

Mouwasat
Mouwasat Medical Services Co.



المواساة
شركة المواساة للخدمات الطبية

Annual Report 2023

PIONEERING HEALTHCARE TECHNOLOGY FRONTIERS



Mouwasat Medical Services Co.

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

IN THE NAME OF ALLAH, MOST GRACIOUS, MOST MERCIFUL



Custodian of the Two Holy Mosques

King Salman bin Abdulaziz Al Saud
(May Allah bless him)



**His Royal Highness
Prince Mohammad bin Salman
bin Abdulaziz Al Saud**

The Crown Prince, Deputy Prime Minister and Minister
of Defense

(May Allah bless him)



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Theme of the Year

Pioneering healthcare technology frontiers

Mouwasat stands at the forefront of healthcare innovation and technological disruption in Saudi Arabia, embodying the vision of a future where technology and healthcare converge to create unparalleled value for patients, Shareholders, and society. Through strategic investments in game-changing technologies like cloud computing, cybersecurity, Big Data, and artificial intelligence, Mouwasat aims to enhance the digital healthcare landscape by setting new standards in patient care and operational excellence.

During a year of accelerating transformation and technological disruption, Mouwasat maintained momentum in our relentless pursuit of excellence and innovation. With initiatives such as the implementation of Smart Pharmacy using robotic automation, robotic rehabilitation, and robotic surgery technology, Mouwasat remains at the forefront in redefining what is possible in medical treatment and patient care. These advancements serve to reduce patient waiting times and improve medical outcomes, demonstrating our role as a pioneer in integrating technology into healthcare.

Moreover, Mouwasat's strategic partnerships and expanding footprint reflect our ambition to drive progress within the Kingdom's healthcare sector. Through our collaboration with the Ministry of Health and investment in groundbreaking technologies, we showcased a commitment to improving healthcare standards nationwide. Our relentless focus on both innovation and collaboration served to enhance our offerings and bolster the healthcare ecosystem in Saudi Arabia, reinforcing its prominence as a beacon of medical excellence in the region and positioning Mouwasat for further growth and success moving forward.



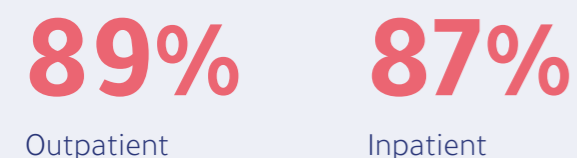
At a Glance

The Mouwasat Group first follows the philosophy of the patient. The vision of the Group and its mission is focused on the patient and puts their interest at the top of the Group's priorities. The Company's goal is to provide a seamless experience for the patient from the beginning of the journey through treatment to complete recovery. It takes every step seriously, from the small details of receiving visitors, waiting rooms, and surrounding views, to patient rooms, cooking facilities, operating theatres, equipment, and the recruitment of competencies for various specialties.

Operational Highlights



Customer satisfaction scores for new patients (based on Press Ganey Indicator)



Accreditations and Certifications

Departmental and services accreditations

97

Accreditation surveys

220

Accreditation bodies

22



Financial Highlights

	2023	2022	2021
	928	811	744
EBITIDA (SAR million)			
	2023	2022	2021
	2,706	2,334	2,144
Revenue (SAR million)			
	2023	2022	2021
	1,313	1,102	996
Gross profit (SAR million)			
	2023	2022	2021
	658	599	578
Net income (SAR million)			
	2023	2022	2021
	3.29	3.00	2.89
EPS (SAR)			
	2023	2022	2021
	20%	21%	22%
Return on equity %			
	2023	2022	2021
	13%	13%	14%
Return on assets %			

