing activities:</b>			
Additions to property and equipment	6	(307,189,656)	(113,704,494)
Additions to intangible assets	8	(3,282,449)	(3,004,150)
Long-term advances to suppliers		(42,828,004)	--
Proceeds from disposal of property and equipment		1,335,070	5,503,762
Receipt from other long-term receivables		1,470,722,435	--
Additions to other long-term receivables		(147,849,279)	(200,538,506)
Receipt on settlement of consideration transferred	5.1	18,331,884	--
<b>Net cash generated from / (used in) investing activities</b>		<u>989,240,001</u>	<u>(311,743,388)</u>
<b>Cash flows from financing activities:</b>			
Dividends paid	12.2	(939,763,000)	(35,000,000)
Addition capital contribution by NCI		19,091,745	--
Payment of lease liabilities		(61,053,067)	(19,398,337)
Proceeds from long-term loans		772,000,000	489,294,692
Repayment of long-term loans		(839,052,498)	--
Net movement in short-term loans		(378,719,508)	(142,449,776)
<b>Net cash (used in) / generated from financing activities</b>		<u>(1,427,496,328)</u>	<u>292,446,579</u>
Net decrease in cash and cash equivalents		(118,166,869)	(3,214,457)
Cash and cash equivalents at beginning of the period		<u>316,762,023</u>	<u>191,655,638</u>
<b>Cash and cash equivalents at the end of the period</b>	11	<u>198,595,154</u>	<u>188,441,181</u>

**DR. SOLIMAN ABDEL KADER FAKEEH HOSPITAL COMPANY**  
(A Saudi Closed Joint Stock Company)

**CONDENSED CONSOLIDATED STATEMENT OF CASHFLOWS (UNAUDITED) (continued)**

For nine-month period ended 30 September 2023

(Expressed in Saudi Arabian Riyals, unless otherwise stated)

	<u>Notes</u>	<b>For the nine- month period ended 30 September 2023 (Unaudited)</b>	For the nine- month period ended 30 September 2022 (Unaudited)
<b>Major non-cash transactions:</b>			
Addition to right-of-use assets and lease liabilities	7	<b>120,227,477</b>	212,367,363
Terminations of right-of-use assets	7.1	<b>6,427,198</b>	1,520,937
Terminations of lease liabilities	7.2	<b>5,883,408</b>	--

The accompanying notes 1 to 23 form an integral part of these condensed consolidated interim financial statements.



## DR. SOLIMAN ABDEL KADER FAKEEH HOSPITAL COMPANY

(A Saudi Closed Joint Stock Company)

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENT (UNAUDITED)

For nine-month period ended 30 September 2023

(Expressed in Saudi Arabian Riyals, unless otherwise stated)

#### 1. GENERAL

Dr. Soliman Abdel Kader Fakeeh Hospital Company (the “Parent Company”) is a Saudi Closed Joint Stock Company formed under the laws of the Kingdom of Saudi Arabia and is registered in the Commercial Registry in Jeddah under No. 4030014511 on 11 Rabi II 1398H (March 20, 1978). The Parent Company was converted from a Sole Proprietorship to a Closed Saudi Joint Stock Company under the Ministerial Decision No. 28 dated 1 Safar 1433H (corresponding to 26 December 2011) approving the announcement of the establishment of Dr. Soliman Abdel Kader Fakeeh Hospital Company (A Saudi “Closed Joint Stock Company”).

The principal activity of the Group is managing, establishing and operating hospitals, clinics, medical, educational and training centers. In addition to the above, the Group is also managing and operating medical services, analysis and radiology laboratory and managing and establishing pharmacies, wholesale and retail of medical equipment, maintenance of IT equipment and software related services.

The Group’s registered office and principal place of business is Jeddah.

These condensed consolidated interim financial statements include assets, liabilities and the results of the operations of the Parent Company and its following subsidiaries collectively referred to as “the Group”. The condensed interim financial statements of the subsidiaries are prepared for the same reporting period and accounting policies as that of the Parent Company.

The Group has three reportable segments including medical services, education and trading & retail business (note 20).

Further, during nine-month period ended 30 September 2023, the shareholders of the Parent Company resolved to get the Parent Company listed on the Saudi Stock Exchange (Tadawul). In this respect, the shareholders passed a resolution dated 20 June 2023, all the legal formalities are underway to complete the process in due course. However, as at the date of approval of these financial statements the process is still not yet completed.

As at 30 September 2023, the Group has investments in the following subsidiaries:

<u>Name of subsidiaries</u>	<u>Place of incorporation</u>	<u>Effective holding</u>		<u>Principal activities</u>
		<u>2023</u>	<u>2022</u>	
Al-Farabi Special Health Care Company Limited (“Farabi”) Dr. Soliman Qader Fakeeh Information Technology Company (Formerly, Kameda Arabia Company Limited)	Kingdom of Saudi Arabia	70%	70%	Healthcare service provider
Dr. Soliman Abdel Kader Fakeeh Family Medicine Centers (“FMH”)	Kingdom of Saudi Arabia	90%	90%	Healthcare service provider
Dr. Soliman Abdel Kader Fakeeh Medical Education Company Limited (“FMCS”)	Kingdom of Saudi Arabia	80%	80%	Medical education service provider
Dr. Mazen Fakeeh Complementary Health Care Company Limited (“FCHC”)	Kingdom of Saudi Arabia	100%	100%	Wholesale and retail of medical equipment

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**1. GENERAL (continued)**

<u>Name of subsidiaries</u>	<u>Place of incorporation</u>	<u>Effective holding</u>		<u>Principal activities</u>
		<u>2023</u>	<u>2022</u>	
Saudi Airlines Company for Medical Services (“SMS”)	Kingdom of Saudi Arabia	<b>75%</b>	75%	Healthcare service provider
Al Toor Medical Services Company (“Al Toor”)	Kingdom of Saudi Arabia	<b>51%</b>	51%	Healthcare service provider
Al-Faraj Pharmaceutical Medical Company (“Al-Faraj”)	Kingdom of Saudi Arabia	<b>89.82%</b>	89.82%	Trading in pharmaceutical products
Advanced Horizon Contracting Company (“AHC”)	Kingdom of Saudi Arabia	<b>100%</b>	100%	Construction and contracting
Golden Union Medical Company (“GUMC”)	Kingdom of Saudi Arabia	<b>100%</b>	100%	Emergency medical services
Dr. Soliman Abdel Kader Fakeeh Hospital Company - Riyadh (“DSFH Riyadh”)	Kingdom of Saudi Arabia	<b>60.56%</b>	60.56%	Healthcare service provider
White Lines Medical Company (“WLMC”)	Kingdom of Saudi Arabia	<b>74.25%</b>	74.25%	Trading in pharmaceutical products
Fakeeh Vision Company Limited (“FVCL”)	Kingdom of Saudi Arabia	<b>100%</b>	100%	Trading of spectacles and cosmetics
Dr. Soliman Abdel Kader Fakeeh Home Health Care Company (“FHHC”) (note 1.1)	Kingdom of Saudi Arabia	<b>100%</b>	--	Home health care

1.1 During nine-month period ended 30 September 2023, FHHC were incorporated by the Group but they have not commenced their operations as at the reporting date.

**2. BASIS OF PREPARATION**

**2.1 Basis of preparation**

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standards (IAS) 34 “Interim Financial Reporting” that is endorsed in Kingdom of Saudi Arabia and other standards and pronouncements that are issued by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”) and should be read in conjunction with the Group’s annual consolidated financial statements as at and for the year ended 31 December 2022 (“last annual Financial Statements”).

These condensed consolidated interim financial statements do not include all of the information required for a complete set of annual consolidated financial statements prepared in accordance with International Financial Reporting Standards (‘IFRS’) as endorsed in the Kingdom of Saudi Arabia. However, selected accounting policies and 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 the last annual financial statements. In addition, results for the interim period ended 30 September 2023, are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2023.

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**2. BASIS OF PREPARATION (continued)**

**2.2 Basis of measurement**

These condensed consolidated interim financial statements have been prepared under the historical cost basis, except for employee benefits, which are measured at the present value of defined benefit obligation using projected unit credit method. Further, the condensed consolidated interim financial statements are prepared using the accrual basis of accounting and the going concern assumption.

**2.3 Significant judgments, estimates and assumptions**

The preparation of these condensed consolidated interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses, accompanying disclosures, including disclosure of contingent liabilities. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability in the future periods. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation of uncertainty were the same as those described in the last annual financial statements.

**2.4 Functional and presentation currency**

These condensed consolidated interim financial statements are presented in Saudi Arabian Riyals ("SR"), which is also the Company's functional and presentational currency.

**3. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies applied in these condensed consolidated interim financial statements are the same as those applied in the Group's annual consolidated financial statements as at and for the year ended 31 December 2022.

Few amendments to standards became effective from 1 January 2023 which do not have a material effect on these condensed consolidated interim financial statements.

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**4. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS**

**a) Standards, interpretations, and amendments issued**

The following amendments to existing standards and framework have been applied by the Group in preparation of these condensed consolidated interim financial statements. The adoption of the following did not result in changes to the previously reported profit or equity of the Group.

<b><u>Standard / Interpretation</u></b>	<b><u>Description</u></b>	<b><i>Effective from periods beginning on or after the following date</i></b>
IAS 8	Definition to accounting estimates	1 January 2023
IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
IFRS 17	Insurance contracts	1 January 2023
IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
IAS 12	International Tax Reform - Pillar Two Model Rules	23 May 2023

**b) Standards, interpretations and amendments issued but not yet effective**

The standards, interpretations and amendments issued, but not yet effective up to the date of issuance of the condensed interim financial statements are disclosed below. The Group intends to adopt these standards, where applicable, when they become effective.

<b><u>Standard / Interpretation</u></b>	<b><u>Description</u></b>	<b><i>Effective from periods beginning on or after the following date</i></b>
Amendments to IFRS 16	Lease Liability in a Sales and Leaseback	1 January 2024
IAS 1	Classification of liabilities as current or non-current (amendments to IAS 1) and Non-current liabilities with covenants (amendments to IAS 1)	1 January 2024
IAS 7 and IFRS 7	Supplier Finance Arrangements	1 January 2024
IAS 21	Lack of Exchangeability	1 January 2025
IFRS 10 and IAS 28	Sale or contribution of assets between investor and its associate or joint venture (amendments to IFRS 10 and IAS 28)	Available for optional adoption / effective date deferred indefinitely

The standards, interpretations and amendments with effective date of 1 January 2023 did not have any material impact on the Group's condensed consolidated interim financial statements, whereas for other above-mentioned standards, interpretations and amendments, the Group is currently assessing the implications on the Group's consolidated interim financial statements on adoption.

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**5. ACQUISITION OF A SUBSIDIARY**

**Dr. Soliman Abdel Kader Fakeeh Hospital Company - Riyadh (“DSFH Riyadh”)**

On 8 August 2022, the Parent Company entered into a Share Purchase and Subscription Agreement (“SPSA”) with the shareholders of the Rana Medical Services Company (subsequently renamed as Dr. Soliman Abdel Kader Fakeeh Hospital Company – Riyadh), to acquire 60.56% shareholding.

The Parent Company had made payments aggregating to SR 151.5 million to the shareholders of Rana Medical Services Company and had further placed an amount of SR 34 million in escrow against subsequent payments to be made on the finalization of the transaction value. The Parent Company further subscribed to new shares of Rana Medical Services Company, at par, for an amount of SR 200 million. The acquisition was formalized on 29 October 2022, after requisite regulatory approvals.

The acquisition has been accounted for using the acquisition method under IFRS 3 - *Business Combinations*, and accordingly, the assets acquired and liabilities assumed are recorded at estimated fair values at the acquisition date. The determination of estimated fair values required management to make certain estimates about discount rates, future expected cash flows, market conditions and other future events that are highly subjective in nature and may require adjustments, which can be revisited for up to a year following the acquisition.

The fair value of the net assets acquired from Rana Medical Services Company and the consideration transferred were initially measured on a provisional basis as permitted by IFRS 3, "Business Combination". Pursuant to the completion of the purchase price allocation exercise within the measurement period, the purchase consideration of the acquisition has been allocated to the assets acquired and liabilities assumed using their fair values at the acquisition date and the resulting goodwill is presented below:

	<b><u>29 October 2022</u></b>
Property and equipment and right-of-use assets	695,527,353
Inventories	5,692,285
Prepayments and other non-current assets	14,492,179
Cash and cash equivalents	89,703,900
Lease liabilities	(40,295,045)
Employees' end of service benefits	(4,790,160)
Contractors Payables	(12,420,083)
Account Payables	(34,091,679)
Loans and borrowings	(374,986,747)
Retention payable	(18,232,297)
Accrued and other current liabilities	(3,300,058)
Due to related parties	(1,125,420)
Provisional net assets acquired	<u>316,174,228</u>
<u>Adjustment on finalization of PPA:</u>	
Intangible assets (note 8.2)	26,697,000
Final net assets acquired	<u><u>342,871,228</u></u>

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**5. ACQUISITION OF A SUBSIDIARY (continued)**

**Dr. Soliman Abdel Kader Fakeeh Hospital Company - Riyadh (“DSFH Riyadh”) (continued)**

5.1 Finalization of purchase price allocation:

The completion of the Purchase Price Allocation (PPA) and valuation exercise was completed within twelve months from the acquisition date, which has resulted in the following adjustments to previously reported amounts. These have been adjusted in the current period condensed interim financial statements as follows:

	<b>Provisional purchase price allocation</b>	<b>Adjustment</b>	<b>Final purchase price allocation</b>
Consideration transferred (Note 5.1.1)	351,471,874	(18,331,884)	333,139,990
Add: NCI Proportion	124,699,116	--	124,699,116
Less: Fair value of identifiable net assets acquired	<u>(316,174,228)</u>	<u>(26,697,000)</u>	<u>(342,871,228)</u>
<b>Goodwill</b>	<b><u>159,996,762</u></b>	<b><u>(45,028,884)</u></b>	<b><u>114,967,878</u></b>

5.1.1 Adjustment to consideration transferred

As part of the consideration transferred SR 34 million had been placed in escrow account, which was subject to the finalization of transaction value. During the nine-month period ended 30 September 2023, the said consideration was finalized between the shareholders of the Parent Company and selling shareholders, which resulted in receipt of SR 18.3 million to Group from that escrow account, thereby reducing the overall purchase consideration.

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**6. PROPERTY AND EQUIPMENT**

6.1 Reconciliation of carrying amounts:

	<b>30 September 2023</b>	31 December 2022
	<b>(Unaudited)</b>	(Audited)
Carrying amount at beginning of the period / year	<b>1,303,085,288</b>	639,856,683
Additions during the period / year	<b>307,189,656</b>	123,600,330
Transfer from right-of-use asset (note 7)	<b>51,559,232</b>	--
Acquisition through business combination (note 5)	--	630,058,728
Disposals during the period / year	<b>(993,368)</b>	(27,797,340)
Depreciation charge for the period / year	<b>(65,625,132)</b>	(62,633,113)
<b>Carrying amount at the end of the period / year</b>	<b><u>1,595,215,676</u></b>	<b><u>1,303,085,288</u></b>

6.2 Category-wise carrying amounts are as follows:

	<b>30 September 2023</b>	31 December 2022
	<b>(Unaudited)</b>	(Audited)
Land	<b>291,046,046</b>	114,762,046
Buildings and leasehold improvements	<b>755,806,207</b>	763,657,478
Medical and support equipment	<b>245,989,648</b>	191,508,762
Furniture and fixtures	<b>31,794,635</b>	35,381,874
Motor vehicles	<b>9,399,955</b>	4,827,409
Office equipment	<b>6,992,927</b>	9,837,607
Computers	<b>28,184,122</b>	25,717,154
Capital work-in-progress (note 6.3)	<b>226,002,136</b>	157,392,958
	<b><u>1,595,215,676</u></b>	<b><u>1,303,085,288</u></b>

6.3 Capital work-in-progress mainly represents the construction work being carried out for the Group's expansion projects and upgrading the existing infrastructure and facilities.

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**7. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES**

**7.1 Right-of-use assets**

a) Reconciliation of carrying amounts

	<u>Land</u>	<u>Buildings</u>	<u>Medical equipment</u>	<u>Total</u>
<b>Cost:</b>				
Balance as at 1 January 2022	92,223,851	287,929,034	--	380,152,885
Additions during the year *	117,792,107	14,919,044	--	132,711,151
Acquisition through business combination (note 5)	--	8,820,343	56,648,282	65,468,625
Modifications	--	3,125,835	--	3,125,835
Terminations	--	(64,709,404)	--	(64,709,404)
Balance at 31 December 2022	<u>210,015,958</u>	<u>250,084,852</u>	<u>56,648,282</u>	<u>516,749,092</u>
Additions during the period	18,987,829	101,239,648	--	<b>120,227,477</b>
Transfer to property and equipment **	--	--	(56,648,282)	<b>(56,648,282)</b>
Modifications ***	98,940,933	11,972,931	--	<b>110,913,864</b>
Terminations	--	(18,919,642)	--	<b>(18,919,642)</b>
Balance at 30 September 2023	<u><b>327,944,720</b></u>	<u><b>344,377,789</b></u>	<u><b>--</b></u>	<u><b>672,322,509</b></u>
<b>Accumulated depreciation:</b>				
Balance as at 1 January 2022	39,338,547	69,657,774	--	108,996,321
Charge for the year	14,825,867	24,535,970	775,732	40,137,569
Terminations	--	(24,358,334)	--	(24,358,334)
Balance at 31 December 2022	<u>54,164,414</u>	<u>69,835,410</u>	<u>775,732</u>	<u>124,775,556</u>
Charge for the period	12,351,969	20,157,050	4,313,318	<b>36,822,337</b>
Transfer to property and equipment **	--	--	(5,089,050)	<b>(5,089,050)</b>
Terminations	--	(12,492,444)	--	<b>(12,492,444)</b>
Balance at 30 September 2023	<u><b>66,516,383</b></u>	<u><b>77,500,016</b></u>	<u><b>--</b></u>	<u><b>144,016,399</b></u>
<b>Carrying amounts:</b>				
<b>At 30 September 2023</b>	<u><b>261,428,337</b></u>	<u><b>266,877,773</b></u>	<u><b>--</b></u>	<u><b>528,306,110</b></u>
At 31 December 2022	<u>155,851,544</u>	<u>180,249,442</u>	<u>55,872,550</u>	<u>391,973,536</u>

(\* ) Land lease amounting to SR 117 million has been reclassified from buildings to land in comparative to these condensed interim financial statements.

(\*\*) The Group has terminated certain leases for DSFH Riyadh, acquiring the underlying medical equipment.

(\*\*\*) Modification represents increase in lease term and rentals of the land and building contracts.



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**7. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)**

**7.2 Lease liabilities**

	<b>30 September 2023</b>	31 December 2022
	<b>(Unaudited)</b>	(Audited)
Balance as at 1 January	<b>401,484,950</b>	305,721,535
Additions during the period / year	<b>120,227,477</b>	132,711,151
Acquisition through business combination (note 5)	--	40,295,045
Interest expenses for the period / year	<b>20,123,719</b>	19,257,890
Modifications	<b>110,913,864</b>	3,677,484
Terminations	<b>(5,883,408)</b>	(53,959,026)
Payments during the period / year (note 7.2.1)	<b>(68,156,284)</b>	(46,219,129)
Balance as at 30 September / 31 December	<b><u>578,710,318</u></b>	<u>401,484,950</u>

Lease liabilities are presented in statement of financial positions as follows:

	<b>30 September 2023</b>	31 December 2022
	<b>(Unaudited)</b>	(Audited)
Non-current portion of lease liabilities	<b>516,080,093</b>	290,503,743
Current portion of lease liabilities	<b>62,630,225</b>	110,981,207
	<b><u>578,710,318</u></b>	<u>401,484,950</u>

7.2.1 Includes payment amounting to SR 26.1 million related to the termination of certain leases by DSFH Riyadh, acquiring the underlying medical equipment.

**8. INTANGIBLE ASSETS AND GOODWILL (revised)**

8.1 Reconciliation of carrying amounts:

	<b>Goodwill</b>	<b>Customer Relationships and medical license</b>	<b>Computer software</b>	<b>Software under development</b>	<b>Total</b>
<b>Cost:</b>					
Balance at 1 January 2023	488,816,378	59,036,000	29,181,969	360,000	577,394,347
Additions during the period	--	--	1,226,400	2,056,049	3,282,449
Balance at 30 September 2023 (unaudited)	<b><u>488,816,378</u></b>	<b><u>59,036,000</u></b>	<b><u>30,408,369</u></b>	<b><u>2,416,049</u></b>	<b><u>580,676,796</u></b>
<b>Accumulated amortization:</b>					
Balance at 1 January 2023	--	9,942,619	17,983,568	--	27,926,187
Charge for the period	--	4,313,585	2,812,758	--	7,126,343
Adjustments	--	--	--	--	--
Balance at 30 September 2023 (unaudited)	<b><u>--</u></b>	<b><u>14,256,204</u></b>	<b><u>20,796,326</u></b>	<b><u>--</u></b>	<b><u>35,052,530</u></b>
<b>Carrying amounts:</b>					
At 30 September 2023	<b><u>488,816,378</u></b>	<b><u>44,779,796</u></b>	<b><u>9,612,043</u></b>	<b><u>2,416,049</u></b>	<b><u>545,624,266</u></b>

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**8. INTANGIBLE ASSETS AND GOODWILL (revised) (continued)**

8.1 Reconciliation of carrying amounts (continued):

	<u>Goodwill</u>	<u>Customer relationships and medical license</u>	<u>Computer software</u>	<u>Software under development</u>	<u>Total</u>
<u>Cost:</u>					
Balance at 1 January 2022	373,848,500	32,339,000	28,566,446	1,860,237	436,614,183
Additions during the year	--	--	180,192	144,275	324,467
Resulting from acquisition of subsidiary (note 5)	159,996,762	--	--	--	159,996,762
Transfers during the year	--	--	1,644,512	(1,644,512)	--
Disposals	--	--	(1,209,181)	--	(1,209,181)
Balance at 31 December 2022 (as previously reported)	<u>533,845,262</u>	<u>32,339,000</u>	<u>29,181,969</u>	<u>360,000</u>	<u>595,726,231</u>
<i>IFRS 3 adjustments:</i>					
Medical license (note 5)	(26,697,000)	26,697,000	--	--	--
Adjustment in consideration transferred (note 5.1.1)	(18,331,884)	--	--	--	(18,331,884)
Balance at 31 December 2022 (revised)	<u>488,816,378</u>	<u>59,036,000</u>	<u>29,181,969</u>	<u>360,000</u>	<u>577,394,347</u>
<u>Accumulated amortization:</u>					
Balance at 1 January 2022	--	7,454,140	14,313,191	--	21,767,331
Charge for the year	--	2,488,479	3,670,377	--	6,158,856
Adjustments	--	--	--	--	--
Balance at 31 December 2022	<u>--</u>	<u>9,942,619</u>	<u>17,983,568</u>	<u>--</u>	<u>27,926,187</u>
<u>Carrying amounts:</u>					
At 31 December 2022 (revised)	<u>488,816,378</u>	<u>49,093,381</u>	<u>11,198,401</u>	<u>360,000</u>	<u>549,468,160</u>

8.2 During the nine months period ended 30 September 2023, the Group completed the Purchase Price Allocation (PPA) exercise pertaining to the acquisition of DSFH Riyadh. Accordingly, acquisition consideration paid amounting to SR 333.1 million had been allocated to net assets of SR 191.4 million, goodwill of SR 115 million and medical licenses as intangible asset of SR 26.7 million.