01

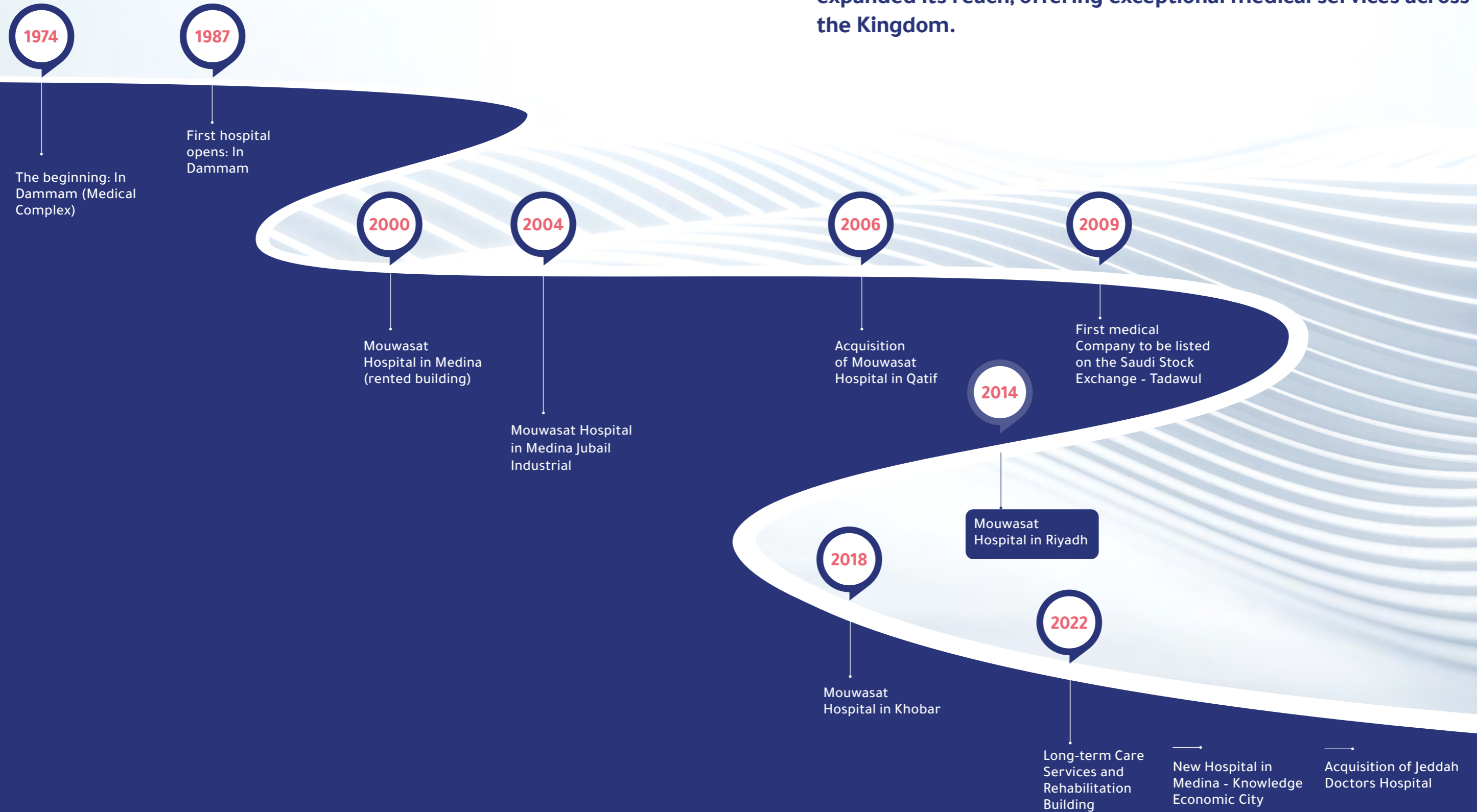


OVERVIEW

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History

Mouwasat, a leader in Saudi Arabia's healthcare landscape, has built a legacy of excellence and patient care. For almost 5 decades, the Company has continuously strived to deliver the highest quality medical services. Over the years, Mouwasat has expanded its reach, offering exceptional medical services across the Kingdom.



Year in Review

Mouwasat showcased its commitment to healthcare excellence in 2023 by introducing innovative medical treatments, participating in key industry events and earning various prestigious awards and accreditations, further solidifying its position as a leading healthcare provider in the Middle East.

January Participation in Arab Health Exhibition

Mouwasat took part in the Arab Health Exhibition in Dubai, in which the Saudi Minister of Health, Engineer Fahad Al-Jalajel visited the Mouwasat Pavilion.

February Accreditation by CARF

Rehabilitation and Physiotherapy department at Mouwasat Hospital in Dammam received accreditation from Commission on Accreditation of Rehabilitation Facilities (CARF).

February Placement in 'Go Green' competition

Mouwasat Hospital in Riyadh was ranked 3rd in Go Green competition from General Directorate of Infection Prevention and Control (GDIPC)

Ada'a Health Award

Mouwasat Hospital in Dammam ranked 2nd in the Ada'a Health Award 2022 for digitally enabled care.

March Hani Najm Global Scholar Award

Cardiologist and Interventionist Consultant, Dr. Nayef Al-Asiri, at Mouwasat Hospital in Jubail won the Hani Najm Global Scholar Award, under the umbrella of the American College of Cardiology.

March Launch of investor relations website

Mouwasat launched its investor relations page on the official Mouwasat website to provide timely and transparent information for Shareholders and other key Stakeholders.

March Top 100 Healthcare Leaders by Forbes Middle East

Mouwasat's CEO, Mr. Nasser Al-Subaie, was ranked 5th in the prestigious Forbes list of the Middle East's Top 100 Healthcare Leaders for 2023.

March Top 10 Innovative Healthcare Companies by Forbes Middle East

Mouwasat was ranked in the top 10 innovative healthcare companies in 2023 in the prestigious Forbes Middle East list.

March World's Best Hospitals 2023 from Newsweek

Mouwasat Hospital in Dammam was named among the World's Best Hospitals in Saudi Arabia 2023 by Newsweek.



April Accreditation from Centre of Excellence of Ear, Nose and Throat Surgery, Khobar

The Ear, Nose and Throat Surgery department at Mouwasat Hospital in Khobar was accredited by the Centre of Excellence of Ear, Nose and Throat Surgery.

May Visit of Director of King Fahd Military Medical Complex

The Extended Care Facility and Rehabilitation Centre at Mouwasat Hospital in Dammam hosted Brigadier Dr. Khaled bin Abdulrahim Al-Faraidi, Director of King Fahd Military Medical Complex in Dhahran, along with his accompanying delegation.

May Approval by the Saudi Commission for Health Specialties

Mouwasat's Fellowship programme in Geriatric Medicine and the General Residency programme in Geriatric Critical Care Medicine received approval by the Saudi Commission for Health Specialties.

May Certificate from ISSA CIMS

Mouwasat Hospital in Khobar was the first hospital in Eastern and Middle Province, and second in the Middle East to be certified by ISSA CIMS with honours in Cleaning Industry Management Standards.

June Accreditation from Centre of Excellence of Ear, Nose and Throat Surgery, Qatif

The Ear, Nose and Throat Surgery department at Mouwasat Hospital in Qatif was accredited by the Centre of Excellence of Ear, Nose and Throat Surgery.

July Inauguration of the Diabetes, Endocrine, and Diabetic Foot unit

Mouwasat Hospital in Qatif opened its Diabetes, Endocrine and Diabetic Foot unit.

August Introduced advanced robotics for knee joint replacement

Mouwasat Hospital in Khobar was the first private Saudi hospital to use a state-of-the-art and highly safe surgical robotics technology for knee joint replacement surgeries.

September Accreditation from CBAHI

Mouwasat Hospital in Dammam received accreditation from Saudi Central Board of Accreditation of Healthcare Institutions (CBAHI) for the 4th time in a row.

September Partnership with ACHSI

An agreement has been signed between Mouwasat signed an agreement with the Australian Council on Healthcare Standards International (ACHSI) to collaborate on achieving Centers of Excellence in kidney dialysis services for all Mouwasat hospitals.

October Participation in Global Health Exhibition

Mouwasat took part in the Global Health Exhibition in Riyadh, in which the Saudi Minister of Health, Engineer Fahad Al-Jalajel, visited the Mouwasat Pavilion.

October First to use Da Vinci Xi surgical robot

Mouwasat Hospital in Khobar was the first private Saudi hospital in the Eastern Province to use the cutting-edge Da Vinci Xi surgical robot.



November Launch of first robotic pharmacy in Dammam

Mouwasat Hospital in Dammam launched its innovative robotic pharmacy to serve customers more efficiently.