The value of medical license has been determined based on the relief-from-royalty approach employed and the management has estimated the fair value of the medical licenses to be SR 26.7 million to be amortized over 10 years.

8.3 The fair value of the net assets acquired from Rana Medical Services Company were initially measured on a provisional basis as permitted by IFRS 3, "Business Combination". Pursuant to the completion of the purchase price allocation exercise within the measurement period (i.e. within twelve months from the acquisition date), the provisional fair values at which the net assets were acquired from Rana Medical Services Company are finalized and accordingly revised in the comparative to these consolidated interim financial statements.

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**9. OTHER LONG-TERM RECEIVABLES**

	<b>30 September 2023</b>	31 December 2022
	<b>(Unaudited)</b>	(Audited)
Long-term loans to a related party (notes 9.1)	--	1,336,666,062
Non-current portion of receivables under DAAM Program	<b>96,887,425</b>	80,288,472
	<b><u>96,887,425</u></b>	<u>1,416,954,534</u>

9.1 This represented long-term loans provided to Fakeeh Academic Medical Center - Dubai which have been repaid during the nine month period ended 30 September 2023.

**10. ACCOUNTS AND OTHER RECEIVABLES**

	<b>30 September 2023</b>	31 December 2022
	<b>(Unaudited)</b>	(Audited)
Trade receivables	<b>586,591,899</b>	574,065,514
Contract assets	<b>341,488,564</b>	305,354,184
Other receivables	<b>697,744</b>	890,276
	<b>928,778,207</b>	880,309,974
Less: allowance for impairment losses	<b>(139,177,464)</b>	(133,378,174)
	<b><u>789,600,743</u></b>	<u>746,931,800</u>

10.1 The movement of allowance for expected credit losses is as follows:

	<b>30 September 2023</b>	31 December 2022
	<b>(Unaudited)</b>	(Audited)
Balance at beginning of the period / year	<b>133,378,174</b>	120,598,172
Provision for expected credit loss during the period / year	<b>13,671,607</b>	20,963,813
Written-off during the period / year	<b>(7,872,317)</b>	(8,183,811)
Balance at end of the period / year	<b><u>139,177,464</u></b>	<u>133,378,174</u>

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**11. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents include cash and bank balances.

	<b>30 September 2023 (Unaudited)</b>	31 December 2022 (Audited)
Cash in hand	<b>4,157,866</b>	1,338,262
Short-term deposits (note 11.1)	<b>105,000,000</b>	170,000,000
Cash at banks - current accounts	<b>89,437,288</b>	145,423,761
	<b><u>198,595,154</u></b>	<u>316,762,023</u>

At each reporting date, all bank balances are assessed to have low credit risk as they are held with reputable and high credit rating domestic banking institutions and there has been no history of default with any of the Group's bank balances. Therefore, the probability of default based on forward-looking factors and any loss given defaults are considered to be negligible.

11.1 Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

**12. SHARE CAPITAL**

The shareholding of the Group is as follows:

	<b>Nationality / country of incorporation</b>	<b>No. of shares of SR 1 each 30 September 2023 (Unaudited)</b>	No. of shares of SR 10 each 31 December 2022 (Audited)	<b>Amount SR 1 each 30 September 2023 (Unaudited)</b>	Amount SR 10 each 31 December 2022 (Audited)
Dr. Mazen Soliman Abdel Kader Fakeeh	Saudi	<b>79,984,000</b>	3,999,200	<b>79,984,000</b>	39,992,000
Mr. Ammar Soliman Abdel Kader Fakeeh	Saudi	<b>79,984,000</b>	3,999,200	<b>79,984,000</b>	39,992,000
Dr. Manal Soliman Abdel Kader Fakeeh	Saudi	<b>39,992,000</b>	1,999,600	<b>39,992,000</b>	19,996,000
Fakeeh Real Estate Company Limited (A Saudi Limited Liability Company)	Kingdom of Saudi Arabia	<b>20,000</b>	1,000	<b>20,000</b>	10,000
Al Solimania United Company Limited (A Saudi Limited Liability Company)	Kingdom of Saudi Arabia	<b>20,000</b>	1,000	<b>20,000</b>	10,000
		<b><u>200,000,000</u></b>	<u>10,000,000</u>	<b><u>200,000,000</u></b>	<u>100,000,000</u>

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**12. SHARE CAPITAL (continued)**

12.1 The Parent Company's shareholders in Extraordinary General Assembly Meeting held on 12 Rabi Al Awwal 1445H (corresponding to 27 September 2023), approved amendments to its by-laws including an increase in share capital of SR 100 million through a transfer from the retained earnings (SR 50 million) and statutory reserve (SR 50 million). Accordingly the share capital of the Parent Company was increased from SR 100 million to SR 200 million and the nominal value per share was reduced from SR 10 per share to SR 1 per share, while maintaining the same ownership percentages of each shareholder of the Parent Company. The legal formalities for such change has been completed during the nine month period ended 30 September 2023.

Accordingly, revised shareholding structure of the Parent Company is as follows:

	<u>No. of shares</u>	<u>Amount</u>
Dr. Mazen Soliman Abdel Kader Fakeeh	79,984,000	79,984,000
Mr. Ammar Soliman Abdel Kader Fakeeh	79,984,000	79,984,000
Dr. Manal Soliman Abdel Kader Fakeeh	39,992,000	39,992,000
Fakeeh Real Estate Company Limited (A Saudi Limited Liability Company)	20,000	20,000
Al Solimania United Company Limited (A Saudi Limited Liability Company)	20,000	20,000
	<u>200,000,000</u>	<u>200,000,000</u>

12.2 The Group's shareholders approved annual dividend amounting to SR 50 million for the year ended 31 December 2022 (31 December 2021: SR 35 million) in the the General Assembly Meeting held on 20 June 2023.

12.3 The Group's shareholders have also approved dividend amounting to SR 1.1 billion in the Extraordinary General Assembly meeting held on 27 September 2023.

12.4 The Parent Company has paid SR 939.8 million dividend during the nine-month period ended 30 September 2023 (31 December 2022: SR 35 million).

**13. STATUTORY RESERVE**

The statutory reserve appearing in comparative of these condensed consolidated interim financial statements pertains to the Parent Company, and was required as per the previous Companies' Law. This reserve could be utilized for the benefit of the Parent Company or its shareholders. Through resolution passed in Extra Ordinary General Assembly meeting held on 27 September 2023, the shareholders approved the transfer of statutory reserve amounting to SR 50 million to share capital of the Parent Company (note 12). In accordance with the Parent Company's amended by-laws, it is not required to set aside the statutory reserve.

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**14. LOANS AND BORROWINGS**

	<b>30 September 2023</b>	31 December 2022
	<b>(Unaudited)</b>	(Audited)
Balance at beginning of the period / year	<b>1,848,002,440</b>	888,219,246
Acquisition through business combination (note 5)	--	374,986,747
Loans obtained during the period / year	<b>1,359,000,000</b>	978,776,447
Payments made during the period / year	<b>(1,804,772,005)</b>	(393,980,000)
Balance at end of the period / year	<b><u>1,402,230,435</u></b>	<u>1,848,002,440</u>

14.1 Long-term loans

	<b>30 September 2023</b>	31 December 2022
	<b>(Unaudited)</b>	(Audited)
Long-term loans	<b>1,226,930,000</b>	1,293,982,498
Current portion of long-term loans	<b>(30,485,000)</b>	(41,849,950)
<b>Non-current portion of Long-term loans</b>	<b><u>1,196,445,000</u></b>	<u>1,252,132,548</u>

- i) The Group had a long-term loan facility of SR 1.1 billion as at 31 December 2022 from a commercial bank for new investments and capital projects out of which the Group had utilized SR 918.9 million as at 31 December 2022. During the nine-month period ended 30 September 2023, the Group has settled the utilized amount, and accordingly the balance is SR Nil as at 30 September 2023.
- ii) The Group had a long-term facility of SR 375 million as at 31 December 2022, from a commercial bank for capital projects, which had been fully utilized as at 31 December 2022. During the nine-month period ended 30 September 2023, the Group has settled all the utilized. The loan carried interest at prevailing market interest rates and was secured against the mortgage of the hospital land.
- iii) During the year, the Group obtained a new long-term facility of SR 370 million for the purpose of repaying the long-term loan facility mentioned in point (ii) above, from a commercial bank for capital projects, which has been fully utilized as of 30 September 2023. The loan carries interest at prevailing market interest rates and is secured against the mortgage of the hospital land.
- iv) The Group has long term facilities of SR 1.4 billion as at 30 September 2023 (31 December 2022: SR 755 million) from commercial banks for new investments and capital projects, out of which the Group has utilised SR 856.9 million as at 30 September 2023 (31 December 2022: SR Nil). The loan carry interest at prevailing market interest rates.

The facility agreements with the commercial banks contain financial covenants, which require the Group to maintain certain leverage ratios, which are complied by the Group as at 30 September 2023.

14.2 Short term loans

The short-term loans are repayable within 12 months from the balance sheet date.

- i) The Group has a short-term loan facility of SR 700 million (2022: SR 650 million) from commercial banks for working capital requirements, of which the Group has utilised SR 104.9 million as at 30 September 2023 (2022: SR 554 million). The loan carry interest at prevailing market interest rates.

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**14. LOANS AND BORROWINGS (continued)**

14.2 Short term loans (continued)

- ii) The Group has short-term loan facility of SR 200 million as at 30 September 2023 (31 December 2022: SR 230 million) from a commercial bank for working capital requirements, out of which the Group has utilised SR 70.3 million as at 30 September 2023 (31 December 2022: SR Nil). The loan carry interest at prevailing market interest rates.

**15. ZAKAT**

**a) Charge for the period :**

Zakat included in the statement of condensed interim statement of profit or loss and other comprehensive income are comprised of the following:

	<b>30 September 2023</b>	30 September 2022
	(Unaudited)	(Unaudited)
Charge for the period	<u><b>20,835,572</b></u>	<u>14,907,454</u>

**b) The movement in the accrual for Zakat is as follows:**

	<b>30 September 2023</b>	31 December 2022
	(Unaudited)	(Audited)
Balance at beginning of the period / year	<b>17,176,450</b>	12,402,602
Charge for current period / year	<b>20,835,572</b>	20,439,741
Payments during the period / year	<u><b>(15,246,967)</b></u>	<u>(15,665,893)</u>
Balance at end of the period / year	<u><b>22,765,055</b></u>	<u>17,176,450</u>

**c) Status of assessments**

During 2021, the Parent Company obtained Zakat, Tax and Customs Authority “ZATCA” approval to submit the returns on combined basis with a sister concern, and the Parent Company has submitted its Zakat returns from the year 2020 on a combined basis. Accordingly, the Parent Company has filed Zakat declaration up to the financial year ended 31 December 2022 with the General Authority of Zakat and Income Tax (ZATCA) on combined basis as well. The Parent Company also obtained the Zakat certificate valid until 30 April 2024. The Parent Company finalized its Zakat status for the years from 2009 to 2016. The Parent Company filed its Zakat return for the year ended December 31, 2017 and the ZATCA issued preliminary assessment for the year 2017, which has shown Zakat differences of SR 0.7 million due from the Parent Company, which the Parent Company agreed on settling.

The Parent Company filed its Zakat return for the year ended December 31, 2018. The ZATCA issued its Zakat assessment against the Parent Company's accounts and claimed an additional Zakat liability of SR 1.5 million. The Parent Company objected against the said assessment. The ZATCA rejected the Parent Company's objection. The Parent Company escalated its objection to the Committees for Resolution of Zakat, Tax, and Customs Violations and Disputes (CRTVD), which is still under review by the CRTVD till to-date. The CRTVD rejected the Parent Company's objection. The Parent Company filed an appeal against the CRTVD decision at the Appellate Committee for Zakat, Tax, and Customs Violations and Disputes Resolution (ACTVDR), and is still under study till to date

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**15. ZAKAT (continued)**

**c) Status of final assessments (continued)**

The Parent Company filed its Zakat returns for the years ended December 31, 2017, 2019, 2020, 2021 and 2022, and obtained the unrestricted Zakat certificate for the year 2022. The ZATCA did not issue the Zakat assessments for the said years till to-date.

Al Farabi Special Healthcare Company Limited filed its Zakat returns for the years up to December 31, 2016. As per the Zakat/tax bylaws, the status of the Company for the said years is considered finalized. The Company filed its Zakat returns for the years ended December 31, 2017 to 2022, and obtained the unrestricted Zakat certificate for the year 2022. The ZATCA did not issue the Zakat assessments for the said years till to-date.

Kameda Arabia Company Limited Company filed its Zakat returns for the years up to December 31, 2016. As per the Zakat/tax bylaws, the status of the Company for the said years is considered finalized. The Company filed its Zakat returns for the years ended December 31, 2017 to 2022, and obtained the unrestricted Zakat certificate for the year 2022. The ZATCA did not issue the Zakat assessments for the said years till to-date.

Dr. Soliman Abdel Kader Fakeeh Family Medicine Centers filed its Zakat returns for the years up to December 31, 2016. As per the Zakat/tax bylaws, the status of the Company for the said years is considered finalized. The Company filed its Zakat returns for the years ended December 31, 2017 to 2022, and obtained the unrestricted Zakat certificate for the year 2022. The ZATCA did not issue the Zakat assessments for the said years till to-date.

Dr. Mazen Fakeeh Complementary Health Care Company Limited has filed its Zakat returns for the years up to December 31, 2016. As per the Zakat/tax bylaws, the status of the Company for the said years is considered finalized. The Company filed its Zakat returns for the years ended December 31, 2017 to 2022, and obtained the unrestricted Zakat certificate for the year 2022. The ZATCA did not issue the Zakat assessments for the said years till to-date.

Dr. Soliman Abdel Kader Fakeeh Medical Education Company Limited has filed its Zakat returns for the years up to December 31, 2016. As per the Zakat/tax bylaws, the status of the Company for the said years is considered finalized. The Company filed its Zakat returns for the years ended December 31, 2017 to 2022, and obtained the unrestricted Zakat certificate for the year 2022. The ZATCA did not issue the Zakat assessments for the said years till to-date.

Al Toor Medical Services filed its Zakat returns filed its Zakat returns for the years ended December 31, 2022, and obtained the unrestricted Zakat certificate for the year 2022. The ZATCA did not issue the Zakat assessments for the said years till to-date.

Al Faraj Pharmaceutical Medical Company has filed its Zakat returns filed its Zakat returns for the years ended December 31, 2022, and obtained the unrestricted Zakat certificate for the year 2022. The ZATCA did not issue the Zakat assessments for the said years till to-date.

Golden Union Company Limited filed its Zakat returns filed its Zakat returns for the years ended December 31, 2022, and obtained the unrestricted Zakat certificate for the year 2022. The ZATCA did not issue the Zakat assessments for the said years till to-date.



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**15. ZAKAT (continued)**

**e) Status of final assessments (continued)**

Saudi Airlines Company for Medical Services has filed its Zakat return till the year 2022. The management of SMS believes that Saudi Airlines Company for Medical Services was exempt from Zakat till 31 December 2018 in accordance with the regulations of the ZATCA in the Kingdom of Saudi Arabia, since it was owned by Saudi Arabian Airlines Corporation (“Saudi”) as of 31 December 2018, therefore no Zakat provision was made up to the end of year 2018. However, upon the change in the shareholding in 2019, SMS is 75% owned by Dr. Soliman Abdul Kader Fakeeh Hospital Company and 25% owned by Saudia. Accordingly, SMS is now subject to Zakat on the 75% share of Dr. Soliman Abdul Kader Fakeeh Hospital Company in SMS’s net adjusted profit and zakat base effective from 26 December 2019. The ZATCA has challenged the exemption of shares of Saudia in 2019 considering that the Company is no longer 100% owned by Saudia.

**16. REVENUE**

***Disaggregation of revenue from contracts with customers***

In the following table, revenue from contracts with customers is disaggregated by major service lines and timing of revenue recognition, all revenue is primarily generated in the Kingdom of Saudi Arabia:

	<b>For the three- month period ended 30 September 2023 (Unaudited)</b>	For the three- month period ended 30 September 2022 (Unaudited)	<b>For the nine- month period ended 30 September 2023 (Unaudited)</b>	For the nine- month period ended 30 September 2022 (Unaudited)
Revenue from Health care operations	<b>532,349,586</b>	416,862,195	<b>1,512,685,882</b>	1,324,745,076
Revenue from Medical related services	<b>27,197,342</b>	20,031,644	<b>71,766,406</b>	75,336,764
Revenue from Education services	<b>26,061,642</b>	22,243,906	<b>71,342,187</b>	66,014,143
Revenue from IT services	<b>3,681,949</b>	2,677,758	<b>8,573,618</b>	5,927,974
	<b><u>589,290,519</u></b>	<u>461,815,503</u>	<b><u>1,664,368,093</u></b>	<u>1,472,023,957</u>
<b><i>Timing of revenue recognition</i></b>				
Point in time	<b>296,993,981</b>	207,504,446	<b>741,468,266</b>	778,355,169
Over time	<b>292,296,538</b>	254,311,057	<b>922,899,827</b>	693,668,788
<b>Revenue from contracts with customers</b>	<b><u>589,290,519</u></b>	<u>461,815,503</u>	<b><u>1,664,368,093</u></b>	<u>1,472,023,957</u>

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**17. EARNINGS PER SHARE**

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

	<b>For the three- month period ended 30 September 2023 (Unaudited)</b>	For the three- month period ended 30 September 2022 (Unaudited)	<b>For the nine- month period ended 30 September 2023 (Unaudited)</b>	For the nine- month period ended 30 September 2022 (Unaudited)
Profit for the period attributable to ordinary equity holders of the Parent	<u>79,651,123</u>	<u>69,476,415</u>	<u>205,606,379</u>	<u>221,406,008</u>
Weighted average number of ordinary shares in issue	<u>200,000,000</u>	<u>200,000,000</u>	<u>200,000,000</u>	<u>200,000,000</u>
Basic and diluted earnings per share	<u>0.40</u>	<u>0.35</u>	<u>1.03</u>	<u>1.11</u>

The share issue during the nine-month period has been treated as if it had occurred before the beginning of 30 September 2022 as required by IAS 33, "Earnings per share" as follows:

	<b>For the nine- month period ended 30 September 2023 (Unaudited)</b>	For the nine- month period ended 30 September 2022 (Unaudited)
Issued ordinary shares at 01 January	<b>10,000,000</b>	10,000,000
Effect of change in par value (note 12)	<b>90,000,000</b>	90,000,000
Effect of shares transfer (note 12)	<u>100,000,000</u>	<u>100,000,000</u>
Weighted average number of ordinary shares at 30 September	<u>200,000,000</u>	<u>200,000,000</u>

Diluted earnings per share has been computed by dividing the profit attributable to shareholders of the Parent Company by the weighted average number of shares outstanding adjusted for the effects of all dilutive potential ordinary shares. However, the Parent Company does not have any instruments that could potentially dilute earnings per share.

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**18. RELATED PARTY TRANSACTIONS AND BALANCES**

The Group, in the normal course of business, enters into transactions with other entities that fall within the definition of a related party contained in International Accounting Standard 24. Related parties comprise of the shareholders of the Group, being parent Companies, their subsidiaries and associates, and other companies with common directorship with significant influence on other companies and key management personnel. Transactions with related parties arise mainly from goods/services received and various business arrangements undertaken at approved contractual terms.