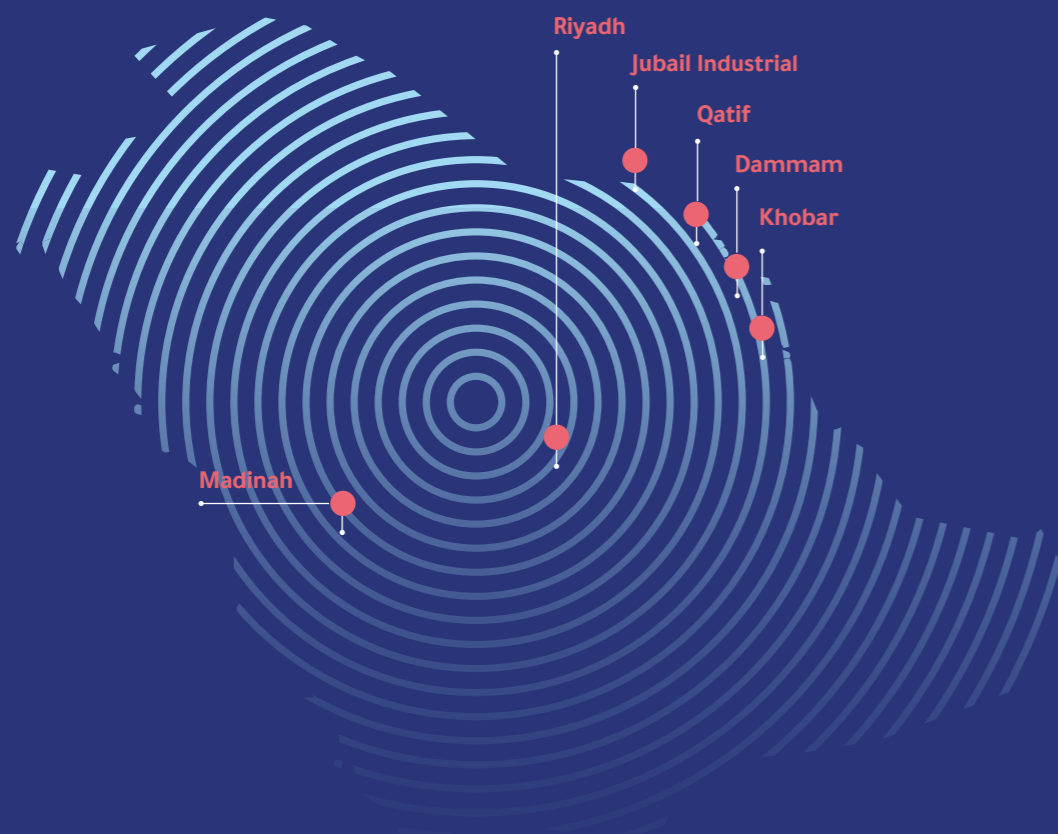
December The 22nd Arab Conference on Modern Hospital Management Methods

Sponsored by Mouwasat, the 22nd Arab Conference on Modern Hospital Management Methods took place in Cairo from December 18th to 19th, focusing on the theme "Health Insurance and Comprehensive Health Coverage."



Geographic Footprint and Future Projects

Since its inception in 1974, Mouwasat has embarked on an impressive journey of strategic growth, expanding from our first hospital in Dammam to a robust network of 7 hospitals across Saudi Arabia. Through our unwavering commitment to providing accessible, high-quality healthcare across the Kingdom, we have established our position as a leader in the healthcare sector dedicated to meeting the ever-evolving healthcare needs of Saudi Arabia's population.



Dammam	Madinah - LTC	Jubail - Industrial Area	Qatif	Riyadh	Khobar	Madinah - Economic City
Establishment date 1987	Establishment date 2000	Establishment date 2004	Establishment date 2006	Establishment date 2014	Establishment date 2018	Establishment date 2022
Number of beds 267	Number of beds 50	Number of beds 170	Number of beds 100	Number of beds 165	Number of beds 100	Number of beds 100
Number of clinics 140	Number of clinics 45	Number of clinics 80	Number of clinics 35	Number of clinics 100	Number of clinics 100	Number of clinics 80

Future expansion projects

Building on our current footprint of over 952 beds and 580 clinics in our 7 operational hospitals, we are investing in growth with 3 projects currently in progress, which will substantially increase capacity to serve a diverse patient base, adhering to its vision of evolving patient care through state-of-the-art facilities and a dedicated team of healthcare professionals.

Mouwasat Hospital - Yanbu

Ownership	Number of beds	Number of clinics
100%	200	60

Current status
Construction started in Q4 of 2022

Expected date of operation
Completion in (30 months) after start of construction

Mouwasat Hospital - Jeddah

Ownership	Number of beds	Number of clinics
51%	300	64

Current status
Building structure completed, ongoing interior redesign started Q4 2023

Expected date of operation
24 months from the start of interior construction

New Mouwasat Hospital - Qadisiya, Riyadh

Ownership	Number of beds	Built-up area	Number of clinics
100%	120	30,000 m²	40

Current status
Design phase

Current status
36 months from start of construction

Investment Case

Mouwasat is committed to providing world-class medical services and patient-centred care across our growing footprint by investing in our talented workforce and adopting the latest digital solutions to deliver on our strategy, drive growth and create sustainable value for our Shareholders.



Strategic focus and agility

- Clear vision and mission with a solid long-term growth strategy
- Comprehensive understanding of the healthcare market in the Kingdom
- Capable of adapting and responding to challenges in a rapidly evolving market

Solid financial fundamentals for sustained growth

- Stable financial position to invest for growth and implement strategy
- Expanding network of hospitals to cover additional cities across the Kingdom
- Flexible operational business model for sustainable value creation

Enabling economic and business environment

- Expanding and modernising healthcare market and growing population in Saudi Arabia
- Government mandate and investment to improve the sector
- Strong regulatory environment with supportive and collaborative government partners

Talented workforce supported by advanced technologies

- Investing in technology and artificial intelligence to unlock efficiency, productivity, and service
- Diverse, dedicated, and experienced multi-disciplinary teams, complemented by supportive Company culture
- Well-designed policies and procedures aimed at boosting efficiency and ensuring consistent service delivery

Strong network of strategic partners

- Broad range of partnerships with international companies, organisations, hospitals, and medical centres to support world-class healthcare services
- Strategic alliance with key national and international entities to create value through skills, knowledge, or market presence

Comprehensive services with outstanding patient experience

- Wide variety of high-quality healthcare services covering all medical specialties and sub-specialties
- Constant update of the market practice of implementing the latest innovative solutions and patient experience initiatives

Shareholders' Information

Share information

DATE ESTABLISHED
21 February, 1974

ISIN CODE
SA12C051UH11

INDUSTRY GROUP
**Health Care
Equipment & Svc**

PER VALUE/SHARE
SAR 10

FOREIGN OWNERSHIP AS AT
31 DECEMBER, 2023
13.24%

LISTING DATE
2 February, 2009

TRADING NAME
MOUWASAT

CURRENCY
SAR

NUMBER OF SHARES ISSUED
200,000,000

FREE FLOAT
47.5%

CLOSING PRICE AS AT
31 DECEMBER, 2023
SAR 111.8

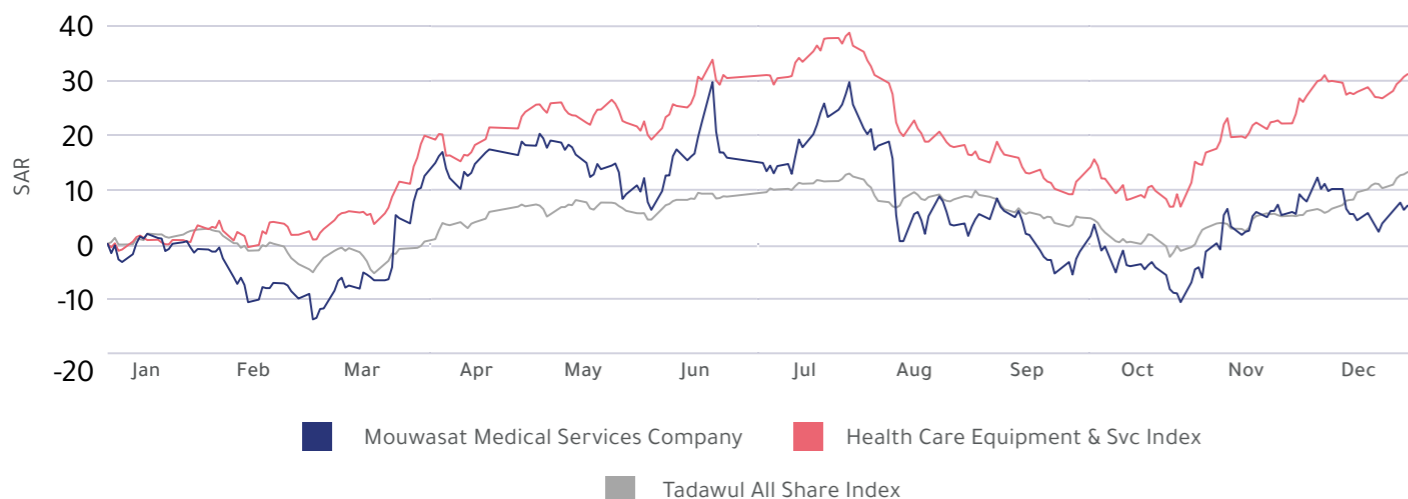
TADAWUL CODE
4002

EXCHANGE
Tadawul

PAID CAPITAL
SAR 2 billion

MARKET CAP AS AT
31 DECEMBER, 2023
**SAR 22.36
billion**

Share price performance vs. Benchmark equity indices



Shareholding by type

	No.	%
Charity	1	0.005%
Company	118	0.560%
Endowments	4	0.019%
Foreign institution	1	0.005%
Government	21	0.100%
Individual	20,377	96.743%
Mutual – Funds	110	0.522%
QFI – Company	53	0.252%
QFI – Funds	372	1.766%
QFI – Government and related entities	3	0.014%
Swap – Agreement	3	0.014%
Total	21,063	100%

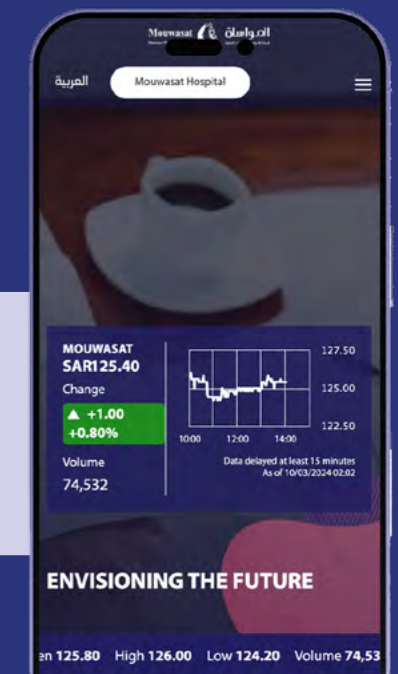
Investor relations calendar 2023-2024

04/01/2023	The beginning of a new session of the Board of Directors
05/01/2023	Appointment of the Chairman and Vice Chairman of the Board of Directors and the formation of the Board committees for its new session
21/03/2023	Announcement of annual financial results for the period ended 31 December, 2022
07/05/2023	Ordinary General Assembly meeting
11/05/2023	Interim financial results for the period ended 31 March, 2023
17/05/2023	The disbursement of dividends for the fiscal year ended 31 December, 2022
07/08/2023	Interim financial results for the period ending 30 June, 2023
07/08/2023	Extraordinary General Assembly meeting approving capital increase
07/08/2023	Approval of amending the Company's bylaw to comply with the new Companies Law
23/10/2023	Increase the number of Audit Committee members
23/10/2023	Appointing Mr. Fahad Ayed Alaslami as Audit Committee member
01/11/2023	Interim financial results for the period ended 30 September, 2023
27/11/2023	Earnings call to discuss the financial results for the third quarter of 2023 with investors and financial analysts
25/12/2023	Board of Directors' recommendation to distribute cash dividends to Shareholders for the fiscal year 2023
27/12/2023	Announcement of MOH approval for actual operation of Al-Madinah Al-Munawara Mouwasat LTC

Major Shareholders

Mr. Mohammed Sultan Alsubaie	35 million	17.5%
Mr. Nasser Sultan Al-Subaie	35 million	17.5%
Mr. Mohammed Suleiman Al-Saleem	35 million	17.5%

For more information, please visit our Investor Relations page: mouwasat.com/en/investor-relations/home



ENVISIONING THE FUTURE

in 125.80 High 126.00 Low 124.20 Volume 74,53

02



STRATEGIC REVIEW

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Chairman's Statement



As we continue to provide the most advanced and holistic healthcare in Saudi Arabia, Mouwasat has established itself as a leader in applying medical science, in parallel with exceptional patient-centric services. Throughout our history, we have been a progressive, ambitious Company, which has seized every opportunity to advance the services we offer and improve the wellbeing of the people we treat. We believe we can provide the access, the facilities, and the quality to deliver on our ambitions and fulfil our mandate of contributing to Saudi Vision 2030.