**Transactions with key management personnel**

*Key management personnel compensation*

- a) Key management personnel remuneration and compensation comprised of the following:

	<b>For the three- month period ended 30 September 2023 (Unaudited)</b>	For the three- month period ended 30 September 2022 (Unaudited)	<b>For the nine- month period ended 30 September 2023 (Unaudited)</b>	For the nine- month period ended 30 September 2022 (Unaudited)
Short-term employee benefits	5,588,164	5,102,090	18,835,544	17,451,380
Post-employment benefits	<u>225,282</u>	<u>200,390</u>	<u>675,846</u>	<u>601,172</u>
	<u><b>5,813,446</b></u>	<u><b>5,302,480</b></u>	<u><b>19,511,390</b></u>	<u><b>18,052,552</b></u>

- b) Board of Directors / Committee members remuneration and compensation comprised of the following:

	<b>For the three- month period ended 30 September 2023 (Unaudited)</b>	For the three- month period ended 30 September 2022 (Unaudited)	<b>For the nine- month period ended 30 September 2023 (Unaudited)</b>	For the nine- month period ended 30 September 2022 (Unaudited)
Meeting attendance fees	330,000	316,750	990,000	950,259
Other remuneration	<u>62,529</u>	<u>62,247</u>	<u>114,000</u>	<u>186,740</u>
	<u><b>392,529</b></u>	<u><b>378,997</b></u>	<u><b>1,104,000</b></u>	<u><b>1,136,999</b></u>

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**18. RELATED PARTY TRANSACTIONS AND BALANCES (continued)**

c) Related party relationships

<u>Name</u>	<u>Relationship</u>
Fakeeh Academic Medical Centre – Dubai	Common Shareholder
Saudi Arabian Airlines Corporation	Non - controlling Shareholder
Saudi Airlines Air Transport Company	Subsidiary of non - controlling Shareholder
Royal Fleet Services	Subsidiary of non - controlling Shareholder
Saudi Arabian Engineering Industries Company	Subsidiary of non - controlling Shareholder
Flyadeal Airline Company	Subsidiary of non - controlling Shareholder
Prince Sultan Aviation Academy	Subsidiary of non - controlling Shareholder
Saudi Royal Aviation	Subsidiary of non - controlling Shareholder
Saudi Private Aviation	Subsidiary of non - controlling Shareholder
Saudi Ground Services Company	Subsidiary of non - controlling Shareholder
Dr. Abdulaziz AlFallah	Non-controlling Shareholder
Maabar Rehabilitation Centre	Common Shareholder
Saudi Airlines Cargo Company	Subsidiary of non - controlling Shareholder
Saudi Airlines Real Estate Development Company	Subsidiary of non - controlling Shareholder
Dr. Mazen Soliman Abdel Kader Fakeeh	Shareholder and President
Mr. Ammar Soliman Abdel Kader Fakeeh	Shareholder
Dr. Manal Soliman Abdel Kader Fakeeh	Shareholder
Fakeeh Real Estate Company Limited	Shareholder
Al Solimania United Company Limited	Shareholder
Saudi Airlines Catering Co	Shareholder
Abdullah Mohammad Abdulaziz Al Rais	Non - controlling Shareholder

d) Related party transactions

<u>Name</u>	<u>Nature of transactions</u>	<u>Amount of transactions</u>	
		<b>Nine-month period ended 30 September</b>	
		<u>2023</u>	<u>2022</u>
		(Unaudited)	(Unaudited)
<b><u>Due from related parties – other long-term receivables (non-current)</u></b>			
Fakeeh Academic Medical Centre – Dubai	Interest income	<b>38,209,074</b>	16,509,802
	Loan disbursement (note 9)	<b>131,250,326</b>	163,365,518
<b><u>Due from related parties</u></b>			
	Revenue	<b>175,688</b>	208,250
Saudi Arabian Airlines Corporation	Expenses incurred on behalf of the related party	<b>4,038,299</b>	6,732,374
	Revenue		
Saudi Airlines Air Transport Company	Expenses incurred on behalf of the related party	<b>21,842,991</b>	32,222,855
			-- 2,984,957
Royal Fleet Services	Services provided	<b>4,574,560</b>	5,183,754

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**18. RELATED PARTY TRANSACTIONS AND BALANCES (continued)**

**d) Related party transactions (continued)**

<u>Name</u>	<u>Nature of transactions</u>	<u>Amount of transactions</u>	
		<u>Nine-month period ended 30 September</u>	
		<u>2023</u>	<u>2022</u>
		(Unaudited)	(Unaudited)
<b><u>Due from related parties (continued)</u></b>			
Saudi Arabian Engineering Industries Company	Services provided	<b>2,161,374</b>	1,303,127
Flyadeal Airline Company	Services provided	<b>771,651</b>	966,455
Prince Sultan Aviation Academy	Services provided	<b>114,534</b>	152,926
Saudi Royal Aviation	Services provided	<b>45,540</b>	--
Saudi Private Aviation	Services provided	<b>40,078</b>	44,556
Saudi Ground Services Company	Services provided	<b>14,425</b>	36,249
Fakeeh Real Estate Company Limited	Expenses incurred on behalf of the related party	--	20,217
Al Solimania United Company Limited	Expenses incurred on behalf of the Company	--	<b>6,725</b>
Saudi Airlines Cargo Company	Services provided	--	<b>110,495</b>
Saudi Airlines Real Estate Development Company	Services provided	345	<b>9,770</b>

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**18. RELATED PARTY TRANSACTIONS AND BALANCES (continued)**

**d) Related party transactions (continued)**

<u>Name</u>	<u>Nature of transactions</u>	<u>Amount of transactions</u>	
		<u>Nine-month period ended 30 September</u>	
		<u>2023</u>	<u>2022</u>
		(Unaudited)	(Unaudited)
<b><u>Due to related parties</u></b>			
Dr. Mazen Soliman Abdel Kader Fakeeh	Lease rentals*	7,596,777	5,729,312
	Dividend declared	459,908,000	--
Mr. Ammar Soliman Abdel Kader Fakeeh	Lease rentals*	7,596,777	5,729,312
	Dividend declared	459,908,000	--
Dr. Manal Soliman Abdel Kader Fakeeh	Lease rentals*	3,798,389	2,864,656
	Dividend declared	229,954,000	--
Fakeeh Real Estate Company Limited	Dividend declared	115,000	--
Al Solimania United Company Limited	Dividend declared	115,000	--
Saudi Airlines Catering Co	Payments made on behalf of the Group	762,354	--
Abdullah Mohammad Abdulaziz Al Rais	Payments made on behalf of the Group	3,972,143	--
Fakeeh Academic Medical Centre – Dubai	Services received	13,799,870	3,614,100

(\* ) During nine-month period ended, the Group has modified lease arrangements with the shareholders of the Parent Company with increase in lease term and rentals of the land and building contracts.

**e) Related party closing balances**

<u>Name</u>	<u>Closing balance</u>	
	<u>30 September 2023</u>	<u>31 December 2022</u>
	(Unaudited)	(Audited)
<b><u>Due from related parties – other long-term receivables (non-current)</u></b>		
Fakeeh Academic Medical Centre – Dubai	--	<u>1,336,666,062</u>
<b><u>Due from related parties</u></b>		
Saudi Arabian Airlines Corporation	20,391,447	16,046,675
Saudi Airlines Air Transport Company	7,025,803	14,414,894
Royal Fleet Services	2,865,161	5,263,990
Saudi Arabian Engineering Industries Company LLC	2,651,303	1,694,293
Flyadeal Airline Company LLC	829,820	58,167
Prince Sultan Aviation Academy	333,370	218,836
Saudi Royal Aviation	45,540	--
Saudi Private Aviation	43,470	17,561

**R. SOLIMAN ABDELKADER FAKEEH HOSPITAL COMPANY**  
(A Saudi Closed Joint Stock Company)

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENT  
(UNAUDITED)**

For the nine-month period ended 30 September 2023  
(Expressed in Saudi Arabian Riyals, unless otherwise stated)

**18. RELATED PARTY TRANSACTIONS AND BALANCES (continued)**

e) Related party closing balances (continued)

<u>Name</u>	<u>Closing balance</u>	
	<b>30 September 2023</b> (Unaudited)	31 December 2022 (Audited)
<b><u>Due from related parties (continued)</u></b>		
Saudi Ground Services Company	32,230	17,805
Dr. Abdulaziz AlFallah	--	6,100
Fakeeh Real Estate Company Limited	--	616,743
Maabar Rehabilitation Centre	--	702,754
Al Solimania United Company Limited	--	241,117
Saudi Airlines Cargo Company	--	23,185
Saudi Airlines Real Estate Development Company	--	115
	<b><u>34,218,144</u></b>	<b><u>39,322,235</u></b>
<b><u>Due to related parties</u></b>		
Dr. Mazen Soliman Abdel Kader Fakeeh	85,580,590	1,960,000
Mr. Ammar Soliman Abdel Kader Fakeeh	87,252,173	1,960,000
Dr. Manal Soliman Abdel Kader Fakeeh	43,224,237	980,000
Saudi Airlines Catering Co	577,588	--
Abdullah Mohammad Abdulaziz Al Rais	3,470,692	--
Fakeeh Academic Medical Center – Dubai	--	13,799,870
	<b><u>220,105,280</u></b>	<b><u>18,699,870</u></b>

**19. COMMITMENTS AND CONTINGENCIES**

As at 30 September 2023, the Group's bankers have issued letters of guarantee amounting to SR 13.8 million (2022: SR 17.1 million) out of which SR 13.6 million (2022: SR 12.6 million) have been issued on behalf of the Group's related parties. Remaining SR 0.2 million (2022: SR 4.5 million) letters of guarantee have been issued by the Group's bankers on behalf of the Group.

As at 30 September 2023, the Group has outstanding letters of credit amounting to nil (2022: SR 3.1 million) issued by the bank in favor of the Group's related party.

As at 30 September 2023, the Group has commitments for capital work in progress of SR 351 million (2022: SR 132.5million) mainly relating to construction, renovation and upgradation of buildings.

As at 30 September 2023, there are no significant litigations and claims against the Group.

**R. SOLIMAN ABDELKADER FAKEEH HOSPITAL COMPANY**  
(A Saudi Closed Joint Stock Company)

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENT  
(UNAUDITED)**

For the nine-month period ended 30 September 2023

(Expressed in Saudi Arabian Riyals, unless otherwise stated)

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**20. BUSINESS SEGMENTS**

As the operations of the Group are conducted in the Kingdom of Saudi Arabia, accordingly, for management purposes, the Group is organized into business units based on its products and services and has three reportable segments. Operating segments is determined based on the Group's internal reporting to the Chief Operating Decision Maker ("CODM"). The CODM has been determined to be the President as he is primarily responsible for the allocation of resources to segments and the assessment of the performance of each of the segments. The CODM uses underlying income as reviewed at monthly Executive Committee and Performance meetings as the key measure of the segments' results as it reflects the segments' performance for the period under evaluation. Revenue and segment profit is a consistent measure within the Group. The identified key segments are medical services, education, trading and retail.

The Group's top management reviews internal management reports of each strategic business unit at least quarterly. Segment results that are reported to the top management include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment revenues, as included in the internal management reports that are reviewed by the top management. The following table presents segment information (assets, liabilities, revenue and net income) foreach of the business segments as at and for the nine-month period ended 30 September:



**R. SOLIMAN ABDELKADER FAKEEH HOSPITAL COMPANY**  
(A Saudi Closed Joint Stock Company)

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENT  
(UNAUDITED)**

For the nine-month period ended 30 September 2023  
(Expressed in Saudi Arabian Riyals, unless otherwise stated)

**20. BUSINESS SEGMENTS (continued)**

	<u>Reportable Segments</u>			<u>Total</u>
	<u>Medical services</u>	<u>Education</u>	<u>Trading, Retail &amp; Others</u>	
<b>30 September 2023 (Unaudited)</b>				
Revenues	1,538,288,833	71,342,187	120,081,724	1,729,712,744
Inter-segment revenue eliminations	--	--	(65,344,651)	(65,344,651)
<b>Segment revenue</b>	<b><u>1,538,288,833</u></b>	<b><u>71,342,187</u></b>	<b><u>54,737,073</u></b>	<b><u>1,664,368,093</u></b>
Direct costs	(1,159,629,088)	(41,581,810)	(83,317,097)	(1,284,527,995)
Inter-segment direct costs	--	--	54,739,836	54,739,836
<b>Segment cost</b>	<b><u>(1,159,629,088)</u></b>	<b><u>(41,581,810)</u></b>	<b><u>(28,577,261)</u></b>	<b><u>(1,229,788,159)</u></b>
Segment gross profit	<b><u>378,659,745</u></b>	<b><u>29,760,377</u></b>	<b><u>26,159,812</u></b>	<b><u>434,579,934</u></b>
Operating expenses	(160,597,424)	(15,026,708)	(35,155,264)	(210,779,396)
Inter-segment operating expenses	--	--	9,311,278	9,311,278
<b>Segment operating expenses</b>	<b><u>(160,597,424)</u></b>	<b><u>(15,026,708)</u></b>	<b><u>(25,843,986)</u></b>	<b><u>(201,468,118)</u></b>
Other income	44,910,821	(271,297)	3,202,592	47,842,116
<b>Operating profit</b>	<b><u>262,973,142</u></b>	<b><u>14,462,372</u></b>	<b><u>3,518,418</u></b>	<b><u>280,953,932</u></b>
Finance cost	(91,022,314)	(153,000)	(29,516)	(91,204,830)
Zakat	(18,280,183)	(900,000)	(1,655,389)	(20,835,572)
<b>Profit for the period</b>	<b><u>153,670,645</u></b>	<b><u>13,409,372</u></b>	<b><u>1,833,513</u></b>	<b><u>168,913,530</u></b>
Segment assets	3,663,909,216	174,792,974	323,327,296	4,162,029,486
Segment liabilities	2,727,158,656	122,020,178	123,201,189	2,972,380,023

**R. SOLIMAN ABDELKADER FAKEEH HOSPITAL COMPANY**  
(A Saudi Closed Joint Stock Company)

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENT  
(UNAUDITED)**

For the nine-month period ended 30 September 2023  
(Expressed in Saudi Arabian Riyals, unless otherwise stated)

**20. BUSINESS SEGMENTS (continued)**

	<u>Reportable Segments</u>			
	<i>Medical services</i>	<i>Education</i>	<i>Trading &amp; Retail</i>	<i>Total</i>
30 September 2022 (Unaudited)				
External revenues	1,358,011,434	66,014,142	89,542,677	1,513,568,253
Inter-segment revenue eliminations	--	--	(41,544,296)	(41,544,296)
<b>Segment revenue</b>	<u>1,358,011,434</u>	<u>66,014,142</u>	<u>47,998,381</u>	<u>1,472,023,957</u>
Direct costs	(979,491,320)	(32,809,287)	(56,407,071)	(1,068,707,678)
Inter-segment direct costs	--	--	32,614,718	32,614,718
<b>Segment cost</b>	<u>(979,491,320)</u>	<u>(32,809,287)</u>	<u>(23,792,353)</u>	<u>(1,036,092,960)</u>
<b>Segment gross profit</b>	<u>378,520,114</u>	<u>33,204,855</u>	<u>24,206,028</u>	<u>435,930,997</u>
Operating expenses	(118,355,016)	(17,246,043)	(36,726,128)	(172,327,187)
Inter-segment operating expenses	--	--	8,498,213	8,498,213
<b>Segment operating expenses</b>	<u>(118,355,016)</u>	<u>(17,246,043)</u>	<u>(28,227,915)</u>	<u>(163,828,974)</u>
Other income	10,367,939	5,500	680,481	11,053,920
<b>Operating profit</b>	<u>270,533,037</u>	<u>15,964,312</u>	<u>(3,341,406)</u>	<u>283,155,943</u>
Finance cost	(34,486,258)	(74,649)	(61,303)	(34,622,210)
Zakat	(11,038,852)	(1,800,000)	(2,068,602)	(14,907,454)
<b>Profit for the period</b>	<u>225,007,927</u>	<u>14,089,663</u>	<u>(5,471,311)</u>	<u>233,626,279</u>
Segment assets	4,635,081,180	148,302,883	287,044,867	5,070,428,930
Segment liabilities	2,698,483,690	81,287,814	133,413,238	2,913,184,742

**R. SOLIMAN ABDELKADER FAKEEH HOSPITAL COMPANY**  
(A Saudi Closed Joint Stock Company)

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENT  
(UNAUDITED)**

For the nine-month period ended 30 September 2023

(Expressed in Saudi Arabian Riyals, unless otherwise stated)

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**21. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES**

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. The fair value measurement is based on the presumption that the transaction takes place either:

- In the accessible principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous accessible market for the asset or liability
- Fair value information of the Group's financial instruments is analysed below:

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments:

Level 1: quoted prices in active markets for the same or identical instrument that an entity can access at the measurement date;

Level 2: quoted prices in inactive markets for similar assets and liabilities or valuation techniques for which all significant inputs are based on observable market data; and

Level 3: valuation techniques for which any significant input is not based on observable market data.

There were no transfers between level 1 and level 3 during the nine-month period 30 September 2023 (31 December 2022: nil). There were no financial assets or financial liabilities classified under level 2.

There were no changes in valuation techniques during the period.

As at 30 September 2023, the financial assets of the Group comprised of accounts and other receivables, due from related parties, cash and cash equivalents and other long-term receivables which are recorded at amortised cost and the Group's financial liabilities include loans and bank facilities, employees' end of service benefits, lease liabilities, accounts payables, due to related parties and accrued and other current liabilities.

The Group's management determines the policies and procedures for both recurring fair value measurement and for non-recurring measurement.

**22. SUBSEQUENT EVENTS**

There have been no significant subsequent events since the period-end, that would require disclosures or adjustments in these condensed consolidated interim financial statements.

**23. DATE OF AUTHORIZATION FOR ISSUE**

The condensed consolidated interim financial statements were approved and authorized for issue by the Board of Directors of Parent Company on 22 November 2023, corresponding to 08 Jumada Al Ula 1445H.

**DR. SOLIMAN ABDEL KADER  
FAKEEH HOSPITAL COMPANY**  
(A Saudi Closed Joint Stock Company)

**CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended 31 December 2023  
together with the Independent Auditor's Report

**DR. SOLIMAN ABDEL KADER FAKEEH HOSPITAL COMPANY**  
(A Saudi Closed Joint Stock Company)

**CONSOLIDATED FINANCIAL STATEMENTS**

For the year ended 31 December 2023

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## KPMG Professional Services

Zahran Business Center  
Prince Sultan Street  
P. O. Box 55078  
Jeddah 21534  
Kingdom of Saudi Arabia  
Commercial Registration No 403029792

Headquarters in Riyadh

## كي بي إم جي للاستشارات المهنية

مركز زهران للأعمال  
شارع الأمير سلطان  
ص. ب. 55078  
جده 21534  
المملكة العربية السعودية  
سجل تجاري رقم ٤٠٣٠٢٩٠٧٩٢

المركز الرئيسي في الرياض

# Independent Auditor's Report

To the Shareholders of Dr. Soliman Abdel Kader Fakeeh Hospital Company

## Opinion

We have audited the consolidated financial statements of Dr. Soliman Abdel Kader Fakeeh Hospital Company ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2023, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") 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 that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), that is endorsed in the Kingdom of Saudi Arabia, that are relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with the Code's requirements. 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 year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KPMG Professional Services, a professional closed joint stock company registered in the Kingdom of Saudi Arabia with a paid-up capital of SAR40,000,000 (previously known as "KPMG Al Fozan & Partners Certified Public Accountants") and a non-partner member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

كي بي إم جي للاستشارات المهنية شركة مساهمة مغلقة، مسجلة في المملكة العربية السعودية، رأس مالها (٤٠.٠٠٠.٠٠٠) ريال سعودي مدفوع بالكامل، المسماة سابقاً الشركة كي بي إم جي الفوزان وشركاء محاسبون ومراجعون قانونيون". و هي عضو غير شريك في الشبكة العالمية لشركات كي بي إم جي المستقلة والتابعة لـ كي بي إم جي العالمية المحدودة، شركة تجلزية محدودة بضمان. جميع الحقوق محفوظة.

Commercial Registration of the headquarters in Riyadh is 1010425494.



# Independent Auditor's Report

To the Shareholders of Dr. Soliman Abdel Kader Fakeeh Hospital Company (continued)

## Key Audit Matters (continued)

### Revenue recognition

Refer Note 2.2(g) and 4.13 for the accounting estimate and accounting policy relating to revenue recognition and Note 22 for the related revenue disclosure.

The key audit matter	How the matter was addressed in our audit
<p>During the year ended 31 December 2023, the Group recognized revenue of SR 2.3 billion (2022: SR 2 billion).</p> <p>The Group recognizes revenue upon satisfaction of the performance obligations attached to medical and related services at the fair value of consideration received or receivable, net of variable consideration.</p> <p>Certain contracts and arrangements with customers include variable consideration such as volume discounts, prompt payment discounts and claims disallowed (rejection of claims). These constitute variable consideration and are considered in the recognition of revenue on an estimated basis in the period in which the related services are rendered.</p> <p>Revenue recognition is considered as a key audit matter as the determination of the related variable consideration involves significant judgements and estimates.</p>	<p>We performed the following among other procedures:</p> <ul style="list-style-type: none"> <li>- Assessed the appropriateness of the Group's revenue recognition accounting policies by considering the requirements of relevant accounting standards;</li> <li>- Assessed the design and implementation and tested (on a sample basis) the operating effectiveness of the Group's key internal controls in relation to the estimates of variable consideration;</li> <li>- Assessed the appropriateness of significant accounting judgments, estimates and assumptions made by management to determine the variable consideration;</li> <li>- Performed a retrospective review (on a sample basis) of actual claims settled to the original gross claims;</li> <li>- Performed tests (on a sample basis) of settlements, claims and collections made with major customers of the Group; and</li> <li>- Assessed the adequacy of relevant disclosures and presentation in the consolidated financial statements.</li> </ul>

### Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include 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 will 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 identified above when it becomes available 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.

When we read the annual report, when made available to us, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.



## Independent Auditor's Report

To the Shareholders of Dr. Soliman Abdel Kader Fakeeh Hospital Company (continued)

### Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, the applicable requirements of the Regulation for Companies and Company's By-laws and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those Charged with Governance, 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 International Standards on Auditing 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 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 International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgement and maintain professional scepticism 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 for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, then 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.





## Independent Auditor's Report

To the Shareholders of Dr. Soliman Abdel Kader Fakeeh Hospital Company (continued)

### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

- 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 of **Dr. Soliman Abdel Kader Fakeeh Hospital Company ("the Company") and its subsidiaries ("the Group")**.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and 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 the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### For KPMG Professional Services

Abdullah Oudah Althagafi  
License No. 455



Jeddah, 18 April 2024  
Corresponding to 9 Shawwal 1445H

**DR. SOLIMAN ABDEL KADER FAKEEH HOSPITAL COMPANY**  
(A Saudi Closed Joint Stock Company)


**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As at 31 December 2023

(Expressed in Saudi Arabian Riyals, unless otherwise stated)

	Notes	2023	2022
<b>ASSETS</b>			
Property and equipment	6	1,635,208,564	1,303,085,288
Right-of-use assets	7.1	521,234,589	391,973,536
Intangible assets and goodwill	8	544,243,738	549,468,160
Investment properties		458,719	499,975
Prepayments and other non-current assets	9	49,211,158	30,905,688
Other long-term receivables	10	93,327,252	1,416,954,534
<b>Non-current assets</b>		<b>2,843,684,020</b>	<b>3,692,887,181</b>
Inventories	11	163,120,518	131,462,764
Accounts and other receivables	12	745,696,546	769,093,245
Contract assets	12.2	102,314,728	14,626,783
Prepayments and other current assets	13	162,989,742	145,596,934
Cash and cash equivalents	14	214,295,756	316,762,023
<b>Current assets</b>		<b>1,388,417,290</b>	<b>1,377,541,749</b>
<b>Total assets</b>		<b>4,232,101,310</b>	<b>5,070,428,930</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital	15	200,000,000	100,000,000
Statutory reserve	16	--	50,000,000
Retained earnings		820,255,030	1,747,638,538
<b>Equity attributable to owners of the Company</b>		<b>1,020,255,030</b>	<b>1,897,638,538</b>
Non-controlling interests	17	235,219,964	259,605,650
<b>Total equity</b>		<b>1,255,474,994</b>	<b>2,157,244,188</b>
<b>LIABILITIES</b>			
Long-term loans	18	1,196,445,000	1,252,132,548
Lease liabilities	7.2	495,866,960	290,503,743
Employees' end of service benefits	19	219,013,090	205,759,274
<b>Non-current liabilities</b>		<b>1,911,325,050</b>	<b>1,748,395,565</b>
Short-term loans	18	493,995,693	554,019,942
Current portion of long-term loans	18	30,485,000	41,849,950
Current portion of lease liabilities	7.2	47,096,049	110,981,207
Accounts payables		275,300,060	231,423,716
Accrued and other current liabilities	20	193,966,796	209,337,912
Accrued Zakat	21	24,457,668	17,176,450
<b>Current liabilities</b>		<b>1,065,301,266</b>	<b>1,164,789,177</b>
<b>Total liabilities</b>		<b>2,976,626,316</b>	<b>2,913,184,742</b>
<b>Total equity and liabilities</b>		<b>4,232,101,310</b>	<b>5,070,428,930</b>

The accompanying notes 1 to 32 form an integral part of these consolidated financial statements.

  
Dr. Mazen Fakeeh  
President

  
Mr. Panagiotis Chatziantoniou  
Group Chief Financial Officer

**DR. SOLIMAN ABDEL KADER FAKEEH HOSPITAL COMPANY**  
(A Saudi Closed Joint Stock Company)


**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**


For the year ended 31 December 2023

(Expressed in Saudi Arabian Riyals, unless otherwise stated)

	Notes	<u>2023</u>	<u>2022</u>
Revenue	22	2,326,687,767	2,012,390,590
Costs of revenue	23	<u>(1,710,011,609)</u>	<u>(1,400,144,563)</u>
<b>Gross profit</b>		<b>616,676,158</b>	<b>612,246,027</b>
Other income		25,811,887	12,488,508
General and administrative expenses	23	<u>(243,212,644)</u>	<u>(189,898,704)</u>
Selling and marketing expenses	23	<u>(49,279,221)</u>	<u>(31,690,305)</u>
Impairment loss on accounts receivables	12.1	<u>(11,345,180)</u>	<u>(20,963,814)</u>
<b>Operating profit</b>		<b>338,651,000</b>	<b>382,181,712</b>
Finance income	10.1	38,209,074	24,880,850
Finance costs	24	<u>(122,150,246)</u>	<u>(55,939,208)</u>
<b>Profit before zakat</b>		<b>254,709,828</b>	<b>351,123,354</b>
Zakat	21	<u>(22,689,988)</u>	<u>(20,439,741)</u>
<b>Profit for the year</b>		<b>232,019,840</b>	<b>330,683,613</b>
<b>Other comprehensive loss:</b>			
<i>Items that will not be reclassified to profit or loss:</i>			
Re-measurement loss on defined benefit obligations	19	<u>(7,201,609)</u>	<u>(7,076,685)</u>
<b>Total comprehensive income for the year</b>		<b>224,818,231</b>	<b>323,606,928</b>
<b>Profit / (loss) for the year attributable to:</b>			
- Owners of the Company		279,594,908	326,316,488
- Non-controlling interests		<u>(47,575,068)</u>	<u>4,367,125</u>
		<b>232,019,840</b>	<b>330,683,613</b>
<b>Total comprehensive income / (loss) for the year attributable to:</b>			
- Owners of the Company		272,616,492	319,406,810
- Non-controlling interests		<u>(47,798,261)</u>	<u>4,200,118</u>
		<b>224,818,231</b>	<b>323,606,928</b>
<b>Earnings per share</b>			
Basic and diluted earnings per share	27	<u>1.40</u>	<u>1.63</u>

The accompanying notes 1 to 32 form an integral part of these consolidated financial statements.

  
Dr. Mazen Fakeeh  
President

  
Mr. Panagiotis Chatziantoniou  
Group Chief Financial Officer

**DR. SOLIMAN ABDEL KADER FAKEEH HOSPITAL COMPANY**  
(A Saudi Closed Joint Stock Company)

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For the year ended 31 December 2023

(Expressed in Saudi Arabian Riyals, unless otherwise stated)

	Attributable to owners of the Company						
	Notes	Share capital	Statutory reserve	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 1 January 2023		100,000,000	50,000,000	1,747,638,538	1,897,638,538	259,605,650	2,157,244,188
<b>Total comprehensive income for the year</b>							
Profit for the year		--	--	279,594,908	279,594,908	(47,575,068)	232,019,840
Other comprehensive income for the year		--	--	(6,978,416)	(6,978,416)	(223,193)	(7,201,609)
Total comprehensive income for the year		--	--	272,616,492	272,616,492	(47,798,261)	224,818,231
<b>Transactions with owners of the Company</b>							
Dividends paid	15.4	--	--	(1,150,000,000)	(1,150,000,000)	(9,200,000)	(1,159,200,000)
Transfers	16	100,000,000	(50,000,000)	(50,000,000)	--	--	--
Additional capital contribution	17.1	--	--	--	--	32,612,575	32,612,575
Total transactions with owners of the Company		100,000,000	(50,000,000)	(1,200,000,000)	(1,150,000,000)	23,412,575	(1,126,587,425)
<b>Balance at 31 December 2023</b>		<b>200,000,000</b>	--	<b>820,255,030</b>	<b>1,020,255,030</b>	<b>235,219,964</b>	<b>1,255,474,994</b>

**DR. SOLIMAN ABDEL KADER FAKEEH HOSPITAL COMPANY**  
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**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)**

For the year ended 31 December 2023

(Expressed in Saudi Arabian Riyals, unless otherwise stated)

	Attributable to owners of the Company					Total equity	
	Notes	Share capital	Statutory reserve	Retained earnings	Total		Non-controlling interests
Balance at 1 January 2022		100,000,000	50,000,000	1,463,231,728	1,613,231,728	110,206,416	1,723,438,144
<b>Total comprehensive income for the year</b>		--	--	326,316,488	326,316,488	4,367,125	330,683,613
Profit for the year		--	--	(6,909,678)	(6,909,678)	(167,007)	(7,076,685)
Other comprehensive income for the year		--	--	319,406,810	319,406,810	4,200,118	323,606,928
<b>Total comprehensive income for the year</b>		--	--	319,406,810	319,406,810	4,200,118	323,606,928
<b>Transactions with owners of the Company</b>							
Dividends paid	15.4	--	--	(35,000,000)	(35,000,000)	--	(35,000,000)
Additional capital contribution	17.1	--	--	--	--	20,500,000	20,500,000
Total transactions with owners of the Company		--	--	(35,000,000)	(35,000,000)	20,500,000	(14,500,000)
<b>Changes in ownership interest</b>							
Acquisition of subsidiary with NCI	5	--	--	--	--	124,699,116	124,699,116
<b>Balance at 31 December 2022</b>		<b>100,000,000</b>	<b>50,000,000</b>	<b>1,747,638,538</b>	<b>1,897,638,538</b>	<b>259,605,650</b>	<b>2,157,244,188</b>

The accompanying notes 1 to 32 form an integral part of these consolidated financial statements.

  
Dr. Mazen Fakeeh  
President

  
Mr. Panagiotis Chatziantoniou  
Group Chief Financial Officer



**DR. SOLIMAN ABDEL KADER FAKEEH HOSPITAL COMPANY**  
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**CONSOLIDATED STATEMENT OF CASH FLOWS**

For the year ended 31 December 2023

(Expressed in Saudi Arabian Riyals, unless otherwise stated)

	<u>Notes</u>	<u>2023</u>	<u>2022</u>
<b>Cash flows from operating activities</b>			
Profit before zakat		<b>254,709,828</b>	351,123,354
<i>Adjustments for:</i>			
- Depreciation on property and equipment	6	<b>89,174,996</b>	62,633,113
- Depreciation on right-of-use assets	7.1	<b>51,244,273</b>	40,137,569
- Amortization	8	<b>8,980,911</b>	6,581,267
- Depreciation on investment properties		<b>41,257</b>	41,257
- Provision for employee's end of service benefits	19	<b>33,473,342</b>	27,667,518
- Impairment loss on accounts receivables	12.1	<b>11,345,180</b>	20,963,814
- Gain on disposal of property and equipment		<b>(871,046)</b>	(127,605)
- Write-off of intangible asset	8	<b>360,000</b>	--
- Bad debts written-off	12.1	<b>10,554,317</b>	8,183,812
- Finance costs		<b>122,150,246</b>	55,939,208
		<b>581,163,304</b>	573,143,307
<i>Changes in operating assets and liabilities:</i>			
- Inventories		<b>(31,657,753)</b>	(6,305,699)
- Accounts and other receivables		<b>(85,416,902)</b>	(194,165,533)
- Other long-term receivables		<b>(16,575,304)</b>	(24,115,671)
- Prepayments and other current assets		<b>(36,644,914)</b>	(69,896,712)
- Accounts payables		<b>43,876,349</b>	60,442,078
- Accrued and other current liabilities		<b>(26,711,054)</b>	(35,977,082)
Cash generated from operating activities		<b>428,033,726</b>	303,124,688
Interest paid		<b>(80,864,981)</b>	(36,606,593)
Employees' end of service benefits paid	19	<b>(27,421,135)</b>	(20,128,552)
Zakat paid	21	<b>(15,408,770)</b>	(15,665,893)
<b>Net cash generated from operating activities</b>		<b>304,338,840</b>	230,723,650
<b>Cash flows from investing activities:</b>			
Additions to property and equipment	6	<b>(372,394,211)</b>	(110,526,438)
Additions to intangible assets	8	<b>(4,116,489)</b>	(324,467)
Long-term advances to suppliers		<b>(13,188,563)</b>	(28,420,145)
Proceeds from disposal of property and equipment		<b>3,526,221</b>	563,738
Proceeds from disposal of intangible asset		<b>--</b>	786,770
Receipt from other long-term receivables	25	<b>1,470,722,435</b>	--
Additions to other long-term receivables	25	<b>(133,003,978)</b>	(248,337,951)
Receipt on settlement of consideration transferred	5.1	<b>18,331,884</b>	--
Acquisition of a subsidiary, net of cash		<b>--</b>	(243,436,090)
<b>Net cash generated from / (used in) investing activities</b>		<b>969,877,299</b>	(629,694,583)
<b>Cash flows from financing activities:</b>			
Dividends paid	15.4	<b>(1,150,000,000)</b>	(35,000,000)
Dividends paid to NCI		<b>(9,200,000)</b>	--
Addition capital contribution by NCI	17.1	<b>32,612,575</b>	20,500,000
Repayment of lease liabilities	7.2	<b>(123,018,233)</b>	(46,219,129)
Proceeds from long-term loans		<b>1,241,000,000</b>	80,788,454
Repayment of long-term loans		<b>(1,308,052,498)</b>	--
Net movement in short term loans		<b>(60,024,250)</b>	504,007,993
<b>Net cash (used in) / generated from financing activities</b>		<b>(1,376,682,406)</b>	524,077,318
Net (decrease) / increase in cash and cash equivalents		<b>(102,466,267)</b>	125,106,385
Cash and cash equivalents at beginning of the year		<b>316,762,023</b>	191,655,638
<b>Cash and cash equivalents at the end of the year</b>	14	<b>214,295,756</b>	316,762,023

**DR. SOLIMAN ABDEL KADER FAKEEH HOSPITAL COMPANY**  
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**CONSOLIDATED STATEMENT OF CASH FLOWS (continued)**  
For the year ended 31 December 2023  
(Expressed in Saudi Arabian Riyals, unless otherwise stated)

	<u>Notes</u>	<u>2023</u>	<u>2022</u>
<b>Major non-cash transactions:</b>			
Addition to right-of-use assets and lease liabilities	7	<u>124,835,186</u>	<u>132,711,151</u>
Terminations of right-of-use assets	7.1	<u>5,439,557</u>	<u>40,350,800</u>
Terminations of lease liabilities	7.2	<u>4,214,329</u>	<u>53,959,026</u>
Zakat charge	21	<u>22,689,988</u>	<u>20,439,741</u>

*\*\* Cash and cash equivalents include short term deposits that are interest bearing and form an integral part of the Group's cash flow management.*

The accompanying notes 1 to 32 form an integral part of these consolidated financial statements.



Dr. Mazen Fakeeh  
President



Mr. Panagiotis Chatziantoniou  
Group Chief Financial Officer

**DR. SOLIMAN ABDEL KADER FAKEEH HOSPITAL COMPANY**  
(A Saudi Closed Joint Stock Company)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the year ended 31 December 2023

(Expressed in Saudi Arabian Riyals, unless otherwise stated)

**1. GENERAL**

Dr. Soliman Abdel Kader Fakeeh Hospital Company (the “Company” or the “Parent Company”) is a Saudi Closed Joint Stock Company formed under the laws of the Kingdom of Saudi Arabia and is registered in the Commercial Registry in Jeddah under No. 4030014511 on 11 Rabi Al Thani 1398H (corresponding to March 20, 1978). The Company was converted from a Sole Proprietorship to a Closed Saudi Joint Stock Company under the Ministerial Decision No. 28 dated 1 Safar 1433H (corresponding to 26 December 2011) approving the announcement of the establishment of Dr. Soliman Abdel Kader Fakeeh Hospital Company (A Saudi “Closed Joint Stock Company”).

The principal activity of the Group is managing, establishing and operating hospitals, clinics, medical, educational and training centers. In addition to the above, the Group is also managing and operating medical services, analysis and radiology laboratory and managing and establishing pharmacies, wholesale and retail of medical equipment, maintenance of IT equipment and software related services.

These consolidated financial statements include assets, liabilities and the results of the operations of the Parent Company and its subsidiaries collectively referred to as “the Group”. The financial statements of the subsidiaries are prepared for the same reporting period and accounting policies as that of the Parent Company.

The Group has three reportable segments including medical services, education and trading & retail business (note 28).

On 20 June 2023, the shareholders passed a resolution to list the Parent Company on the stock exchange (Tadawul). All the legal formalities are underway to complete the process in due course. However, as at the date of approval of these financial statements the process is still not yet completed.

The Parent Company’s registered office and principal place of business is Jeddah.

As at 31 December 2023, the Group has investments in the following subsidiaries:

<b><u>Name of subsidiaries</u></b>	<b><u>Place of incorporation</u></b>	<b><u>Effective holding</u></b>		<b><u>Principal activities</u></b>
		<b><u>2023</u></b>	<b><u>2022</u></b>	
Al-Farabi Special Health Care Company Limited (“Farabi”)	Kingdom of Saudi Arabia	<b>70%</b>	70%	Healthcare Support services provider
Dr. Soliman Abdel Kader Fakeeh For Information Technology Company (Formerly, Kameda Arabia Company Limited)	Kingdom of Saudi Arabia	<b>70%</b>	70%	IT equipment and software services
Dr. Soliman Abdel Kader Fakeeh Family Medicine Centers (“FMH”)	Kingdom of Saudi Arabia	<b>90%</b>	90%	Healthcare service provider



**DR. SOLIMAN ABDEL KADER FAKEEH HOSPITAL COMPANY**  
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the year ended 31 December 2023

(Expressed in Saudi Arabian Riyals, unless otherwise stated)

**1. GENERAL (continued)**

<u>Name of subsidiaries</u>	<u>Place of incorporation</u>	<u>Effective holding</u>		<u>Principal activities</u>
		<u>2023</u>	<u>2022</u>	
Dr. Soliman Abdel Kader Fakeeh Medical Education Company Limited ("FMCS")	Kingdom of Saudi Arabia	80%	80%	Medical education service provider
Al Toor Medical Services Company ("Al-Toor")	Kingdom of Saudi Arabia	51%	51%	Healthcare service provider
Dr. Mazen Fakeeh Complementary Health Care Company Limited ("FCHC")	Kingdom of Saudi Arabia	100%	100%	Wholesale and retail of medical equipment
Saudi Airlines Company for Medical Services ("SMS")	Kingdom of Saudi Arabia	75%	75%	Healthcare service provider
Al-Faraj Pharmaceutical Medical Company ("Al-Faraj")	Kingdom of Saudi Arabia	89.82%	89.82%	Trading in pharmaceutical products
Advanced Horizon Contracting Company ("AHC")	Kingdom of Saudi Arabia	100%	100%	Construction and contracting
Golden Union Medical Company ("EMS")	Kingdom of Saudi Arabia	100%	100%	Emergency medical services
Dr. Soliman Fakeeh Hospital Medical Company ("DSFH Riyadh") (Formerly, Rana Medical Services Company)	Kingdom of Saudi Arabia	60.56%	--	Healthcare service provider
White Lines Medical Company ("WLMC")	Kingdom of Saudi Arabia	74.25%	74.25%	Trading in pharmaceutical products
Fakeeh Vision Company Limited ("FVCL")	Kingdom of Saudi Arabia	100%	100%	Trading of spectacles and cosmetics
Dr. Soliman Abdel Kader Fakeeh Home Health Care Company ("FHHC")	Kingdom of Saudi Arabia	100%	--	Home health care

**DR. SOLIMAN ABDEL KADER FAKEEH HOSPITAL COMPANY**  
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the year ended 31 December 2023

(Expressed in Saudi Arabian Riyals, unless otherwise stated)

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**2. BASIS OF PREPARATION**

**2.1 Statement of compliance**

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (“IFRS Accounting Standards”) as endorsed in Kingdom of Saudi Arabia, other standards and pronouncements that are issued by Saudi Organization for Chartered and Professional Accountants (‘SOCPA’) (hereafter referred to as “IFRS as endorsed in KSA”).

a) Accounting convention / Basis of Measurement

These consolidated financial statements have been prepared under the historical cost basis, unless otherwise stated.

Furthermore, the consolidated financial statements are prepared using the accrual basis of accounting and going concern assumption. The subsidiaries applied the same accounting policies as applied by Company in these financial statements. Also, the reporting period of the subsidiaries is the same with the Parent company, financial year ending December.

b) Functional and presentation currency

These consolidated financial statements are presented in Saudi Arabian Riyals (“SR”), which is the Group’s functional currency. All amounts have been expressed in SR and rounded off to the nearest SR, unless otherwise indicated.

**2.2 Critical accounting estimates and judgments**

The preparation of the Group’s consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

a) Useful lives of property and equipment and intangible assets

The Group’s management determines the estimated useful lives of its property and equipment, and intangible assets with finite useful lives for calculating depreciation and amortization. These estimates are determined after considering the expected usage of the assets or physical wear and tear. Management reviews the residual value, depreciation and amortization methods and useful lives annually and future depreciation and amortization charges would be adjusted where the management believes the useful lives differ from previous estimates and to ensure that the methods and period of depreciation and amortization are consistent with the expected pattern of economic benefits from these assets.

**DR. SOLIMAN ABDEL KADER FAKEEH HOSPITAL COMPANY**  
(A Saudi Closed Joint Stock Company)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the year ended 31 December 2023

(Expressed in Saudi Arabian Riyals, unless otherwise stated)

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**2. BASIS OF PREPARATION (continued)**

**2.2 Critical accounting estimates and judgments (continued)**

*b) Impairment of non-financial assets*

Impairment exists when the carrying value of an asset or CGU exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget and marketing terms forecast for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future invest performance of the CGU being tested. The recoverable amount is most sensitive to the discount rate used for the DCF model as well as the growth rate used for extrapolation purposes.

*c) Allowance for expected credit losses (ECLs) of accounts receivables*

The measurement of the expected credit loss allowance for financial assets measured at amortized cost is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behavior.

The Group assesses on a forward-looking basis, the expected credit losses (“ECL”) associated with its financial assets carried at amortized cost. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Fund expects to receive). The Group recognizes a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of resources; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Group measures loss allowances at an amount equal to lifetime ECL.

*d) Employee benefits – defined benefit plan*

The cost of employees’ end of service benefits are determined using actuarial valuation. Certain actuarial assumptions have been adopted as disclosed in note 19 to the financial statements for valuation of present value of defined benefit obligations. Any changes in these assumptions in future years might affect gains and losses in those years.

**DR. SOLIMAN ABDEL KADER FAKEEH HOSPITAL COMPANY**  
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the year ended 31 December 2023

(Expressed in Saudi Arabian Riyals, unless otherwise stated)

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**2. BASIS OF PREPARATION (continued)**

**2.2 Critical accounting estimates and judgments (continued)**

*e) Determining the lease term of contracts with renewal and termination options – Group as lessee*

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

*f) Leases - Estimating the incremental borrowing rate*

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

*g) Revenue recognition estimating variable consideration*

*Satisfaction of performance obligations* - The Group is required to assess each of its contracts with patients to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method of recognizing revenue.

*Determination of transaction prices* - The Group estimates variable considerations to be included in the transaction price in respect of each of its agreement with customers. In making such estimate the Group assess the impact of any variable consideration in the contract, to the patients upon submission of invoices to the customers. The Group uses its accumulated historical experience to estimate the percentage (retrospective review). These percentages are applied to determine the expected value of the variable consideration. Any significant changes in experience as compared to historical return pattern will impact the expected adjustments estimated by the Group.

**3. NEW STANDARDS, AMENDMENTS TO STANDARDS AND STANDARDS ISSUED BUT NOT YET EFFECTIVE**

**3.1 New standards and amendments to standards**

The following amendments to existing standards and framework have been applied by the Group in preparation of these consolidated financial statements. The adoption of the below did not result in changes to the previously reported consolidated net profit or equity of the Group.

**DR. SOLIMAN ABDEL KADER FAKEEH HOSPITAL COMPANY**  
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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**3. NEW STANDARDS, AMENDMENTS TO STANDARDS AND STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)**

**3.1 New standards and amendments to standards (continued)**

<i><u>Standard / Interpretation</u></i>	<i><u>Description</u></i>	<i><u>Effective date</u></i>
IAS 8	Definition to accounting estimates	1 January 2023
IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
IFRS 17	Insurance contracts	1 January 2023
IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
IAS 12	International Tax Reform - Pillar Two Model Rules	23 May 2023

The standards, interpretations and amendments with effective date of 1 January 2023 did not have any material impact on the Group's consolidated financial statements, whereas for other above-mentioned standards, interpretations and amendments, the Group is currently assessing the implications on the Group's consolidated financial statements on adoption.

**3.2 Standards issued but not yet effective**

The standards, interpretations and amendments issued, but not yet effective up to the date of issuance of the consolidated financial statements are disclosed below. The Group intends to adopt these standards, where applicable, when they become effective.