Mr. Mohammed Sultan Al-Subaie
Chairman

Pioneering Healthcare Technology Frontiers

Through substantial but sustainable expansion, we have extended our footprint to the extent that Mouwasat is providing exceptional healthcare for more people than ever before. The highest calibre of our medical staff and considerable investment in cutting-edge technology is delivering services that have benefited thousands of citizens in 2023. Furthermore, as we welcome medical progress and embrace new technologies, our scope of care increases, providing us with the opportunities and capabilities to bring further relief, support, and treatment to a growing Saudi population.

Central to our mission is a steadfast commitment to providing healthcare services that not only meet global benchmarks, but also adhere to local standards. First and foremost, we must ensure our patients' experience is exceptional and the calibre of care they receive exceeds all expectations on a personal as well as professional level.

With a focus on investing in specialist medical areas within all our hospitals, we consistently set ourselves apart from our competitors, providing added services that have attracted a new customer base and increased brand awareness across the sector. In order to strengthen our capabilities in these distinct fields, we have recruited numerous consultants and practitioners. With a passion for their chosen path, all of our clinicians and physicians have the skills, knowledge, and experience from within the Kingdom and across the world to support our patients. As we have seen from the 2023 customer satisfaction results, our hospitals are rated as first-class facilities, staffed by outstanding medical teams who have achieved remarkable outcomes for the health of our patients.

As a prominent and influential healthcare leader, we play a significant role in the health of our communities in 2023, partnering with many of the Kingdom's leading charities and associations to support members of society less fortunate than ourselves. Among the many and varied contributions, collaborations with the Association for Facial Deformities, the Kanaf charity and the Saudi Cancer Foundation have provided immeasurable aid for our fellow citizens.

In achieving our overarching objective to align with Saudi Vision 2030, we continue to invest heavily in our Saudisation programme, empowering local employees to progress in their existing and potential medical careers through the highest standards of education, training and development.

Furthermore, we have engaged and recruited Saudi talent in senior positions, attracting highly skilled candidates through our affiliation with the Saudi Commission for Health Specialities for various residency and fellowship programmes. Moreover, we are investing in the future of Saudi youth by implementing tailored employment strategies, in preparation for the next generation of healthcare professionals.

Looking to the future, we believe the healthcare landscape will be shaped by our ongoing strategy of sizeable growth in new markets and investment in our digital capabilities. Once again, we have reaffirmed our position as a progressive and pioneering healthcare provider with the resources and vision to create a healthier society through our people, our hospitals, and our technology.

Following a year of highly impressive growth and innovation, I would like to thank the government for its ongoing support of the Kingdom's healthcare sector and the Ministry of Health for its valuable input and collaboration. My thanks also to our esteemed partners and Shareholders for their enduring support, trust and commitment to our shared vision.

Finally, I wish to express my gratitude to our Board members for their insight; it has helped guide us through our achievements in 2023 and will persist to do so in 2024 as we expand our operations and provide greater care for our communities.

CEO's Message



We will remember 2023 as a landmark year for Mouwasat. Our patient care, innovation, and facilities are more impressive than ever, and the rapid rise in our global standing is both justified and recognised by our peers. The healthcare technology we have introduced is setting new medical benchmarks and the quality of the services we have provided is beyond all expectations. Furthermore, in keeping with our mission of long-term strategic expansion, we are meeting the needs of more communities across the Kingdom.

Mr. Nasser Sultan Al-Subaie
Vice Chairman and CEO

Rising Innovation and Ambition

Our investment and implementation of advanced medical technology, artificial intelligence (AI) and robotic surgery last year has positioned Mouwasat as a leader in healthcare innovation and a hub for local, regional, and international patients in need of specialist treatment. Additionally, we have transformed our pharmacy operations, optimised operational efficiency and, above all else, created a safer, more effective patient-centric experience.

Mouwasat's remarkable workforce has delivered yet another peerless performance, caring for 2.3 million outpatients, with almost 81,000 inpatient admissions, both of which are a 10% increase on the figures for 2022. With our expanding network of hospitals and clinics, we have more facilities than ever before and our capabilities, reputation, and brand are reaching new markets, supporting the people of Saudi Arabia in ever-increasing circles.

Building on our current footprint of 7 hospitals in Dammam, Riyadh, Al Khobar, Jubail Industrial City, Madinah, and Qatif, Mouwasat is set to increase to a total of 10 when we complete further expansion projects in Jeddah, Yanbu Industrial City, and Riyadh.

Reflecting our rapid expansion and unrivalled levels of patient satisfaction, Mouwasat delivered revenues of SAR 2,706 million in 2023, an increase of SAR 372 million compared to 2022 and a net income of SAR 658 million, up 10%. Besides, EBITDA increased by SAR 117 million to SAR 928 million, with a margin of 34%.

Customer satisfaction for new patients (based on Press Ganey Indicator)

Outpatient	Inpatient	Emergency
89%	87%	84%
Appointments process	Physicians	
92%	85%	

Pushing the boundaries of medical innovation

As we strive to provide the most effective healthcare possible for our patients, and in line with Saudi Vision 2030, our investment in medical science and innovation is pivotal to both our clinical and non-clinical operations. Advanced technology is not optional, it is essential, and our inventory of AI, machine learning, robotics, automation, tele-medicine, remote monitoring, and digital diagnosis has had a profound impact on treatment outcome.

The acquisition and application of robotic surgery has reimagined surgical procedures, providing high-definition, 3D images, allowing for a greater degree of precision and flexibility in complex cases with minimal invasion.

Mouwasat was the first Company in the Eastern Region to invest in robotic surgery using Da Vinci technology, one of the most sophisticated applications of its kind in the global healthcare industry. To assure we provide the ultimate level of services to our patients, all of Mouwasat's hospitals now have robotic capabilities.

The concerted investment across our network in a vast spectrum of medical field - from preventative and curative treatment to paediatric and geriatric care - is an ongoing triumph.

Moreover, at Mouwasat Hospital Dammam, we have introduced Saudi Arabia's largest private sector robotic outpatient pharmacy, as well as inpatient automatic dispensing machines in all critical areas.

Besides its remarkable medical, surgical, and clinical benefits, technology has also transformed our operational efficiency, enhancing communication, transparency, and accountability. This includes the centralised Revenue Cycle Management system, where all business processes of pre-authorisation, claims, contracts mapping, and services coding are consolidated in a single point of reference.

CEO's Message (continued)

Growing impact

As an expanding, innovative healthcare provider, we possess a comprehensive understanding of the local and regional markets and have the financial stability, flexibility and capability to add to our services through building new and expanding existing strategic partnerships.

Engagement with regional and international companies - such as John Hopkins to treat ARAMCO patients, and partnerships with medical innovators including Da Vinci to increase our involvement in robotic surgery - is crucial to our growth and efficiency. Through these global alliances, we are able to create value through skills, knowledge, and market presence, while substantially increasing our customer base.