<i><u>Standard / Interpretation</u></i>	<i><u>Description</u></i>	<i><u>Effective from periods beginning on or after the following date</u></i>
Amendments to IFRS 16	Lease Liability in a Sales and Leaseback	1 January 2024
IAS 1	Classification of liabilities as current or non-current (amendments to IAS 1) and Non-current liabilities with covenants (amendments to IAS 1)	1 January 2024
IAS 7 and IFRS 7	Supplier Finance Arrangements	1 January 2024
IAS 21	Lack of Exchangeability	1 January 2025
IFRS 10 and IAS 28	Sale or contribution of assets between investor and its associate or joint venture (amendments to IFRS 10 and IAS 28)	Available for optional adoption / effective date deferred indefinitely

**DR. SOLIMAN ABDEL KADER FAKEEH HOSPITAL COMPANY**  
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the year ended 31 December 2023

(Expressed in Saudi Arabian Riyals, unless otherwise stated)

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**4. MATERIAL ACCOUNTING POLICIES**

The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements, except if mentioned otherwise. In addition the Group adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) from 01 January 2023. The amendments require the disclosure of ‘material’ rather than ‘significant’ accounting policies. Although the amendments did not result in any changes to the accounting policy themselves, they impacted the accounting policy information disclosed in certain instances.

**4.1 Financial instruments**

*Financial Assets*

*a) Recognition and initial measurement*

The Group’s financial assets comprise of cash and cash equivalents, accounts and other receivables (current), other long-term receivables (non-current), contract assets, margin against letter of credits and guarantees and other receivables.

Financial assets are initially recognized when the Group becomes a party to the contractual provisions of the instrument.

A financial asset is initially measured at fair value plus, for an item not at fair value through profit and loss, transaction costs that are directly attributable to its acquisition or issue.

*b) Classification and subsequent measurement*

On initial recognition, a financial asset is classified as measured at:

- Amortized cost;
- Fair value through other comprehensive income (FVOCI) – debt investment;
- FVOCI – equity investment; or
- Fair value through profit or loss (FVTPL)

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Group changes its business model for managing financial assets.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as measured at FVTPL:

- the 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 financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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**4. MATERIAL ACCOUNTING POLICIES (continued)**

**4.1 Financial instruments (continued)**

*Financial Assets (continued)*

*b) Classification and subsequent measurement (continued)*

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVOCI – equity investment). This election is made on an investment by investment basis.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

*Financial assets: Business model assessment*

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management.

*Subsequent measurement and gains and losses*

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on de-recognition is recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income under the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On de-recognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to profit or loss.

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**4. MATERIAL ACCOUNTING POLICIES (continued)**

**4.1 Financial instruments (continued)**

*Financial liabilities: Classification, subsequent measurement and gains and losses*

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held for trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on de-recognition is also recognized in statement of profit or loss and other comprehensive income.

Significant financial liabilities include loans, lease liabilities, accounts payables, accrued expenses and other current liabilities.

**De-recognition**

*Financial assets*

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

*Financial liabilities*

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Group also derecognizes a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognized at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognized in the statement of profit or loss and other comprehensive income.

**Offsetting of financial instruments**

Financial asset and financial liability are offset and the net amount presented in the statement of financial position when, and only when the Group:

- currently has a legally enforceable right to set off the recognized amounts; and
- intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.



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**4. MATERIAL ACCOUNTING POLICIES (continued)**

**4.2 Business combinations**

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the fair value of the assets given, equity instrument issued and liabilities incurred or assumed at the date of exchange, and includes costs directly attributable to the acquisition. Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured initially at fair values at the date of acquisition. The excess of the cost of the business combination over the Group's share in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities is classified as goodwill. When the excess is negative, a bargain purchase gain is recognized immediately in profit or loss. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

If the business combination is achieved in stages, any previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognized in profit or loss.

(i) *Subsidiaries*

Subsidiaries are entities controlled by the Group. The Group 'controls' an entity when it is exposed to or has rights to, variable return from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are consolidated in the financial statements from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

All intra-group balances, transactions, income and expenses resulting from intra-group transactions, are eliminated in full. Also, any unrealized gains and losses arising from intra-group transactions are eliminated on consolidation.

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related non-controlling interest (NCI) and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Changes in a Group's ownership interest in a subsidiary that does not result in a change in control, is accounted as equity transaction and the carrying amounts of the non-controlling interests is adjusted against the fair value of the consideration paid and any difference is recognized directly in equity under "Effect of transactions with non- controlling interest without change in control".

(ii) *Goodwill*

Goodwill represents the difference between the cost of businesses acquired and the Group's share in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities at the date of acquisition. Goodwill arising on acquisitions is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Impairment losses on goodwill are not reversed. Subsequent to initial recognition, goodwill is measured at cost less accumulated losses.

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**4. MATERIAL ACCOUNTING POLICIES (continued)**

**4.2 Business combinations (continued)**

*(ii) Goodwill (continued)*

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments.

*(iii) Non-controlling interests*

Non-controlling interest represents the interest in subsidiary companies, not held by the Group which are measured at their proportionate share in the subsidiary's identifiable net assets. Transactions with non-controlling interest parties are treated as transactions with parties external to the Group.

Changes in Group's interest in a subsidiary as a result of transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions, i.e. as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid / received and the relevant share acquired / disposed of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals / acquisition of non-controlling interests are also recorded in equity.

**4.3 Impairment**

*i) Financial assets (including receivables)*

IFRS 9 requires to follow an expected credit loss model for the impairment of financial assets. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized. Instead, an entity always accounts for expected credit losses and changes in those expected credit losses. Consequently, more timely information is provided about expected credit losses.

Expected loss shall be measured and provided either at an amount equal to (a) 12 month expected losses; or (b) lifetime expected losses. If the credit risk of the financial instrument has not increased significantly since inception, then an amount equal to 12 month expected loss is provided. In other cases, lifetime credit losses shall be provided. For accounts receivables with a significant financing component a simplified approach is available, where by an assessment of increase in credit risk need not be performed at each reporting date. Instead, an entity can choose to provide for expected losses based on lifetime expected losses.

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**4. MATERIAL ACCOUNTING POLICIES (continued)**

**4.3 Impairment (continued)**

*ii) Non-financial assets*

The carrying amounts of the Group's non-financial assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

Impairment exists when the carrying value of an asset or cash generating unit ("CGU") exceeds the recoverable amount, which is the higher of the fair value less costs to sell and value in use. The fair value less costs to sell is arrived based on available data from binding sales transactions at arm's length, for similar assets. The value in use is based on a discounted cash flow (DCF) model, whereby the future expected cash flows discounted using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGUs, and then to reduce the carrying amounts of the other assets in the CGUs on a pro rata basis.

An impairment loss on intangible assets with indefinite useful lives including goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

**4.4 Property and equipment**

Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses except land and construction work in progress (CWIP) which is carried at cost. Cost includes expenditure that is directly attributable to the acquisition of the asset including any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located.

If significant parts of an item of property and equipment have different useful lives, they are accounted for as consolidated items (major components) of property and equipment.

Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment, and are recognized in statement of profit or loss and other comprehensive income.

*a) Subsequent costs*

The cost of replacing a part of an item of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property and equipment are recognized in statement of profit or loss and other comprehensive income as incurred.

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**4. MATERIAL ACCOUNTING POLICIES (continued)**

**4.4 Property and equipment (continued)**

*b) Depreciation*

Depreciation is calculated to write off the cost of items of property and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is recognized in statement of profit or loss and other comprehensive income. Depreciation represents the systematic allocation of the depreciable amount of an asset over its estimated useful life. Depreciable amount represents the cost of an asset, or other amount substituted for cost, less its residual value.

The estimated useful lives for the current and comparative periods are as follows:

	<u>Years</u>
• Buildings and leasehold improvements	5 – 33 (shorter of lease term or useful life)
• Medical and support equipment	4-7
• Furniture and fixtures	3-7
• Motor vehicles	7
• Office equipment	5
• Computers	5

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

**4.5 Intangible assets**

The intangible assets that the Group holds consists of customer relationships, software, and medical licenses which have finite useful lives and are measured at cost less accumulated amortization and any accumulated impairment losses.

*a) Subsequent costs*

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, is recognize in profit or loss as incurred.

*b) Amortization*

Amortization is calculated to write off, over their estimated useful lives, the cost of intangible assets less estimated residual values using the straight-line method for software and medical license and reducing balance method for customer relationships. Amortization is generally recognized in profit or loss.

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**4. MATERIAL ACCOUNTING POLICIES (continued)**

**4.5 Intangible assets (continued)**

*b) Amortization (continued)*

The estimated useful lives for the current and comparative periods are as follows:

	<u>Years</u>
Customer relationships	25
Medical Licenses (Note 8.4)	10
Software	3-7

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

**4.6 Capital work-in-progress**

Capital work-in-progress represents all costs relating directly to the on-going projects in progress and are capitalized as property and equipment when the project is completed.

**4.7 Inventories**

Inventories, which comprise of medicines, various medical supplies and consumables are measured at the lower of cost and net realizable value. Cost is determined using the weighted average method. Cost includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition.

Goods-in-transit include costs and related expenses of goods shipped by the year-end.

Net realizable value comprises estimated selling price in the ordinary course of business, less appropriate selling and distribution costs. Provision is made, where necessary, for obsolete, slow moving, defective and expired stocks. The amount of any write-down of inventories to net realizable value and all losses of inventories are recognized as an expense in the period the write-down or loss occurs.

**4.8 Employee Benefits**

*Defined unfunded benefit plans*

The Group operates an employees' end of service benefits scheme. End of service benefits, as required by Saudi Arabia Labor Law, are required to be provided based on the employees' length of service.

The Group's net obligations in respect of defined unfunded benefit plans ("the obligations") is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return of their service in the current and prior periods. The benefit is discounted to determine its present value, and any unrecognized past service costs.

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**4. MATERIAL ACCOUNTING POLICIES (continued)**

**4.8 Employee Benefits (continued)**

*Defined unfunded benefit plans (continued)*

The discount rate used is the market yield on government bonds at the reporting date that has maturity dates approximating the terms of the Group's obligations. The cost of providing benefits under the defined benefit plans is determined using the projected unit credit method to determine the Group's present value of the obligation, with actuarial valuations to be carried out every third year and updated for the following two years for material changes, if any.

The defined benefit liability comprises the present value of defined benefit obligation as adjusted for any past service cost not yet recognized. Currently there are no past service costs. Actuarial gains and losses are recognized in OCI immediately.

**4.9 Leases**

*Right-of-use assets*

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

*Lease liabilities*

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

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**4. MATERIAL ACCOUNTING POLICIES (continued)**

**4.10 Provisions**

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are reviewed and adjusted at each reporting date. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost. Expected future operating losses are not provided for. If outflows to settle the provisions are no longer probable, reversal of the provision is recorded as income.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation.

**4.11 Zakat**

Zakat is provided for in the consolidated financial statements in accordance with Zakat, Tax and Customs Authority ("Authority" or "ZATCA") regulations. Zakat for the current year end is charged to profit and loss. Additional zakat liabilities, if any, related to prior years' assessments arising from ZATCA are accounted for in the period in which the final assessments are finalized.

The Group withholds taxes on transactions with non-resident parties in accordance with zakat and income tax regulations.

**4.12 Value Added Tax**

The Group is subject to Value Added Tax ("VAT") for services except exempt supplies in accordance with the VAT regulations prevailing in the Kingdom of Saudi Arabia. The amount of VAT liability is determined by applying the applicable tax rate to the value of supply ("Output VAT") less VAT paid on purchases/services obtained ("Input VAT"). The Group reports revenue and purchases net of VAT for all the periods presented in the consolidated statement of profit or loss.

**4.13 Revenue**

Revenue is the gross inflow of economic benefits arising from the ordinary operating activities of the Group when those inflows result in increase in equity, other than increases relating to contributions from equity participants. Revenue is measured at fair value of consideration received or receivable. Revenue is recognized to the extent that it is probable that any future economic benefit associated with the item of revenue will flow to the Group, the revenue can be reliably measured, regardless of when the payment is being made and the costs are identifiable and can be measured reliably.

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**4. MATERIAL ACCOUNTING POLICIES (continued)**

**4.13 Revenue (continued)**

The Group has applied IFRS 15 *Revenue from contracts with customers* for accounting of revenue. The core principle of the IFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. IFRS 15 requires that entities apply a five-step to determine when to recognize revenue and at what amount.

- Step:1 Identify the contract with the customer
- Step:2 Identify the performance obligations in the contract
- Step:3 Determine the transaction price
- Step:4 Allocate the transaction price to the performance obligations in the contract
- Step:5 Recognize revenue when or as the entity satisfies a performance obligation

The Group recognizes revenue when or as a performance obligation is satisfied. i.e. when control of the goods or services pertaining to the respective performance obligation is transferred to the customer.

*Sale of goods*

The Group dispenses medication and medical supplies as part of the provision of its healthcare services. Sales of goods are recognized when the Group dispenses these to its patients.

*Provision of services*

The Group provides healthcare services. The revenue is recognized when the treatment is provided (i.e. after satisfaction of performance obligation). Some contracts include variable considerations such as discounts and claims. Management estimates variable consideration using the expected value method. In addition, management has considered all the information (historical, current and forecast) that is reasonably available to the Group and has identified a reasonable number of possible consideration amounts.

Revenue from provision of services primarily comprises fees charged under contract for inpatient and outpatient hospital services. Hospital services include charges for accommodation, professional medical services, equipment, radiology, laboratory and pharmaceutical goods used in treatments given to patients. Net patient services revenue is recognized at the estimated net realizable amounts from the third-party payers (like insurance companies) and others for the services rendered, net of estimated revenue adjustments (rejection of claims and volume discounts) when the related services are rendered.

Revenue from operating contracts is recognized over the period of time when the services are rendered.

*Medical related services*

Medical related services are recognized as revenue agreed under Service Level Agreement (SLA) with the customers when the services are provided.

*Revenue from educational services*

Tuition and other fees are recognized as income over the academic year (i.e. over the satisfaction of performance obligation).



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**4. MATERIAL ACCOUNTING POLICIES (continued)**

**4.13 Revenue (continued)**

*Revenue from IT services*

Revenue from IT services is recognized when the services are rendered to the customers.

*Revenue from Retail services*

Revenue is recognized when there is an implied contract with a customer for the transfer of medical related equipment based on the prices specified.

**4.14 Current versus non – current**

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

***Assets***

An asset as current when it is:

- Expected to be realised or intended to sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

***Liabilities***

A liability is current when:

- Expected to be settled in normal operating cycle;
- Held primarily for the purpose of trading;
- Due to be settled within twelve months after the reporting period; or
- No unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other assets and liabilities are classified as non-current.

**4.15 Initial Public Offering (IPO) Costs**

IPO costs are the costs which are incremental and directly related to the listing of the shares in the financial market. These include but not limited to underwriting fee, sales commission and valuation costs, trading fees, CMA fees, certified public accountants' fees, advertising costs, costs of legal advice and other costs.

IPO costs directly attributable to the issuance of new shares (equity transaction) are deducted from Equity. IPO costs that are not directly attributable to the issuance of new shares, if any, are recognized in as an expense in the period when they are incurred.

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**4. MATERIAL ACCOUNTING POLICIES (continued)**

**4.16 Fair value measurement**

The Group measures financial instruments at fair value at each statement of financial position date. 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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes 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 the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

**5. ACQUISITION OF A SUBSIDIARY**

**Dr. Soliman Fakeeh Hospital Medical Company (“DSFH Riyadh”)**

On 8 August 2022, the Parent Company entered into a Share Purchase and Subscription Agreement (“SPSA”) with the shareholders of the Rana Medical Services Company (subsequently renamed as Dr. Soliman Fakeeh Hospital Medical Company), to acquire 60.56% shareholding.

The Parent Company had made payments aggregating to SR 151.5 million to the shareholders of Rana Medical Services Company of which SR 34 million were in escrow against subsequent payments to be made on the finalization of the transaction value. The Parent Company further subscribed to new shares of Rana Medical Services Company, at par, for an amount of SR 200 million. The acquisition was formalized on 29 October 2022, after requisite regulatory approvals.

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**5. ACQUISITION OF A SUBSIDIARY (continued)**

**Dr. Soliman Fakeeh Hospital Medical Company (“DSFH Riyadh”) (continued)**

The acquisition has been accounted for using the acquisition method under IFRS 3 - *Business Combinations*, and accordingly, the assets acquired and liabilities assumed are recorded at estimated fair values at the acquisition date. The determination of estimated fair values required management to make certain estimates about discount rates, future expected cash flows, market conditions and other future events that are highly subjective in nature and may require adjustments, which can be revisited for up to a year following the acquisition.

The net assets recognized in the consolidated financial statements for the year ended 31 December 2022 were based on a provisional assessment of their fair value while the Group continued its valuation exercise for medical license. The valuation exercise was not completed by the date when the annual 2022 financial statements were approved for issue by the Board of Directors.

The fair value of the net assets acquired from Rana Medical Services Company and the consideration transferred were initially measured on a provisional basis as permitted by IFRS 3, "Business Combination". Pursuant to the completion of the purchase price allocation exercise within the measurement period, the purchase consideration of the acquisition has been allocated to the assets acquired and liabilities assumed using their fair values at the acquisition date and the resulting goodwill is presented below:

	<b><u>29 October 2022</u></b>
Property and equipment and right-of-use assets	695,527,353
Inventories	5,692,285
Prepayments and other non-current assets	14,492,179
Cash and cash equivalents	89,703,900
Lease liabilities	(40,295,045)
Employees' end of service benefits	(4,790,160)
Contractors Payables	(12,420,083)
Account Payables	(34,091,679)
Loans and borrowings	(374,986,747)
Retention payable	(18,232,297)
Accrued and other current liabilities	(3,300,058)
Due to related parties	(1,125,420)
Provisional net assets acquired	<u>316,174,228</u>
<u>Adjustment on finalization of PPA:</u>	
Intangible assets (note 8.4)	26,697,000
Final net assets acquired	<u><u>342,871,228</u></u>

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**5. ACQUISITION OF A SUBSIDIARY (continued)**

**Dr. Soliman Fakeeh Hospital Medical Company (“DSFH Riyadh”) (continued)**

5.1 Finalization of purchase price allocation:

The completion of the Purchase Price Allocation (PPA) and valuation exercise was completed within twelve months from the acquisition date, which has resulted in the following adjustments to previously reported amounts. These have been adjusted in the current period consolidated financial statements as follows:

	<b>Provisional purchase price allocation</b>	<b>Adjustment</b>	<b>Final purchase price allocation</b>
Consideration transferred (Note 5.1.1)	351,471,874	(18,331,884)	333,139,990
Add: NCI Proportion	124,699,116	--	124,699,116
Less: Fair value of identifiable net assets acquired	<u>(316,174,228)</u>	<u>(26,697,000)</u>	<u>(342,871,228)</u>
<b>Goodwill</b>	<b><u>159,996,762</u></b>	<b><u>(45,028,884)</u></b>	<b><u>114,967,878</u></b>

5.1.1 Adjustment to consideration transferred

As part of the consideration transferred SR 34 million had been placed in escrow account, which was subject to the finalization of transaction value. During year ended in December 2023 and within twelve months from the acquisition date, the said consideration was finalized between the shareholders of the Parent Company and selling shareholders, which resulted in receipt of SR 18.3 million to Group from that escrow account, thereby reducing the overall purchase consideration.

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**6. PROPERTY AND EQUIPMENT**

6.1 Reconciliation of carrying amounts:

<u>Cost:</u>	<u>Land</u>	<u>Buildings and leasehold improvements</u>	<u>Medical and support equipment</u>	<u>Furniture and fixtures</u>	<u>Motor vehicles</u>	<u>Office equipment</u>	<u>Computers</u>	<u>Capital work-in-progress</u>	<u>Total</u>
Balance at 1 January 2023	114,762,046	1,096,209,490	537,362,063	134,549,765	16,552,310	37,120,536	83,666,398	157,392,958	2,177,615,566
Additions	176,080,000	7,438,610	34,778,267	4,513,216	6,982,219	1,093,145	16,238,467	125,270,287	372,394,211
Transfer from right-of-use assets	--	--	51,559,232	--	--	--	--	--	51,559,232
Transfers	--	9,300,976	7,408,826	607,065	--	817,170	3,938,442	(22,072,479)	--
Disposals	--	--	(88,160,396)	(59,773,026)	(2,898,642)	(12,208,206)	(1,380,192)	(1,859,654)	(166,280,116)
Balance at 31 December 2023	<u>290,842,046</u>	<u>1,112,949,076</u>	<u>542,947,992</u>	<u>79,897,020</u>	<u>20,635,887</u>	<u>26,822,645</u>	<u>102,463,115</u>	<u>258,731,112</u>	<u>2,435,288,893</u>
<b>Accumulated depreciation:</b>									
Balance at 1 January 2023	--	332,552,012	345,853,301	99,167,891	11,724,901	27,282,929	57,949,244	--	874,530,278
Charge for the year	--	26,308,417	36,468,283	10,015,959	1,674,108	4,522,606	10,185,623	--	89,174,996
Disposals	--	--	(87,763,270)	(59,645,992)	(2,770,712)	(12,097,816)	(1,347,155)	--	(163,624,945)
Balance at 31 December 2023	--	<u>358,860,429</u>	<u>294,558,314</u>	<u>49,537,858</u>	<u>10,628,297</u>	<u>19,707,719</u>	<u>66,787,712</u>	--	<u>800,080,329</u>
<b>Carrying amounts:</b>									
At 31 December 2023	<u>290,842,046</u>	<u>754,088,647</u>	<u>248,389,678</u>	<u>30,359,162</u>	<u>10,007,590</u>	<u>7,114,926</u>	<u>35,675,403</u>	<u>258,731,112</u>	<u>1,635,208,564</u>

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**6. PROPERTY AND EQUIPMENT (continued)**

6.1 Reconciliation of carrying amounts (continued):

<b>Cost:</b>	<b>Land</b>	<b>Buildings and leasehold improvements</b>	<b>Medical and support equipment</b>	<b>Furniture and fixtures</b>	<b>Motor vehicles</b>	<b>Office equipment</b>	<b>Computers</b>	<b>Capital work-in-progress</b>	<b>Total</b>
Balance at 1 January 2022	25,750,046	601,367,894	482,184,264	106,080,868	12,028,816	34,349,365	71,889,070	140,083,122	1,473,733,445
Additions	--	5,395,246	15,613,608	9,504,892	3,702,607	2,671,244	3,641,609	83,071,124	123,600,330
Acquisition through business combination (note 5)	89,012,000	454,050,464	53,889,572	20,496,822	868,887	5,830	7,059,349	4,675,804	630,058,728
Transfers	--	65,000,006	2,144,264	762,449	--	443,808	1,189,360	(69,539,887)	--
Disposals	--	(29,604,120)	(16,469,645)	(2,295,266)	(48,000)	(349,711)	(112,990)	(897,205)	(49,776,937)
Balance at 31 December 2022	<b>114,762,046</b>	<b>1,096,209,490</b>	<b>537,362,063</b>	<b>134,549,765</b>	<b>16,552,310</b>	<b>37,120,536</b>	<b>83,666,398</b>	<b>157,392,958</b>	<b>2,177,615,566</b>
<b>Accumulated depreciation:</b>									
Balance at 1 January 2022	--	324,526,683	335,607,022	92,497,902	10,612,176	23,088,796	47,544,183	--	833,876,762
Charge for the year	--	10,920,543	26,827,383	8,711,767	1,144,643	4,516,552	10,512,225	--	62,633,113
Disposals	--	(2,895,214)	(16,581,104)	(2,041,778)	(31,918)	(322,419)	(107,164)	--	(21,979,597)
Balance at 31 December 2022	--	<b>332,552,012</b>	<b>345,853,301</b>	<b>99,167,891</b>	<b>11,724,901</b>	<b>27,282,929</b>	<b>57,949,244</b>	--	<b>874,530,278</b>
<b>Carrying amounts:</b>									
At 31 December 2022	<b>114,762,046</b>	<b>763,657,478</b>	<b>191,508,762</b>	<b>35,381,874</b>	<b>4,827,409</b>	<b>9,837,607</b>	<b>25,717,154</b>	<b>157,392,958</b>	<b>1,303,085,288</b>

During the year ended 31 December 2023, an amount of SR 5.3 million (2022: SR 1.3 million) was capitalized as borrowing cost.