We proceeded to introduce numerous expert physicians to expand our specialities and subspecialities services, offering a more comprehensive range of healthcare for patients with rarer conditions. Each year, our goal is to increase the number of patients who see Mouwasat's hospitals and clinics as a safe haven for their health in any

capacity. We constructed, extended, and upgraded medical facilities across our footprint to care for the patients who have more prevalent needs, such as diabetes, gynaecology and physiotherapy.

Following permission from the Ministry of Health to operate our long-term care centre in Madinah, we will provide exceptional care, humanitarian support, and heartfelt comfort to patients with medical conditions or injuries that require ongoing treatment. In every aspect of Mouwasat's services, our mission is to improve quality of life, and for many patients with injuries, chronic illnesses or disabilities, that need is greater than ever.

Local and global awards

Our remarkable progress and care services in 2023 were rewarded with local and global acclaim from some of the industry's most prestigious publications and awarding bodies. Our innovation, value, pharmacies, and environmental initiatives were all recognised for their contribution to a healthier population, setting new benchmarks for international providers.



Mouwasat Hospital in Riyadh ranked 3rd in Go Green competition from GDIPC



Best Value-based Healthcare Strategy Award 2023 by the Council of Health Insurance, Saudi Arabia



Medical Provider of the Year for Pharmacies Award 2023 by the Council of Health Insurance, Saudi Arabia



Khobar Hospital named among the World's Best 250 Smart Hospitals by Newsweek



Dammam Hospital named among the World's Best 250 Smart Hospitals by Newsweek



Mouwasat Medical Services Company ranked in the top 10 most innovative healthcare companies 2023 by Forbes Middle East

Culture, commitment, and community

While the healthcare sector advances and evolves at a pace never before seen in medical history, our people have both driven and adapted to change. Often navigating new innovation and revising work practices, their skills, work ethic, and commitment to Mouwasat have been the mainstay of our success and the lynchpin of our progress.

From recruitment to retention, we make sure every member of our workforce is welcomed to a collective culture of engagement and encouragement, which fosters a community of self-improvement and mutual respect. As a fair and just employer with diligence and integrity at our core, we not only value our extended family, but also provide them with the tools to realise their potential, advance in their careers, and increase their contribution to healthcare excellence.

In order to achieve those goals, we believe constant medical education and training for our frontline staff are pivotal to the ultimate quality of care for our patients and our progress as a leader in our sector.

In our capacity as a leading healthcare provider, we have the expertise and facilities to care for our patients, and we are in a position to influence the wider population of the Kingdom to create a healthier, more educated society.

In line with our collaboration with the Ministry of Health, we have initiated numerous health awareness programmes and supported Kingdom-wide charities, including our agreement with Kanaf to provide healthcare for widows and orphans, who are among the most vulnerable members of our communities.

In our ongoing drive for greater health education, Mouwasat has collaborated with charities to provide consultations in internal medicine, paediatrics, and oncology, and invested in home technology, virtual consultations, and mobile apps, to reach a wider, often more restricted, patient base.

Committing to Saudi Vision 2030

As our presence in the Kingdom's healthcare landscape continues to grow, our ability to contribute to Saudi Vision 2030 becomes even greater. The expansion of our hospitals, clinics, and pharmacies enables us to reach new patients, providing the highest quality facilities for even more communities. In addition, our home healthcare offers a service for more physically and socially disadvantaged people.

In alignment with Vision 2030, the vast progress we have made in medical innovation has been transformational in our performance and supports the Kingdom's aspirations of becoming a global technology hub. Furthermore, our ongoing education and training programmes create a more skilled workforce, in line with a knowledge-driven economy, complementing our Saudisation efforts, which keep on thriving, with 38% of our workforce now made up of nationals.

We are proud to say that the principals and goals of Saudi Vision 2030 are guiding forces in everything we practise and our commitment to its success is unconditional.

Building on success

As we look to the future, we will take advantage of our past. In 2023, Mouwasat reached new heights in emerging technology, new hospitals and clinics. We added new pharmacies, medical specialities and working practices, all of which provide an added dimension to our patient-centric service.

In 2024, we will build on our remarkable achievements. As we carry on our strategic journey of sustainable expansion, we will strengthen our partnerships and seek alliances to extend our reach and capabilities, focusing on innovation and the progress of medical science.

Our investment in people will continue to attract the most talented clinicians and front-line staff, increasing patient satisfaction even further as we recruit the next generation of medical expertise.

As we maintain our standing as a leading healthcare provider and widen the gap between ourselves and our competitors, Mouwasat has delivered a year that is a credit to its workforce and a strategic victory for the Company. Our investments, direction, and medical excellence have brought enormous benefits to the people of Saudi Arabia and provide a great source of pride for the part we play in their wellbeing.

Acknowledgements

In conclusion, I would like to thank the Board of Directors and Management for their vision and expertise in such an exciting and successful year. My great appreciation extends to the entire Mouwasat team for their immense efforts and unwavering commitment to the Company. Finally, I would like to thank our partners, patients, and customers, whose satisfaction and loyalty to Mouwasat healthcare is integral to our progress.

Managing Director's Message



In line with Mouwasat's commitment to strategic expansion, we are excited to launch operations at our new hospitals in Jeddah and Yanbu, offering residents access to high-quality and integrated medical services. These facilities will be equipped with the latest technologies from world-renowned companies. We also actively seek new opportunities within the Kingdom to align with Vision 2030, ensuring we deliver exceptional healthcare to all citizens and residents.

Mr. Mohammed Suleiman Al-Saleem
Managing Director



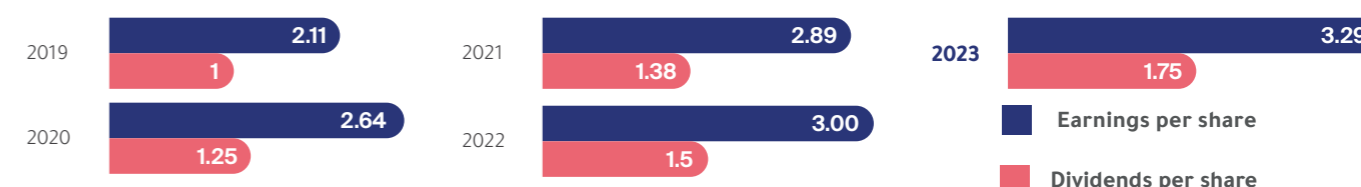
Solidifying our Financial Position

Mouwasat has focused on attracting medical talent from all over the world, with a particular focus on experienced Saudi talent in specialised fields who possess a good reputation and are highly regarded by patients.