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**6. PROPERTY AND EQUIPMENT (continued)**

6.2 Depreciation charge for the year is distributed as detailed below:

	<u>2023</u>	<u>2022</u>
Cost of revenue	<b>71,988,551</b>	46,852,531
Administrative expenses	<b>16,177,382</b>	14,841,161
Selling and marketing expenses	<b>1,009,063</b>	939,421
	<u><b>89,174,996</b></u>	<u>62,633,113</u>

**7. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES**

7.1 Right-of-use assets

a) Reconciliation of carrying amounts

	<u>Land</u>	<u>Buildings</u>	<u>Medical equipment</u>	<u>Total</u>
<b>Cost:</b>				
Balance as at 1 January 2022	92,223,851	287,928,764	--	380,152,615
Additions during the year *	117,792,107	14,919,044	--	132,711,151
Acquisition through business combination (note 5)	--	8,820,343	56,648,282	65,468,625
Modifications	--	3,125,835	--	3,125,835
Terminations	--	(64,709,134)	--	(64,709,134)
Balance at 31 December 2022	<u>210,015,958</u>	<u>250,084,852</u>	<u>56,648,282</u>	<u>516,749,092</u>
Additions during the year	11,407,653	113,427,533	--	124,835,186
Modifications ***	98,387,003	14,281,926	--	112,668,929
Transfer to property and equipment **	--	--	(56,648,282)	(56,648,282)
Terminations	--	(18,127,612)	--	(18,127,612)
Balance at 31 December 2023	<u><b>319,810,614</b></u>	<u><b>359,666,699</b></u>	<u>--</u>	<u><b>679,477,313</b></u>
<b>Accumulated depreciation:</b>				
Balance as at 1 January 2022	39,338,547	69,657,774	--	108,996,321
Charge for the year	14,825,867	24,535,970	775,732	40,137,569
Terminations	--	(24,358,334)	--	(24,358,334)
Balance at 31 December 2022	<u>54,164,414</u>	<u>69,835,410</u>	<u>775,732</u>	<u>124,775,556</u>
Charge for the year	17,309,530	29,621,425	4,313,318	51,244,273
Transfer to property and equipment **	--	--	(5,089,050)	(5,089,050)
Terminations	--	(12,688,055)	--	(12,688,055)
Balance at 31 December 2023	<u><b>71,473,944</b></u>	<u><b>86,768,780</b></u>	<u>--</u>	<u><b>158,242,724</b></u>
<b>Carrying amounts:</b>				
<b>At 31 December 2023</b>	<u><b>248,336,670</b></u>	<u><b>272,897,919</b></u>	<u>--</u>	<u><b>521,234,589</b></u>
At 31 December 2022	<u>155,851,544</u>	<u>180,249,442</u>	<u>55,872,550</u>	<u>391,973,536</u>

(\*) Land lease amounting to SR 117 million has been reclassified from buildings to land in comparative to these consolidated financial statements.

(\*\*) The Group has terminated certain leases for DSFH Riyadh, acquiring the underlying medical equipment.

(\*\*\*) Modification represents increase in lease term and rentals of the land and building contract.

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**7. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)**

**7.1 Right-of-use assets (continued)**

b) Depreciation charge for the year has been allocated as follows:

	<u>2023</u>	<u>2022</u>
Costs of revenue	44,304,049	25,152,865
Administrative expenses	4,640,844	13,071,262
Selling and marketing expenses	2,299,380	1,913,442
	<u>51,244,273</u>	<u>40,137,569</u>

**7.2 Lease liabilities**

	<u>2023</u>	<u>2022</u>
Balance as at 1 January	401,484,950	305,721,535
Additions during the year	124,835,186	132,711,151
Acquisition through business combination (note 5)	--	40,295,045
Interest expenses for the year	32,835,521	19,257,890
Modifications	111,039,914	3,677,484
Terminations	(4,214,329)	(53,959,026)
Payments during the year (note 7.5)	(123,018,233)	(46,219,129)
Balance as at 31 December	<u>542,963,009</u>	<u>401,484,950</u>

Lease liabilities are presented in statement of financial positions as follows:

	<u>2023</u>	<u>2022</u>
Non-current portion of lease liabilities	495,866,960	290,503,743
Current portion of lease liabilities	47,096,049	110,981,207
	<u>542,963,009</u>	<u>401,484,950</u>

7.3 Some property leases contain extension options exercisable by the Group before the end of the non-cancellable contract period. The Group assesses at the lease commencement date whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances.

7.4 Expense relating to short-term leases included in cost of revenue, administrative expenses and selling and distribution expenses amounted to SR 18.4 million (2022: SR 12.7 million).

7.5 Includes payment amounting to SR 26.1 million related to the termination of certain leases by DSFH Riyadh, acquiring the underlying medical equipment.



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**7. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)**

7.6 The aging of minimum lease payments together with the present value of minimum lease payments as of December 31 are as follows:

	<u>2023</u>		<u>2022</u>	
	<u>Minimum lease payments</u>	<u>Present value of payments</u>	<u>Minimum lease payments</u>	<u>Present value of payments</u>
Less than one year	78,768,474	47,096,049	130,957,824	110,981,207
One to five years	262,460,166	189,665,305	184,996,699	119,352,709
More than five years	762,921,510	306,201,655	603,223,301	171,151,034
Total	<b>1,104,150,150</b>	<b>542,963,009</b>	<b>919,177,824</b>	<b>401,484,950</b>
Less: financial charges	(561,187,141)	--	(517,692,874)	--
As at the end of year	<b>542,963,009</b>	<b>542,963,009</b>	<b>401,484,950</b>	<b>401,484,950</b>

**8. INTANGIBLE ASSETS AND GOODWILL (revised)**

8.1 Reconciliation of carrying amounts:

	<u>Goodwill</u>	<u>Medical license</u>	<u>Customer relationships</u>	<u>Computer software</u>	<u>Software under development</u>	<u>Total</u>
<b>Cost:</b>						
Balance at 1 January 2023	488,816,378	26,697,000	32,339,000	29,181,969	360,000	577,394,347
Additions	--	--	--	1,156,840	2,959,649	4,116,489
Write-off	--	--	--	--	(360,000)	(360,000)
Balance at 31 December 2023	<b>488,816,378</b>	<b>26,697,000</b>	<b>32,339,000</b>	<b>30,338,809</b>	<b>2,959,649</b>	<b>581,150,836</b>
<b>Accumulated amortization:</b>						
Balance at 1 January 2023	--	444,950	9,497,669	17,983,568	--	27,926,187
Charge for the year	--	2,669,700	2,684,588	3,626,623	--	8,980,911
Balance at 31 December 2023	--	<b>3,114,650</b>	<b>12,182,257</b>	<b>21,610,191</b>	--	<b>36,907,098</b>
<b>Carrying amounts:</b>						
At 31 December 2023	<b>488,816,378</b>	<b>23,582,350</b>	<b>20,156,743</b>	<b>8,728,618</b>	<b>2,959,649</b>	<b>544,243,738</b>

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**8. INTANGIBLE ASSETS AND GOODWILL (revised) (continued)**

8.1 Reconciliation of carrying amounts (continued):

	<u>Goodwill</u>	<u>Medical license</u>	<u>Customer relationships</u>	<u>Computer software</u>	<u>Software under development</u>	<u>Total</u>
<b><u>Cost:</u></b>						
Balance at 1 January 2022	373,848,500	--	32,339,000	28,566,446	1,860,237	436,614,183
Additions during the year	--	--	--	180,192	144,275	324,467
Resulting from acquisition of subsidiary (note 5)	159,996,762	--	--	--	--	159,996,762
Transfers during the year	--	--	--	1,644,512	(1,644,512)	--
Disposals	--	--	--	(1,209,181)	--	(1,209,181)
Balance at 31 December 2022 (as previously reported)	<u>533,845,262</u>	<u>--</u>	<u>32,339,000</u>	<u>29,181,969</u>	<u>360,000</u>	<u>595,726,231</u>
<i>IFRS 3 adjustments:</i>						
Medical license (note 5)	(26,697,000)	26,697,000	--	--	--	--
Adjustment in consideration transferred (note 5.1.1)	(18,331,884)	--	--	--	--	(18,331,884)
Balance at 31 December 2022 (revised)	<u>488,816,378</u>	<u>26,697,000</u>	<u>32,339,000</u>	<u>29,181,969</u>	<u>360,000</u>	<u>577,394,347</u>
<b><u>Accumulated amortization:</u></b>						
Balance at 1 January 2022	--	--	7,454,140	14,313,191	--	21,767,331
Charge for the year	--	444,950	2,043,529	4,092,788	--	6,581,267
Disposals	--	--	--	(422,411)	--	(422,411)
Balance at 31 December 2022	<u>--</u>	<u>444,950</u>	<u>9,497,669</u>	<u>17,983,568</u>	<u>--</u>	<u>27,926,187</u>
<b><u>Carrying amounts:</u></b>						
At 31 December 2022	<u>488,816,378</u>	<u>26,252,050</u>	<u>22,841,331</u>	<u>11,198,401</u>	<u>360,000</u>	<u>549,468,160</u>

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**8. INTANGIBLE ASSETS AND GOODWILL (revised) (continued)**

8.2 Amortization charge for the year is distributed as detailed below:

	<u>2023</u>	<u>2022</u>
Cost of revenue	7,538,476	4,846,055
Administrative expenses	1,442,435	1,735,212
	<u>8,980,911</u>	<u>6,581,267</u>

8.3 During the year ended year ended 31 December 2023 and within the twelve months period from the acquisition date, the Group completed the Purchase Price Allocation (PPA) exercise pertaining to the acquisition of DSFH Riyadh. Accordingly, acquisition consideration paid amounting to SR 333.1 million has been allocated to net assets of SR 191.4 million, goodwill of SR 115 million and medical licenses as intangible asset of SR 26.7 million.

The value of medical license has been determined based on the relief-from-royalty approach employed and the management has estimated the fair value of the medical licenses to be SR 26.7 million to be amortized over 10 years.

8.4 The fair value of the net assets acquired from DSFH-Riyadh were initially measured on a provisional basis as permitted by IFRS 3, "Business Combination". Pursuant to the completion of the purchase price allocation exercise within the measurement period (i.e. within twelve months from the acquisition date), the provisional fair values at which the net assets were acquired from DSFH-Riyadh are finalized and accordingly revised in the comparative to these consolidated financial statements.

8.5 For the purpose of impairment testing of goodwill, management has identified the entire business of Saudi Airlines Company for Medical Services and Dr. Soliman Fakeeh Hospital Medical Company as a Cash Generating Unit ("CGU").

The recoverable amount of this CGU was estimated using discounted cash flows. Value in use is based on the estimated future cash flows based on 5 year management's approved plan, discounted to their present value using the growth rates, applicable discount rates and a terminal value percentages. The key assumptions used in the estimation of the recoverable amount are set out below. The values assigned to the key assumptions represent management's assessment of future trends in the relevant industry and have been based on historical data from both external and internal sources.

<u>In percent</u>	<u>2023</u>	<u>2022</u>
<u>DSFH Riyadh</u>		
Discount rate	10%	--
Terminal value growth rate	2.20%	--
<u>SMS</u>		
Discount rate	10%	10.53%
Terminal value growth rate	1.50%	1.50%

The discount rate is estimated based on the historical industry average weighted-average cost of capital, with no possible debt leveraging based on historical trends and future plans of financing the business.

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**8. INTANGIBLE ASSETS AND GOODWILL (revised) (continued)**

SMS:

The estimated recoverable amount of the CGU exceeded its carrying amount by approximately SR 240 million (2022: SR 191 million). Management has identified that a reasonably possible change in any of the key assumptions could cause the carrying amount to exceed the recoverable amount. The assumptions of discount rate would need to change individually by 3.2% (2022: 2.89%) for the estimated recoverable amount to be equal to the carrying amount.

DSFH Riyadh:

The estimated recoverable amount of the CGU exceeded its carrying amount by approximately SR 28.7 million (N/A). Management has identified that a reasonably possible change in any of the key assumptions could cause the carrying amount to exceed the recoverable amount. The assumptions of discount rate would need to change individually by 0.79% (N/A) for the estimated recoverable amount to be equal to the carrying amount.

**9. PREPAYMENTS AND OTHER NON-CURRENT ASSETS**

	<u>2023</u>	<u>2022</u>
Long-term advances to suppliers	41,608,707	28,420,145
Prepaid employee benefits	6,457,106	--
Loan arrangement fee – non-current	1,145,345	2,485,543
	<u>49,211,158</u>	<u>30,905,688</u>

**10. OTHER LONG-TERM RECEIVABLES**

	<u>2023</u>	<u>2022</u>
Long-term loans to a related party (notes 18.1 and 25)	--	1,336,666,062
Non-current portion of receivables under DAAM Program	93,327,252	80,288,472
	<u>93,327,252</u>	<u>1,416,954,534</u>

10.1 This represents long-term loans provided to Fakeeh Academic Medical Center - Dubai which has been repaid during the year ended 31 December 2023. Finance income under effective interest method amounting to SR 38.2 million (2022: SR 24.9 million) has been recognised as finance income during the year.

**11. INVENTORIES**

	<u>2023</u>	<u>2022</u>
Medicines, medical supplies and consumables	144,066,316	117,106,913
Optical and related accessories	21,567,171	17,414,996
	<u>165,633,487</u>	<u>134,521,909</u>
Less: Write-down of inventories	(2,512,969)	(3,059,145)
	<u>163,120,518</u>	<u>131,462,764</u>

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**11. INVENTORIES (continued)**

In accordance with the terms of the supplier's agreement, the Group is entitled to return the nearing expiry products to the supplier.

11.1 During the year ended 2023, consumables recognized as cost of sales amounted to SR 604 million (2022: SR 508 million).

**12. ACCOUNTS AND OTHER RECEIVABLES**

	<u>2023</u>	<u>2022</u>
Trade receivables	851,003,721	864,792,915
Trade receivables - related parties (note 25)	<u>28,861,862</u>	<u>37,678,504</u>
	879,865,583	902,471,419
Less: allowance for impairment losses	<u>(134,169,037)</u>	<u>(133,378,174)</u>
	<u>745,696,546</u>	<u>769,093,245</u>

All accounts receivables are unsecured and it is not the practice of the Group to obtain collaterals. Before accepting any customer, the management of the Group evaluates the credit quality of potential customers individually and defines maximum credit period and credit limits. The Group, based on its historical experience and collection trends, current market conditions and expected future cash flows, creates an allowance for doubtful debts against its accounts receivables.

The net unimpaired accounts receivables include amount of SR 114 million (2022: SR 78.3 million) due from government and quasi government institutions from which SR 62 million (2022: SR 32 million) remains outstanding for more than the credit period normally granted to trade customers.

12.1 The movement of allowance for expected credit losses is as follows:

	<u>2023</u>	<u>2022</u>
Balance at beginning of the year	133,378,174	120,598,172
Provision for expected credit loss during the year	11,345,180	20,963,814
Written-off during the year	<u>(10,554,317)</u>	<u>(8,183,812)</u>
Balance at end of the year	<u>134,169,037</u>	<u>133,378,174</u>

12.2 The contract asset primarily relates to operating project contract with customers.

**13. PREPAYMENTS AND OTHER CURRENT ASSETS**

	<u>2023</u>	<u>2022</u>
Advances to suppliers	60,550,390	57,965,889
Prepayments	40,781,816	46,504,405
VAT receivable – net	29,863,909	21,823,556
Due from related parties (note 25)	14,434,036	1,643,731
Advances to employees	2,191,130	1,145,542
Margin against letter of credits and guarantees	598,119	150,000
Others	<u>14,570,342</u>	<u>16,363,811</u>
	<u>162,989,742</u>	<u>145,596,934</u>

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**14. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents include cash and bank balances.

	<u>2023</u>	<u>2022</u>
Cash in hand	1,501,738	1,338,262
Short-term deposits (note 14.1)	116,500,000	170,000,000
Cash at banks - current accounts	96,294,018	145,423,761
	<u>214,295,756</u>	<u>316,762,023</u>

At each reporting date, all bank balances are assessed to have low credit risk as they are held with reputable and high credit rating domestic banking institutions and there has been no history of default with any of the Group's bank balances. Therefore, the probability of default based on forward-looking factors and any loss given defaults are considered to be negligible.

14.1 Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

**15. SHARE CAPITAL**

The shareholding of the Group is as follows:

	<u>Nationality / country of incorporation</u>	<u>No. of shares of SR 1 each</u>	No. of shares of SR 10 each	<u>Amount (SR)</u>	
				<u>As at 31 December</u>	
				<u>2023</u>	<u>2022</u>
Dr. Mazen Soliman Abdel Kader Fakeeh	Saudi	79,984,000	3,999,200	79,984,000	39,992,000
Mr. Ammar Soliman Abdel Kader Fakeeh	Saudi	79,984,000	3,999,200	79,984,000	39,992,000
Dr. Manal Soliman Abdel Kader Fakeeh	Saudi	39,992,000	1,999,600	39,992,000	19,996,000
Fakeeh Real Estate Company Limited (A Saudi Limited Liability Company)	Kingdom of Saudi Arabia	20,000	1,000	20,000	10,000
Al Solimania United Company Limited (A Saudi Limited Liability Company)	Kingdom of Saudi Arabia	20,000	1,000	20,000	10,000
		<u>200,000,000</u>	<u>10,000,000</u>	<u>200,000,000</u>	<u>100,000,000</u>

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**15. SHARE CAPITAL (continued)**

15.1 The Parent Company's shareholders in Extraordinary General Assembly Meeting held on 12 Rabi Al Awwal 1445H (corresponding to 27 September 2023), approved amendments to its by-laws including an increase in share capital of SR 100 million through a transfer from the retained earnings (SR 50 million) and statutory reserve (SR 50 million). Accordingly, the share capital of the Parent Company was increased from SR 100 million to SR 200 million and the nominal value per share was reduced from SR 10 per share to SR 1 per share, while maintaining the same ownership percentages of each shareholder of the Parent Company.

Accordingly, revised shareholding structure of the Parent Company is as follows:

	<u>No. of shares</u>	<u>Amount</u>
Dr. Mazen Soliman Abdel Kader Fakeeh	79,984,000	79,984,000
Mr. Ammar Soliman Abdel Kader Fakeeh	79,984,000	79,984,000
Dr. Manal Soliman Abdel Kader Fakeeh	39,992,000	39,992,000
Fakeeh Real Estate Company Limited (A Saudi Limited Liability Company)	20,000	20,000
Al Solimania United Company Limited (A Saudi Limited Liability Company)	20,000	20,000
	<u>200,000,000</u>	<u>200,000,000</u>

15.2 The shareholders approved annual dividend amounting to SR 50 million for the year ended 31 December 2022 (SR 35 million for the year ended 31 December 2021) in the annual general meeting held on 20 June 2023.

15.3 The shareholders took into consideration the repayment of the long-term loans previously provided to Fakeeh Academic Medical Center amounted to SR 1.4 billion in September 2023 (Note 10.1) and approved a one-off extraordinary dividend amounting to SR 1.1 billion in the Extraordinary General Assembly meeting held on 27 September 2023.

15.4 The Parent Company has paid total dividends of SR 1,150 million during the year ended 31 December 2023 (31 December 2022: SR 35 million).

**16. STATUTORY RESERVE**

The statutory reserve appearing in comparative of these consolidated financial statements pertains to the Parent Company and was required as per the previous Companies' Law. This reserve could be utilized for the benefit of the Parent Company or its shareholders. Through resolution passed in Extra Ordinary General Assembly meeting held on 27 September 2023, the shareholders approved the transfer of statutory reserve amounting to SR 50 million to share capital of the Parent Company (note 15). In accordance with the Parent Company's amended by-laws, it is not required to set aside the statutory reserve.

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**17. NON-CONTROLLING INTERESTS**

The following table summarizes the information relating to each of the Group's subsidiaries that has material NCI, before any intra-group eliminations:

<b>31 December 2023</b>	<b>Fakeeh Tech</b>	<b>Al-Farabi</b>	<b>FMH</b>	<b>FCMS</b>	<b>Al-Toor</b>	<b>Al-Faraj</b>	<b>SMS</b>	<b>DSFH Rivadh</b>	<b>Total</b>
<b>NCI percentage</b>	<b>30%</b>	<b>30%</b>	<b>10%</b>	<b>20%</b>	<b>49%</b>	<b>10.18%</b>	<b>25%</b>	<b>39.44%</b>	
Non-current assets	9,215,545	303,119	--	59,335,770	201,123,677	--	255,170,998	667,997,166	
Current assets	6,813,616	26,205,892	1,000,000	95,639,868	4,310,424	752,886	274,920,126	64,946,411	
Non-current liabilities	(894,572)	(17,635,306)	--	(16,796,411)	(218,646)	--	(125,148,233)	(380,394,743)	
Current liabilities	(9,017,889)	(4,322,797)	(453,731)	(78,042,803)	(17,844,702)	(356,332)	(57,906,914)	(247,777,016)	
<b>Net assets (100%)</b>	<b>6,116,700</b>	<b>4,550,908</b>	<b>546,269</b>	<b>60,136,424</b>	<b>187,370,753</b>	<b>396,554</b>	<b>347,035,977</b>	<b>104,771,818</b>	
<b>Net assets</b>	<b>1,835,010</b>	<b>1,365,272</b>	<b>54,627</b>	<b>12,027,285</b>	<b>91,811,669</b>	<b>40,369</b>	<b>86,758,994</b>	<b>41,326,738</b>	<b>235,219,964</b>
attributable to NCI	15,819,324	44,519,773	--	99,126,223	--	--	320,441,588	70,299,302	
Revenue	3,776,206	4,690,336	(172,220)	21,695,525	(2,294,230)	--	73,241,118	(181,599,951)	
Profit / (loss)	(83,259)	(1,014,084)	--	(922,524)	(39,581)	--	2,191,940	(603,639)	
Other comprehensive income ("OCI")									
<b>Total comprehensive income/(loss) (100%)</b>	<b>3,692,947</b>	<b>3,676,252</b>	<b>(172,220)</b>	<b>20,773,001</b>	<b>(2,333,811)</b>	<b>--</b>	<b>75,433,058</b>	<b>(182,203,590)</b>	<b>(81,134,363)</b>
Profit / (loss) allocated to NCI	1,132,862	1,407,101	(17,222)	4,339,105	(1,124,173)	--	18,310,280	(71,623,021)	(47,575,068)
Other comprehensive income / (loss) allocated to NCI	(24,978)	(304,225)	--	(184,505)	(19,395)	--	547,985	(238,075)	(223,193)



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**17. NON-CONTROLLING INTERESTS (continued)**

<b>31 December 2022</b>	<b>Fakeeh Tech</b>	<b>AL-Farabi</b>	<b>FMH</b>	<b>FMCS</b>	<b>AL-Toor</b>	<b>AL-Farai</b>	<b>SMS</b>	<b>DSFH Rivadh</b>	<b>Total</b>
<b>NCI percentage</b>	<b>30%</b>	<b>30%</b>	<b>10%</b>	<b>20%</b>	<b>49%</b>	<b>10.18%</b>	<b>25%</b>	<b>39.44%</b>	
Non-current assets	7,711,181	--	495,000	61,076,816	88,405,002	--	141,319,630	692,685,461	
Current assets	17,234,154	33,276,655	1,000,000	87,226,067	44,166,786	758,986	348,986,475	80,885,789	
Non-current liabilities	(790,302)	(17,859,631)	--	(10,265,503)	(88,701)	--	(134,857,406)	(400,830,255)	
Current liabilities	(21,834,319)	(4,438,569)	(924,085)	(71,022,311)	(7,933,525)	(349,941)	(83,846,782)	(85,787,139)	
<b>Net assets (100%)</b>	<b>2,320,714</b>	<b>10,978,455</b>	<b>570,915</b>	<b>67,015,069</b>	<b>124,549,562</b>	<b>409,045</b>	<b>271,601,917</b>	<b>286,953,856</b>	
<b>Net assets attributable to NCI</b>	<b>696,214</b>	<b>3,293,537</b>	<b>57,092</b>	<b>13,403,014</b>	<b>61,029,285</b>	<b>483</b>	<b>67,900,479</b>	<b>113,225,546</b>	<b>259,605,650</b>
Revenue	11,111,226	32,023,537	--	87,691,525	--	--	307,514,281	2,239,591	
Profit / (loss)	(1,058,867)	(268,606)	(44,129)	15,580,344	(3,345,706)	(90,955)	57,560,631	(28,113,063)	
Other comprehensive income ("OCI")	--	--	--	(474,470)	--	--	1,401,605	(1,071,284)	
<b>Total comprehensive income/(loss) (100%)</b>	<b>(1,058,867)</b>	<b>(268,606)</b>	<b>(44,129)</b>	<b>15,105,874</b>	<b>(3,345,706)</b>	<b>(90,955)</b>	<b>58,962,236</b>	<b>(29,184,347)</b>	<b>40,075,500</b>
Profit/(loss) allocated to NCI	<b>(317,660)</b>	<b>(80,582)</b>	<b>(4,413)</b>	<b>3,116,069</b>	<b>(1,639,396)</b>	<b>(9,259)</b>	<b>14,390,158</b>	<b>(11,087,792)</b>	<b>4,367,125</b>
Other comprehensive income / (loss) allocated to NCI	--	--	--	<b>(94,894)</b>	--	--	<b>350,401</b>	<b>(422,514)</b>	<b>(167,007)</b>

**17.1 Additional contribution**

During the year, the NCI in subsidiary has made an additional contribution in Al-Toor amounting to SR 32.6 million (2022: SR 20.5 million).

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**18. LOANS AND BORROWINGS**

	<u>2023</u>	<u>2022</u>
Balance at beginning of the year	1,848,002,440	888,219,246
Acquisition through business combination (note 18.1 (ii) and note 5)	--	374,986,747
Loans obtained during the year	2,195,195,259	978,776,447
Payments made during the year	<u>(2,322,272,006)</u>	<u>(393,980,000)</u>
Balance at end of the year	<u>1,720,925,693</u>	<u>1,848,002,440</u>

**18.1 Long-term loans**

	<u>2023</u>	<u>2022</u>
Long-term loans	1,226,930,000	1,293,982,498
Current portion of Long-term loans	<u>(30,485,000)</u>	<u>(41,849,950)</u>
<b>Non-current portion of Long-term loans</b>	<u>1,196,445,000</u>	<u>1,252,132,548</u>

- i) The Group had a long-term loan facility of SR 1.1 billion as at 31 December 2022 from a commercial bank for new investments and capital projects out of which the Group had utilized SR 918.9 million as at 31 December 2022. During the year ended 31 December 2023, the Group has settled the utilized amount, and accordingly the balance is SR Nil as at 31 December 2023.
- ii) The Group had a long-term facility of SR 375 million as at 31 December 2022, from a commercial bank for capital projects, which had been fully utilized as at 31 December 2022. During 2023, the Group has settled all the utilized amount. The loan carried interest at prevailing market interest rates and was secured against the mortgage of the hospital land.
- iii) During the year, the Group obtained a new long-term facility of SR 370 million for the purpose of repaying the long-term loan mentioned in point (ii) above, from a commercial bank for capital projects, which has been fully utilized as of 31 December 2023. The loan carries interest at prevailing market rates and is secured against the mortgage of the hospital land.
- iv) The Group has long term facilities of SR 1.4 billion as at 31 December 2023 (31 December 2022: SR 755 million) from commercial banks for new investments and capital projects, out of which the Group has utilised SR 856.9 million as at 31 December 2023 (31 December 2022: SR Nil). The loan carry interest at prevailing market interest rates.

The facility agreements with the commercial banks contain financial covenants, which require the Group to maintain certain leverage ratios, which are complied by the Group as at December 2023.

**18.2 Short term loans**

The short-term loans primarily comprise of:

- i) A short-term loan facility of SR 300 million (2022: SR 600 million) from commercial bank for working capital requirements, of which the Group has utilised SR 278 million as at 31 December 2023 (2022: SR 554 million). The loan carry interest at prevailing market interest rates.

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**18. LOANS AND BORROWINGS (continued)**

**18.2 Short term loans (continued)**

ii) A short-term loan facility of SR 230 million as at 31 December 2023 (31 December 2022: SR 230 million) from a commercial bank for working capital requirements, out of which the Group has utilised SR 95 million as at 31 December 2023 (31 December 2022: SR Nil). The loan carry interest at prevailing market interest rates.

iii) A short-term loan facility of SR 400 million as at 31 December 2023 (31 December 2022: SR Nil) from a commercial bank for working capital requirements, out of which the Group has utilised SR 121 million as at 31 December 2023 (31 December 2022: SR Nil). The loan carry interest at prevailing market interest rates.

**19. EMPLOYEES' END OF SERVICE BENEFITS**

The Group operates an approved unfunded employees' end of service benefits scheme and ex-gratia benefits for its permanent employees. The present value of total employee benefits liability recognized in the statement of financial position is determined as follows:

	<u>2023</u>	<u>2022</u>
Present value of net defined benefit liability	<u>219,013,090</u>	<u>205,759,274</u>

***Movement in net defined benefit liability***

The movement in the present value of net defined benefit liability over the year is as follows:

	<u>2023</u>	<u>2022</u>
Balance at beginning of the year	205,759,274	189,161,806
Acquisition through business combination (note 5)	--	4,790,160
<i>Included in profit or loss:</i>		
Current service costs	<b>31,683,791</b>	24,485,111
Interest costs	<b>1,789,551</b>	3,182,407
	<b>33,473,342</b>	27,667,518
<i>Included in other comprehensive income:</i>		
Re-measurement loss / (gain) arising from:		
- Financial assumptions	<b>547,461</b>	6,586,510
- Demographic assumptions	<b>415,418</b>	(148,067)
- Experience adjustments	<b>6,238,730</b>	638,242
	<b>7,201,609</b>	7,076,685
Other adjustments	--	(2,808,343)
Benefits paid	<b>(27,421,135)</b>	(20,128,552)
Balance at end of the year	<u><b>219,013,090</b></u>	<u>205,759,274</u>

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**19. EMPLOYEES' END OF SERVICE BENEFITS (continued)**

**Actuarial assumptions**

The main financial assumptions used to calculate the indicative defined benefit liabilities are as follows:

	<u>2023</u>	<u>2022</u>
<b><u>Actuarial assumptions</u></b>		
Discount rate	4.63%	4.10%
Future salary growth	3.41%	2.50%
Retirement age	60 years	60 years

The sensitivity of defined benefit obligation to changes in the weighted principal assumptions is as follows:

<b><u>31 December 2023</u></b>	<b>Impact on defined benefit obligation (Increase) / decrease in actual figures</b>		
	<b><u>Change in assumption by</u></b>	<b><u>Increase in assumption by</u></b>	<b><u>Decrease in assumption by</u></b>
<b><i>Financial assumptions</i></b>			
Discount rate	1%	30,512,286	31,697,915
Future salary growth / Expected rate of salary increase	1%	4,853,077	5,956,997

<b><u>31 December 2022</u></b>	<b>Impact on defined benefit obligation (Increase) / decrease in actual figures</b>		
	<b><u>Change in assumption by</u></b>	<b><u>Increase in assumption by</u></b>	<b><u>Decrease in assumption by</u></b>
<b><i>Financial assumptions</i></b>			
Discount rate	1%	10,282,214	(11,579,792)
Future salary growth / Expected rate of salary increase	1%	(12,614,226)	11,393,956

The weighted average duration of the defined benefit obligation ranges from 5.73 to 9.13 years (2022: from 5.73 to 9.13 years).

During the year ended 31 December 2023, an independent actuarial exercise has been conducted to ensure the adequacy of provision for employees' end of service benefits and ex-gratia benefits in accordance with the rules stated under the Saudi Arabian Labor and Workmen Law by using the Projected Unit Credit Method as required under IAS 19.

The Group expects to pay SR 21.1 million (2022: SR 21 million) in contributions to its defined benefit plans in 2024.

The defined benefit plan is exposed to a number of actuarial risks, the most significant of which are final salary risk, discount / interest rate fluctuation risk, longevity risk, currency risk and inflation risk.

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**20. ACCRUED AND OTHER CURRENT LIABILITIES**

	<u>2023</u>	<u>2022</u>
Accrued expenses	84,111,632	101,375,816
Deferred income (note 20.2)	71,523,038	60,243,289
Accrued financial charges	30,910,127	19,827,604
Accrued portal charges	1,403,432	--
Due to related parties (note 25)	256,901	4,870,055
Advance from customers	--	2,393,579
Other payables (note 20.1)	5,761,666	20,627,569
	<u>193,966,796</u>	<u>209,337,912</u>

20.1 Other payables include charity, employee deductions and other non-trade liabilities.

20.2 The movement of deferred income is as follows:

	<u>2023</u>	<u>2022</u>
Balance at beginning of the year	60,243,289	18,596,603
Additions during the year	110,687,925	132,338,211
Revenue earned during the year	<u>(99,408,176)</u>	<u>(90,691,525)</u>
Balance at end of the year	<u>71,523,038</u>	<u>60,243,289</u>

**21. ZAKAT**

**a) Charge for the year:**

Zakat included in the statement of profit or loss and other comprehensive income are comprised of the following:

	<u>2023</u>	<u>2022</u>
Current year	22,689,988	20,439,741
	<u>22,689,988</u>	<u>20,439,741</u>

**b) The movement in the accrual for Zakat is as follows:**

	<u>2023</u>	<u>2022</u>
Balance at beginning of the year	17,176,450	12,402,602
Charge for current year	22,689,988	20,439,741
Payments during the year	<u>(15,408,770)</u>	<u>(15,665,893)</u>
Balance at end of the year	<u>24,457,668</u>	<u>17,176,450</u>

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**21. ZAKAT (continued)**

**c) Status of final assessments**

*Dr. Soliman Abdel Kader Fakeeh Hospital Company*

The Company filed its Zakat returns for the years ended December 31, 2019 to 2022 and obtained an unrestricted Zakat certificate for the year ended 31 December 2022. The ZATCA did not issue the Zakat assessment for the said years till to date. The Company filed its Zakat return for the year ended December 31, 2018. The ZATCA issued the assessment for the year 2018, which has shown Zakat differences of SR 1.5 million due from the Company. The Company objected against the said assessment. The ZATCA rejected the Company's objection for the year 2018. The Company escalated the objection to the Committee for Resolution of Zakat, Tax, and Customs Violations and Disputes (CRTVD). The CRTVD rejected the Company's objection. The Company filed an appeal against the above mentioned CRTVD decision at the Appellate Committee for Zakat, Tax, and Customs Violations and Disputes Resolution (ACTVDR), which is still under study by the ACTVDR till December 31, 2023. The Company finalized its Zakat status up to the year 2017.

*Al Farabi Special Healthcare Company Limited*

The Subsidiary filed its Zakat returns for the years ended December 31, 2020 to 2022 and obtained an unrestricted Zakat certificate for the year ended December 31, 2022. The Subsidiary filed its Zakat return from the year ended December 31, 2018. The ZATCA did not issue any assessment for the said year. The ZATCA did not issue the Zakat assessment for the said years till to date.

*Dr. Soliman Qader Fakeeh Information Technology Company*

The Subsidiary filed its Zakat returns from the years ended December 31, 2018 to 2022. The Subsidiary obtained an unrestricted Zakat certificate for the year ended December 31, 2022. The ZATCA did not issue any assessment for the said years till to date.

*Dr. Soliman Abdel Kader Fakeeh Family Medicine Centers*

The Subsidiary filed its Zakat returns from the years ended December 31, 2017 to 2022. The Subsidiary obtained an unrestricted Zakat certificate for the year ended December 31, 2022. The ZATCA did not issue any assessment for the said years till to date.

*Dr. Mazen Fakeeh Complementary Health Care Company Limited*

Dr. Mazen Fakeeh Complimentary Health Care Company Limited has filed its Zakat returns for the years ended December 31, 2018 to 2022. The Subsidiary obtained an unrestricted Zakat certificate for the year 2022. The ZATCA did not issue any assessment for the said years. The Subsidiary Company filed its Zakat return for the years ended from December 31, 2015 to 2017. The ZATCA issued the assessment for the said years. The Subsidiary Company objected against the said assessment. The ZATCA rejected the Company's objection for the said years. The Subsidiary Company escalated the objection to the Committee for Resolution of Zakat, Tax, and Customs Violations and Disputes (CRTVD). The CRTVD rejected the Subsidiary Company's objection. The Subsidiary Company filed an appeal against the above mentioned CRTVD decision at the Appellate Committee for Zakat, Tax, and Customs Violations and Disputes Resolution (ACTVDR). The ACTVDR issued its decision and rejected the Company's appeal. The Subsidiary Company is in the process of settling the Zakat differences.

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**21. ZAKAT (continued)**

**c) Status of final assessments (continued)**

*Dr. Soliman Abdel Kader Fakeeh Medical Education Company Limited*

The Subsidiary filed its Zakat returns for the years ended December 31, 2021 and 2022 and obtained an unrestricted Zakat certificate for the year ended December 31, 2022. The ZATCA did not issue the Zakat assessment for the said years till to date. The Subsidiary finalized its Zakat status for the year ended December 31, 2020.

*Al Toor Medical Services*

The Subsidiary filed its Zakat return the year ended December 31, 2022. The Subsidiary obtained an unrestricted Zakat certificate for the year ended December 31, 2022. The ZATCA did not issue any assessment for the said year till to date. The Subsidiary finalized its Zakat status for the year ended December 31, 2021. The ZATCA did not issue any assessment for the said years till to date.

*Al Faraj Pharmaceutical Medical Company*

The Subsidiary filed its Zakat returns up to the year ended December 31, 2022. The Subsidiary obtained an unrestricted Zakat certificate for the year ended December 31, 2022. The ZATCA did not issue any assessment for the said years till to date.

*Golden Union Company Limited*

The Subsidiary filed its Zakat returns up to the year ended December 31, 2022. The Subsidiary obtained an unrestricted Zakat certificate for the year ended December 31, 2022. The ZATCA did not issue any assessment for the said year till to date.

*Saudi Airlines Company for Medical Services*

Saudi Airlines Company for Medical Services has filed its Zakat return till the year 2022 and obtained an unrestricted Zakat certificate. The management of SMS believes that Saudi Airlines Company for Medical Services was exempt from Zakat till 31 December 2018 in accordance with the regulations of the ZATCA in the Kingdom of Saudi Arabia, since it was owned by Saudi Arabian Airlines Corporation ("Saudi") as of 31 December 2018, therefore no Zakat provision was made up to the end of year 2018. However, upon the change in the shareholding in 2019, SMS is 75% owned by Dr. Soliman Abdul Kader Fakeeh Hospital Company and 25% owned by Saudia. Accordingly, SMS is now subject to Zakat. The ZATCA did not issue any assessment till to date.

*Dr. Soliman Fakeeh Hospital Medical Company*

The Dr. Soliman Abdel Kader Fakeeh Company Riyadh Company filed its Zakat returns up to the year ended December 31, 2022. The Company obtained an unrestricted Zakat certificate for the year 2022. The ZATCA did not issue any assessment for the Company till to-date.

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**22. REVENUE**

*Disaggregation of revenue from contracts with customers*

In the following table, revenue from contracts with customers is disaggregated by major service lines and timing of revenue recognition, all revenue is primarily generated in the Kingdom of Saudi Arabia:

	<u>2023</u>	<u>2022</u>
Revenue from Health care operations	2,125,452,596	1,817,068,913
Revenue from Medical related services	99,179,307	99,143,927
Revenue from Education services	94,168,832	87,691,525
Revenue from IT services	7,887,032	8,486,225
	<u>2,326,687,767</u>	<u>2,012,390,590</u>
<i>Timing of revenue recognition</i>		
Point in time	1,442,458,258	1,084,522,784
Over time	884,229,509	927,867,806
<b>Revenue from contracts with customers</b>	<u>2,326,687,767</u>	<u>2,012,390,590</u>

**23. EXPENSES BY NATURE**

	<u>2023</u>	<u>2022</u>
Salaries and related benefits	1,008,760,297	794,952,866
Materials and consumables	604,144,856	507,630,493
Depreciation of property and equipment	89,174,996	62,633,113
Depreciation of right-of-use assets	51,244,273	40,137,569
Insurance	41,198,910	33,534,553
Repair and maintenance	34,774,505	25,073,760
Advertising and publicity	31,716,966	15,538,319
Rent	18,433,252	12,674,433
Amortisation	8,980,911	6,581,267
Other expenses	114,074,508	122,977,199
	<u>2,002,503,474</u>	<u>1,621,733,572</u>

23.1 Other expenses mainly pertain to utilities, IT and communication, printing and stationaries, food and beverages.

**24. FINANCE COSTS**

	<u>2023</u>	<u>2022</u>
Interest expenses - loan	89,314,725	36,681,318
Interest expense - lease liabilities	32,835,521	19,257,890
	<u>122,150,246</u>	<u>55,939,208</u>



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**25. RELATED PARTY TRANSACTIONS AND BALANCES**

The Group, in the normal course of business, enters into transactions with other entities that fall within the definition of a related party contained in International Accounting Standard 24. Related parties comprise of the shareholders of the Group, being parent Companies, their subsidiaries and associates, and other companies with common directorship with significant influence on other companies and key management personnel. Transactions with related parties arise mainly from goods/services received and various business arrangements undertaken at approved contractual terms.

**Transactions with key management personnel**

***Key management personnel compensation***

- a) Key management personnel and board of directors remuneration and compensation comprised of the following:

	<u>2023</u>	<u>2022</u>
Short-term employee benefits	<b>23,421,821</b>	22,512,470
Board of Directors' and related committee remuneration	<b>1,568,261</b>	1,515,987
Post-employment benefits	<b>985,663</b>	248,987
	<b><u>25,975,745</u></b>	<u>24,277,444</u>

- b) Related party relationships

<u>Name</u>	<u>Relationship</u>
<i>Entities with joint control of, or significant influence over, the entity</i>	
Fakeeh Academic Medical Centre – Dubai	Under common ownership of the Group's shareholder
Maabar Rehabilitation Centre	Under common ownership of the Group's shareholder
Fakeeh Real Estate Company Limited	Shareholder and under common ownership of the Group's shareholder
Al Solimania United Company Limited	Shareholder and under common ownership of the Group's shareholder
<i>The parent</i>	
Dr. Mazen Soliman Abdel Kader Fakeeh	Shareholder and President
Mr. Ammar Soliman Abdel Kader Fakeeh	Shareholder
Dr. Manal Soliman Abdel Kader Fakeeh	Shareholder
<i>Other related parties</i>	
Ms. Mai Soliman Fakeeh	Close family member
Mr. Abdulelah Fakeeh	Close family member
Dr. Majed Fakeeh	Close family member
Saudi Arabian Airlines Corporation Group*	Non - controlling Shareholder and its subsidiaries

(\* Saudi Airlines Corporation is considered an affiliate of the Group in accordance with the Corporate Governance Regulations.