To fuel the company's strategic growth plan, expand its medical network, and bolster its financial strength and stability, 2023 saw a capital increase of SAR 1,000 million through the distribution of free shares to existing shareholders

on a 1:1 basis. This effectively doubled the number of outstanding shares from 100 million to 200 million.

Demonstrating our commitment to shareholder value, Mouwasat continued to implement its dividend distribution policy. Following a SAR 300 million distribution for 2022, the Board of Directors, at its meeting held on 25 December 2023, recommended a further SAR 350 million cash dividend payout for the 2023 financial year, representing SAR 1.75 per share.



Earnings and dividends per share (SAR)

2023 marked a year of significant growth for Mouwasat, with solid strategic progress and financial performance evident across a range of key performance indicators (KPIs).

Income statement

	SAR million			
	2023	2022	Change	Change (%)
Revenue/Sales	2,705	2,334	371	16%
Gross profit	1,313	1,102	211	19%
Operating profit	757	673	84	12%
Net comprehensive income attributable to shareholders	654	594	60	10%

The increase in operating profit in 2023 compared to 2022 was due to the growth in operating revenue resulting from:

- Increased outpatient visits and higher inpatient occupancy rates
- Improved performance of the new specialised departments in our hospitals
- Enhanced efficiency of resource utilisation

Balance sheet

	SAR million				
	2023	2022	2021	2020	2019
Current assets	1,618	1,573	1,315	1,196	1,066
Non-current assets	3,347	3,088	2,744	2,453	2,262
Total assets	4,965	4,661	4,059	3,649	3,328
Current liabilities	831	767	640	551	543
Non-current liabilities	707	818	717	718	733
Total liabilities and obligations	1,538	1,585	1,357	1,269	1,276
Shareholders' equity	3,277	2,923	2,604	2,279	1,955
Non-controlling interests	150	153	98	101	97

Driven by a commitment to excellence, Mouwasat is unwavering in its pursuit of growth. We remain dedicated to maximising shareholder value through strategic investments and exceptional returns. We are grateful for the continued trust, collaboration and support of our shareholders, customers, valued partners and government agencies. We also extend our deepest appreciation to our esteemed Board of Directors and all our employees, whose dedication is instrumental in achieving our goals.

Business Model

Mouwosat creates significant and sustainable value for our Shareholders and all our Stakeholders by leveraging our unique strengths, capabilities, and position in the market to drive growth, increase quality, and reinforce impact with each passing year.



Inputs

Financial Capital

- Total equity: SAR 3,246,846,716
- Net debt: SAR 617,043,247
- CAPEX: SAR 277,038,015

Manufactured Capital

- 7 hospitals
- 580 clinics
- 952 beds

Human Capital

- 4,288 total employees
- 33 nationalities
- 38% Saudisation

Intellectual Capital

- New mobile app version launched 2023
- SAR 100 million capital investment in technology and AI

Social and Relationship Capital

- 45 social contributions
- SAR 1,091,925 total CSR programme spend
- 3 community pharmacy programmes
- 7 CSR partnership agreements



How we create value

Our strengths

- Experienced and dedicated leadership team
- Multinational administrative and manpower expertise
- Automation, digitisation and AI implementation
- Solid financial resources
- Efficient utilisation of resources with advanced medical technology
- Multicultural team
- Specialised centres
- National and international quality accreditations and centres of excellence

Comprehensive medical offering

We strive to ensure our patients have access to a comprehensive set of services. This includes providing the major specialties and sub-specialties across all our hospitals for both adult and pediatric patients. Having this structure in place allows us to grow and lead in the healthcare sector.

Diverse medical expertise

We believe diversity improves patient care, quality, and financial results, as it encourages innovation, fosters people competence and communication, and brings different experiences and perspectives into the Company culture.

Outstanding quality and patient experience

We are keen to acquire national and international accreditations and to build centres of excellence in many specialties. Our partnership agreement with Press Ganey, the international American company - which specialises in patient satisfaction surveys and overall performance improvement - ushered in the introduction of a patient experience measurement programme across all hospitals including clear action plans, monitoring of issues reoccurrence, and establishing strategic projects based on patients' comments and complaints.

Investment in automation, AI and digital solutions

A pioneer in introducing many medical and non-medical digital solutions to achieve the best patient safety and experience. We drive innovation to enhance the quality and efficiency of our operations. We have implemented artificial intelligence (AI) across a range of diagnostic and therapeutic units, such as robotic services, tele-health services, digitalised and automated processes including but not limited to laboratory, radiology, pharmaceutical services, operating theatres, and inpatient and outpatient services.



Outputs

Financial Capital

- Revenue generated: SAR 2,705,508,121
- Net profit: SAR 657,687,906
- EBITDA: SAR 927,617,195
- EBITDA margin: 34%

Manufactured Capital

- 2,284,974 outpatient visits
- +80,000 inpatient admissions

Human Capital

- 63% female workforce
- 13 employees of determination
- 92% trained Staff

Intellectual Capital

- 1.8 million website visitors
- Apple store:
 - o 4.8 rating (25,840 ratings)
 - o 573,000+ impressions
 - o 123,000+ downloads
- Google Play store:
 - o 4.7 rating (8,160 ratings)
 - o 31,000+ downloads
 - o 140,000+ impressions

Social and Relationship Capital

- 12,387 beneficiaries across KSA
- 51 associations benefiting from CSR activities
- 13 served areas
- 8 CSR partnerships with national companies
- 95.4% CSR beneficiaries' satisfaction score

Strategy and KPIs

Mouwasat takes a strategic, long-term approach to fulfilling our mission and achieving our vision to deliver an outstanding standard of healthcare and patient experience at every stage of the journey towards treatment to recovery. From our world-class medical practitioners to our modern facilities and our cutting-edge technologies, we are investing to constantly deliver better medical outcomes while creating strong and sustainable value for our business and all our Stakeholders.

Our Vision

Building on our belief in the right of all people to quality healthcare, we combine cutting-edge technology, and medical techniques that have proven themselves both in theory and clinical practice, with the best practices in the medical field and in close collaboration with local and international medical organisations to provide excellent health centres both inside and outside the Kingdom.

Our Mission

Providing our clients with sustainable, first-class medical services of the highest quality, with a constant commitment to continuously improve our medical services and to improve the skills and expertise of our employees, taking into account the desired future based on innovation and team spirit.