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**25. RELATED PARTY TRANSACTIONS AND BALANCES (continued)**

c) Related party transactions

<u>Name</u>	<u>Nature of transactions</u>	<u>Amount of transactions</u>	
		<u>2023</u>	<u>2022</u>
Fakeeh Academic Medical Centre – Dubai	Interest income	<b>38,209,074</b>	24,880,850
	Loan disbursement	<b>133,003,978</b>	248,337,951
	Loan receipt	<b>1,470,722,435</b>	--
Saudi Arabian Airlines Corporation Group	Revenue	<b>33,216,549</b>	45,093,676
	Expenses incurred on behalf of the related party	<b>10,136,891</b>	2,984,957
Fakeeh Real Estate Company Limited	Expenses incurred on behalf of the related party	--	20,217
Maabar Rehabilitation Centre	Payments made on behalf of affiliate	--	702,754
Al Solimania United Company Limited	Expenses incurred on behalf of the Company	--	6,725
Dr. Mazen Soliman Abdel Kader Fakeeh	Lease rentals*	<b>10,129,036</b>	8,905,558
Mr. Ammar Soliman Abdel Kader Fakeeh	Lease rentals*	<b>10,129,036</b>	8,905,558
Dr. Manal Soliman Abdel Kader Fakeeh	Lease rentals*	<b>5,064,518</b>	4,452,779
Fakeeh Academic Medical Centre – Dubai	Services received	--	3,614,100

(\* ) During year ended 2023, the Group has modified lease arrangements with the shareholders of the Parent Company with increase in lease term and rentals of the land and building contracts.

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**25. RELATED PARTY TRANSACTIONS AND BALANCES (continued)**

d) Related party balances

<u>Name</u>	<u>Closing balance</u>	
	<u>2023</u>	<u>2022</u>
<b><u>Due from related parties –other long-term receivables (non-current)</u></b>		
Fakeeh Academic Medical Centre – Dubai	--	1,336,666,062
<b><u>Due from related parties (Trade and other receivables)</u></b>		
Saudi Arabian Airlines Corporation Group	37,938,062	37,755,521
Abdulbary Mohammed Eid Al-Shawy Trust	2,288,028	--
Dr. Mazen Soliman Abdel Kader Fakeeh	1,300,807	--
Fakeeh Academic Medical Centre – Dubai	1,052,395	--
Mr. Ammar Soliman Abdel Kader Fakeeh	463,476	--
Dr. Manal Soliman Abdel Kader Fakeeh	238,529	--
Ms. Mai Soliman Fakeeh	10,350	--
Mr. Abdulelah Fakeeh	3,773	--
Dr. Majed Fakeeh	478	--
Dr. Abdulaziz AlFallah	--	6,100
Fakeeh Real Estate Company Limited	--	616,743
Maabar Rehabilitation Centre	--	702,754
Al Solimania United Company Limited	--	241,117
	<b>43,295,898</b>	<b>39,322,235</b>
<b><u>Due to related parties (Under accrued and other current liabilities)</u></b>		
Dr. Mazen Soliman Abdel Kader Fakeeh	--	1,960,000
Mr. Ammar Soliman Abdel Kader Fakeeh	--	1,960,000
Dr. Manal Soliman Abdel Kader Fakeeh	--	980,000
Fakeeh Academic Medical Center – Dubai	228,240	13,799,870
Saudi Airlines Real Estate Development Company	2,175,288	--
	<b>2,403,528</b>	<b>18,699,870</b>

**26. COMMITMENTS AND CONTINGENCIES**

As at 31 December 2023, the Group's bankers have issued letters of guarantee amounting to SR 13.8 million (2022: SR 17.1 million) out of which SR 13.6 million (2022: SR 12.6 million) have been issued on behalf of the Group's related parties. Remaining SR 0.2 million (2022: SR 4.5 million) letters of guarantee have been issued by the Group's bankers on behalf of the Group.

As at 31 December 2023, the Group has outstanding letters of credit amounting to SR 6.2 million (2022: SR 3.1 million) issued by the bank in favor of the Group's related party.

As at 31 December 2023, the Group has commitments for capital work in progress of SR 341.5 million (2022: SR 132.5 million) mainly relating to construction, renovation and upgradation of buildings.

As at 31 December 2023, the Group has commitments amounting to SAR 221.3 million for the construction of trust hospital in Madinah Munawrah.

As at 31 December 2023, there are no significant litigations and claims against the Group.

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**27. EARNINGS PER SHARE**

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

	<u>2023</u>	<u>2022</u>
Profit for the period attributable to ordinary equity holders of the Parent	<u>279,594,908</u>	<u>326,316,488</u>
Weighted average number of ordinary shares in issue	<u>200,000,000</u>	<u>200,000,000</u>
Basic and diluted earnings per share	<u>1.40</u>	<u>1.63</u>

The share issue during the year ended 31 December 2023 has been treated as if it had occurred before the beginning of 31 December 2022 as required by IAS 33, "Earnings per share" as follows:

	<u>2023</u>	<u>2022</u>
Issued ordinary shares at 01 January	<u>10,000,000</u>	10,000,000
Effect of change in par value (note 15)	<u>90,000,000</u>	90,000,000
Effect of issuance of new shares (note 15)	<u>100,000,000</u>	100,000,000
Weighted average number of ordinary shares at 31 December	<u>200,000,000</u>	<u>200,000,000</u>

Diluted earnings per share has been computed by dividing the profit attributable to shareholders of the Parent Company by the weighted average number of shares outstanding adjusted for the effects of all dilutive potential ordinary shares. However, the Parent Company does not have any instruments that could potentially dilute earnings per share.

**28. BUSINESS SEGMENTS**

As the operations of the Group are conducted in the Kingdom of Saudi Arabia, accordingly, for management purposes, the Group is organized into business units based on its products and services and has three reportable segments. Operating segments is determined based on the Group's internal reporting to the Chief Operating Decision Maker ("CODM"). The CODM has been determined to be the President as he is primarily responsible for the allocation of resources to segments and the assessment of the performance of each of the segments. The CODM uses underlying income as reviewed at monthly Executive Committee and Performance meetings as the key measure of the segments' results as it reflects the segments' performance for the period under evaluation. Revenue and segment profit is a consistent measure within the Group. The identified key segments are medical services, education, trading and retail.

The Group's top management reviews internal management reports of each strategic business unit at least quarterly. Segment results that are reported to the top management include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

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**28. BUSINESS SEGMENTS (continued)**

Information regarding the results of each reportable segment is included below. Performance is measured based on segment revenues, as included in the internal management reports that are reviewed by the top management. The following table presents segment information (assets, liabilities, revenue and net income) foreach of the business segments as at and for the year ended 31 December:

	<b>Reportable Segments</b>			<b>Un-Allocated</b>	<b>Total</b>
	<b>Medical services</b>	<b>Education</b>	<b>Trading, Retail &amp; Others</b>		
<b>31 December 2023</b>					
Revenues	2,163,753,629	99,126,223	171,106,558	--	2,433,986,410
Inter-segment revenue eliminations	(2,287,210)	(4,957,392)	(100,054,041)	--	(107,298,643)
<b>Segment revenue *</b>	<b>2,161,466,419</b>	<b>94,168,831</b>	<b>71,052,517</b>	--	<b>2,326,687,767</b>
Direct costs	(1,621,749,936)	(54,513,380)	(113,485,162)	--	(1,789,748,478)
Inter-segment direct costs	2,287,210	--	77,449,659	--	79,736,869
<b>Segment cost</b>	<b>(1,619,462,726)</b>	<b>(54,513,380)</b>	<b>(36,035,503)</b>	--	<b>(1,710,011,609)</b>
Segment gross profit	542,003,693	39,655,451	35,017,014	--	616,676,158
Segment operating expenses	--	--	--	(303,837,045)	(303,837,045)
Other income	--	--	--	25,811,887	25,811,887
<b>Operating profit</b>	--	--	--	<b>(278,025,158)</b>	<b>338,651,000</b>
Finance income	--	--	--	38,209,074	38,209,074
Finance cost	--	--	--	(122,150,246)	(122,150,246)
Zakat	--	--	--	(22,689,988)	(22,689,988)
<b>Profit for the period</b>	<b>542,003,693</b>	<b>39,655,451</b>	<b>35,017,014</b>	<b>(384,656,318)</b>	<b>232,019,840</b>
Segment assets	3,732,961,605	154,975,639	344,164,066	--	4,232,101,310
Segment liabilities	2,753,020,712	94,839,214	128,766,390	--	2,976,626,316

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**28. BUSINESS SEGMENTS (continued)**

	Reportable Segments			Un-Allocated	Total
	Medical services	Education	Trading, Retail & Others		
31 December 2022					
External revenues	1,861,185,299	87,691,525	124,703,288	--	2,073,580,112
Inter-segment revenue eliminations	--	--	(61,189,522)	--	(61,189,522)
<b>Segment revenue *</b>	<b>1,861,185,299</b>	<b>87,691,525</b>	<b>63,513,766</b>	--	<b>2,012,390,590</b>
Direct costs	(1,317,686,486)	(47,737,983)	(84,222,410)	--	(1,449,646,879)
Inter-segment direct costs	--	--	49,502,316	--	49,502,316
<b>Segment cost</b>	<b>(1,317,686,486)</b>	<b>(47,737,983)</b>	<b>(34,720,094)</b>	--	<b>(1,400,144,563)</b>
<b>Segment gross profit</b>	<b>543,498,813</b>	<b>39,953,542</b>	<b>28,793,672</b>	--	<b>612,246,027</b>
Segment operating expenses	--	--	--	(242,552,823)	(242,552,823)
Other income	--	--	--	12,488,508	12,488,508
<b>Operating profit</b>	--	--	--	<b>(230,064,315)</b>	<b>382,181,712</b>
Finance cost	--	--	--	(55,939,208)	(55,939,208)
Finance income	--	--	--	24,880,850	24,880,850
Zakat	--	--	--	(20,439,741)	(20,439,741)
<b>Profit for the period</b>	<b>543,498,813</b>	<b>39,953,542</b>	<b>28,793,672</b>	<b>(281,562,414)</b>	<b>330,683,613</b>
Segment assets	4,820,142,964	82,869,261	167,416,705	--	5,070,428,930
Segment liabilities	2,756,899,214	74,531,648	81,753,880	--	2,913,184,742

\* Revenue from Medical services segment includes an amount of SR 36 million (2022: SR 44.1 million) which relates to medical related services revenue (note 22).

Revenue from Trading, retail & others segment includes IT services revenue of SR 7.9 million (2022: SR 8.4 million) and medical related services revenue of SR 63.1 million (2022: SR 55 million) (note 22).

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**29. FINANCIAL INSTRUMENTS – FAIR VALUES AND FINANCIAL RISK MANAGEMENT**

**FAIR VALUES**

The management considers that the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements approximate their fair values.

**FINANCIAL RISK MANAGEMENT**

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value and cash flow interest rate risks and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

**Risk management framework**

Risk management is carried out by senior management under policies approved by the Board of Directors. Senior management identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The most important types of risk are credit risk, currency risk and fair value risk.

The Board of Directors has overall responsibility for establishment and oversight of the Group's risk management framework. The executive management team is responsible for developing and monitoring the Group's risk management policies. The team regularly meets and any changes and compliance issues are reported to the Board of Directors through the audit committee.

Risk management systems are reviewed regularly by the executive management team to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The audit committee oversees compliance by management with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

Financial instruments carried on the consolidated financial statements include cash and cash equivalents, accounts and other receivables (current), other long-term receivables (non-current), margin against letter of credits and guarantees, due from related parties, short term borrowings, due to related parties, accrued expenses and other current liabilities and accounts payables. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

**Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk.

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**29. FINANCIAL INSTRUMENTS – FAIR VALUES AND FINANCIAL RISK MANAGEMENT**  
**(continued)**

**Risk management framework (continued)**

**Interest rate risk**

Interest rate risks are the exposures to various risks associated with the effect of fluctuations in the prevailing interest rates on the Group's financial position and cash flows. The Group's interest rate risks arise mainly from its borrowings, which are at floating rate and are subject to re-pricing on a regular basis and for which the management closely monitors the changes in interest rates.

The interest rate profile of the Group's interest-bearing financial instruments as reported to the management of the Group is as follows:

	<u>2023</u>	<u>2022</u>
<b>Variable rate instruments</b>		
Financial liabilities	<u>1,720,925,693</u>	<u>1,848,002,440</u>

These financial liabilities carried at interest rate of SAIBOR plus margin.

Sensitivity analysis for variable rate instruments

Change in 100 basis points in interest rates, with all other variables held constant, would have increased or decreased the equity and profit before zakat and income tax for the year by SR 17.2 million (31 December 2022: SR 18.4 million).

**Currency risk**

The Group's significant transactions are in Saudi Riyals which are pegged against the Saudi Riyal at a fixed exchange rate. The Group did not have any significant foreign currency denominated monetary assets or liabilities at the reporting date for which it was exposed to foreign currency fluctuations. Consequently, no foreign currency sensitivity analysis has been presented.

**Credit risk**

Credit risk is the risk that one party will fail to discharge an obligation and will cause the other party to incur a financial loss. Management evaluate credit risk relating to customers on an ongoing basis.

Cash and cash equivalents include balances within KSA which are held with banks with sound credit ratings ranging from A+ to BB+. Accounts and other receivable are mainly due from government and quasi- government authorities, local customers and related parties and are stated at their estimated realizable values. Management does not expect any significant loss from non-performance by counterparties on credit granted during the financial year under review other than those which have been provided in these consolidated financial statements.

Potential counterparties are subject to credit assessment and approval before concluding transactions and are thereafter subject to regular review, including re-appraisal and approval of the limits previously granted.



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**29. FINANCIAL INSTRUMENTS – FAIR VALUES AND FINANCIAL RISK MANAGEMENT**  
**(continued)**

**Risk management framework (continued)**

**Credit risk (continued)**

The creditworthiness of counterparties is assessed based on an analysis of quantitative and qualitative data regarding financial standing and business risks, together with the review of any relevant third party and market information.

Credit exposure, which is essentially an economic exposure or an expected future physical exposure, is permanently monitored and subject to sensitivity measures. Credit risks in excess of approved levels are secured by means of promissory notes and insurance arrangements.

Unbilled receivables are considered as a financial asset as the Group has unconditional right to receive consideration in exchange services rendered only by the passage of time. The unbilled revenue will be invoiced subsequent to year-end.

For credit risks arising from other financial assets of the Group, including cash and bank balances, accounts and other receivables (current), other receivables (non-current), margin against letter of credits and guarantees and due from related parties, the Group's exposure arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

Receivables above one year are considered to be credit impaired.

The Group's gross maximum exposure to credit risk at the reporting date is as follows:

	<u>2023</u>	<u>2022</u>
<b>Financial assets</b>		
Accounts and other receivables – gross	<b>879,865,583</b>	902,471,419
Other receivables	<b>93,327,252</b>	1,416,954,534
Contract assets	<b>102,314,728</b>	14,626,783
Cash at banks	<b>212,794,018</b>	315,423,761
	<b><u>1,288,301,581</u></b>	<u>2,649,476,497</u>

Accounts and other receivables are carried net of impairment allowances.

	<u>2023</u>	<u>2022</u>
<b>Financial assets</b>		
- Unsecured	<b><u>745,696,546</u></b>	<u>769,093,245</u>

**Impairment loss**

The Group manages credit risk with respect to receivables from customers by monitoring in accordance with defined policies and procedures. The management continuously monitors the credit exposure towards the customers and makes provision against those balances considered doubtful of recovery.

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**29. FINANCIAL INSTRUMENTS – FAIR VALUES AND FINANCIAL RISK MANAGEMENT**  
**(continued)**

**Risk management framework (continued)**

**Credit risk (continued)**

**Impairment loss (continued)**

The receivables are shown net of allowance for impairment of accounts receivables. The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all accounts receivables. To measure the expected credit losses, accounts receivables have been grouped based on shared credit risk characteristics and the days past due. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors (such as GDP forecast and industry outlook) affecting the ability of the customers to settle the receivables such. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Group assessed the concentration of risk to be low with respect to accounts receivable and contract assets. The following table provides information about the aging and expected credit losses for accounts receivables and contract assets.

**As at 31 December 2023**

<u>Age days</u>	<u>31 December 2023</u>	<u>Provision for ECL</u>
Not yet due	419,000,437	4,625
1 - 90	111,521,189	1,441,001
91 – 180	110,480,207	2,634,302
181 - 270	85,312,212	2,101,986
271 - 365	79,669,764	1,749,879
Over 365	176,196,502	126,237,244
Total	<u>982,180,311</u>	<u>134,169,037</u>

**As at 31 December 2022**

<u>Age days</u>	<u>31 December 2022</u>	<u>Provision for ECL</u>
Not yet due	415,240,875	1,437,508
1 - 90	203,800,916	1,392,128
91 – 180	78,056,609	3,986,996
181 - 270	19,213,596	4,271,151
271 - 365	3,664,616	2,500,236
Over 365	197,121,590	119,790,155
Total	<u>917,098,202</u>	<u>133,378,174</u>

With respect to credit risk arising from the other financial assets of the Group, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount as disclosed in the statement of financial position.

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**29. FINANCIAL INSTRUMENTS – FAIR VALUES AND FINANCIAL RISK MANAGEMENT**  
**(continued)**

**Risk management framework (continued)**

**Liquidity risk**

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from the inability to sell a financial asset quickly at an amount close to its fair value. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities.

The Group's liquidity risk is mitigated by the availability of funds to cover future commitments. The Group manages liquidity risk through an ongoing review of future commitments and credit facilities. Cash flow forecasts are prepared and utilized borrowing facilities are monitored regularly.

The following is contractual undiscounted maturity analysis of the financial liabilities of the Group as at 31 December 2023. The Group does not hold financial assets for managing liquidity risk. Hence, these risks have not been considered for maturity analysis.

	<b>Carrying Amount</b>	<b>1 year or less</b>	<b>1 to 5 years</b>	<b>More than 5 years</b>	<b>Total</b>
<b>31 December 2023</b>					
<i>Non derivative financial liabilities</i>					
Accounts payables	275,300,060	275,300,060	--	--	275,300,060
Accrued and other liabilities	193,966,796	193,966,796	--	--	193,966,796
Lease liabilities	542,963,009	78,768,474	262,460,166	762,921,510	1,104,150,150
Loans and borrowings	1,720,925,693	600,211,162	815,938,744	718,558,656	2,134,708,562
	<u>2,733,155,558</u>	<u>1,148,246,492</u>	<u>1,078,398,910</u>	<u>1,481,480,166</u>	<u>3,708,125,568</u>
<b>31 December 2022</b>					
<i>Non derivative financial liabilities</i>					
Accounts payables	231,423,716	231,423,716	--	--	231,423,716
Accrued and other liabilities	209,337,912	209,337,912	--	--	209,337,912
Lease liabilities	401,484,950	130,957,824	184,996,699	603,223,301	919,177,824
Loans and borrowings	1,848,002,440	675,435,988	895,352,149	742,237,891	2,313,026,028
	<u>2,690,249,018</u>	<u>1,247,155,440</u>	<u>1,080,348,848</u>	<u>1,345,461,192</u>	<u>3,672,965,480</u>

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amount.

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**29. FINANCIAL INSTRUMENTS – FAIR VALUES AND FINANCIAL RISK MANAGEMENT**  
**(continued)**

**Capital risk management**

The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and to maintain a strong capital base to support the sustained development of its businesses.

The Group manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders or issue new shares. The Group also monitors capital using a gearing ratio, which is net debt, interest bearing loans and borrowings including finance cost thereon, less cash and bank balances. Capital signifies equity as shown in the consolidated statement of financial position plus net debt. The gearing ratio as at 31 December 2023 and 31 December 2022 is as follows:

	<u>2023</u>	<u>2022</u>
Loans and borrowings	<b>1,720,925,693</b>	1,848,002,440
Lease liabilities	<b>542,963,009</b>	401,484,950
<b>Total debt</b>	<b>2,263,888,702</b>	2,249,487,390
Cash and cash equivalents	<b>(214,295,756)</b>	(316,762,023)
<b>Net debt</b>	<b>2,049,592,946</b>	1,932,725,367
Share capital	<b>200,000,000</b>	100,000,000
Statutory reserve	–	50,000,000
Retained earnings	<b>820,255,030</b>	1,747,638,538
Non-controlling interests	<b>235,219,964</b>	259,605,650
<b>Equity</b>	<b>1,255,474,994</b>	2,157,244,188
<b>Gearing ratio (total net debt / total equity)</b>	<b>163.25%</b>	89.59%

**30. CHANGE IN PRESENTATION**

Certain corresponding figures have been rearranged, wherever considered necessary, for the purpose of comparison and better presentation to reflect the substance of the transactions. Details are as follows:

- (i) The Group adopted a presentation of selling and marketing expenses in its consolidated statement of profit or loss and other comprehensive income. As a result, an amount of SR 31.7 million has been reallocated from cost of revenue and general and administrative expenses, amounting to SR 9.8 million and SR 21.9 million respectively. This adjustment was made to align with International Accounting Standard 1 for enhancement in presentation.

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**30. CHANGE IN PRESENTATION (continued)**

- (ii) The Group adopted a presentation of finance income in its consolidated statement of profit or loss and other comprehensive income. As a result, an amount of SR 24.9 million has been reallocated from other income. This adjustment was made to improve the presentation of finance income derived from non-operating activities in alignment with International Accounting Standard 1.

**31. SUBSEQUENT EVENTS**

Subsequent to the year-end, the Parent Company proceeded to subscribe for additional 10 million shares in DSFH Riyadh for SR 100 million. This will increase the Parent Company's percentage shareholding from 60.56% to 68.4%. The completion of transaction is pending approval from regulatory authorities.

Subsequent to the year end on 27 March 2024, the Capital Market Authority (CMA) has approved application for registration of the Parent Company shares for the purpose of direct listing on Primary Market (Tadawul). The CMA approval on application is valid for 6 months from the date of approval.

**32. DATE OF AUTHORIZATION FOR ISSUE**

These consolidated financial statements were authorized for issue by the Company's Board of Directors on 16 April 2024, corresponding to 7 Shawwal 1445H.

  
\_\_\_\_\_  
Dr. Mazen Fakeeh  
President

  
\_\_\_\_\_  
Mr. Panagiotis Chatziantoniou  
Group Chief Financial Officer

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