Our Values

The principles that guide us in fulfilling our mission and determines how we work in our organization.



Excellence

Through quality, patient care and resource development



Ethics

Integrity, honesty, honour, privacy and confidentiality



Principles

Commitment to patient and environmental safety



Working in a team

Working cooperatively to achieve goals



Safety

Commitment to patient and environmental safety



Responsibility

- Loyalty and commitment
- Effective work and financial responsibility

Strategy and KPIs (continued)

Strategic pillar	 Achieve optimal customer satisfaction	 Guarantee compound annual growth rate (CAGR) not less than 15%	 Efficient utilisation of resources	 Acquiring Saudi talent	 To maintain highest level of quality and patient safety																					
Description	<ul style="list-style-type: none"> We adopt a patient-centric approach with evidence-based best practices, updated clinical practice guidelines, and the latest technologies to ensure quality care with empathy and compassion Our strategic partnership with Press-Ganey, the international American company, which specialises in patient surveys and performance improvement, enhances customer experience by monitoring patient satisfaction scores and benchmarking the results on national, GCC and international level 	<ul style="list-style-type: none"> Our profit formula is regularly reviewed and managed for total revenue, total expenses, and net profit, with statistical analysis including volume of patients, occupancy rate, admittance, radiology and laboratory services We care for the financial impact with operational review of revenue max, cost reduction, resource allocations, decision-making processes and patient flow 	<ul style="list-style-type: none"> Our business model is built around managing our resources, processes, and cost assumptions for delivery of a unique proposition to our customers and enabling efficient supply chain management with the best resources, including financial resources (health spending), supply chain management and human resources We adopted a value-based healthcare delivery system to achieve efficient utilisation of resources 	<ul style="list-style-type: none"> Our Saudisation programme, in line with Vision 2030, empowers our Saudi Staff with a high standard of training and development We have invested in hiring Saudi talent in senior positions, attracting highly skilled candidates through affiliation with the Saudi Commission for Health Specialities (SCFHS) for various residency and fellowship programmes 	<ul style="list-style-type: none"> We provide unified, standardised care based on the most updated reference standards of national and international institutions, including accreditations and centres of excellence 																					
KPIs	<ul style="list-style-type: none"> Customer satisfaction scores for new patients Overall customer satisfaction with appointments process Overall customer satisfaction of physicians 	<ul style="list-style-type: none"> Occupancy rate Number of outpatient visits Number of admissions Number of surgeries and procedures 	<ul style="list-style-type: none"> Percentage of insurance asset availability Percentage of HVAC anomalies reduction Percentage of reduction of man-hours for better utilisation 	<ul style="list-style-type: none"> Percentage of Saudisation Number of specialities for the fellowship programmes 	<ul style="list-style-type: none"> Number of accreditations Compliance with laws and regulations Number of centres of excellence 																					
2023 achievements	<p>Customer satisfaction scores for new patients as per Press Ganey Indicator are as follows:</p> <table border="0"> <tr> <td>Outpatient</td> <td>Inpatient</td> <td>Emergency</td> </tr> <tr> <td>89%</td> <td>87%</td> <td>84%</td> </tr> <tr> <td>Overall customer satisfaction with appointments process</td> <td>Overall customer satisfaction of physicians</td> <td></td> </tr> <tr> <td>92%</td> <td>85%</td> <td></td> </tr> </table>		Outpatient	Inpatient	Emergency	89%	87%	84%	Overall customer satisfaction with appointments process	Overall customer satisfaction of physicians		92%	85%		<table border="0"> <tr> <td>Number of outpatient visits</td> <td>Number of inpatient admissions</td> </tr> <tr> <td>2,284,974</td> <td>+80,000</td> </tr> <tr> <td>Volume of surgeries and procedures</td> <td></td> </tr> <tr> <td>+35,000</td> <td></td> </tr> </table>	Number of outpatient visits	Number of inpatient admissions	2,284,974	+80,000	Volume of surgeries and procedures		+35,000		<p>Awards:</p> <ul style="list-style-type: none"> Best Value-Based Healthcare Strategy Award 2023 by the Council of Cooperative Health Insurance, Saudi Arabia Medical Provider of the Year for Pharmacies Award 2023 by the Council of Cooperative Health Insurance, Saudi Arabia Khobar Hospital among the World's Best 250 Smart Hospitals by Newsweek Dammam Hospital among the World's Best 250 Smart Hospitals by Newsweek Mouwasat Hospital in Riyadh ranked 3rd position in Go Green competition from GDIPC Mouwasat Medical Services Company was ranked within the top 10 innovative healthcare companies 2023 list by Forbes Middle East 	<p>Number of SCFHS affiliation specialities</p> <p>7</p>	<p>Accreditations</p> <p>13</p> <p>Centres of excellence</p> <p>4</p> <p>Inspections</p> <p>15</p>
Outpatient	Inpatient	Emergency																								
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2024 goals	<ul style="list-style-type: none"> Improve new customers satisfaction score by 15% Maintain the customer satisfaction score for appointments touchpoint above 90% 	<ul style="list-style-type: none"> Disbursing Dividends (SAR 350 million) Consistently expand the Company's resources (horizontally and vertically) Revenue growth supported by clear drivers and assumptions Cost control Net profit growth Net margin no less than 25% 	<ul style="list-style-type: none"> Increase Staff retention rate More investment in technology and AI especially in procedures Investment in tele-health Investment in primary healthcare clinics New outsourcing and contracted services Focus on long-term financial sustainability projects Encourage research in different clinical specialities 	<ul style="list-style-type: none"> Increase the number of Saudi consultant clinics Adding new residency programmes in affiliation with SCFHS Increase the number of Saudi Staff in frontline services 	<ul style="list-style-type: none"> 29 accreditations 12 centres of excellence 6 inspections 																					

03



OPERATING REVIEW

37	Hospitals
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Hospitals

While putting patients first has always been the beating heart of our operations, the progress we made in 2023 has been a tremendous step forward in their healthcare journey. From diagnosis to recovery at Mouwasat hospitals, we have never before seen such effective and innovative care with such remarkable and tangible results. The growth in our facilities has been exponential, enabling us to provide premium services to a greater number of people in a greater number of locations and our financial results have reflected our phenomenal medical and operational achievements.

Mouwasat has fundamentally increased its standing as one of the region's most innovative, pioneering healthcare providers. Our procedures are groundbreaking, our implementation of medical science is revolutionary and the transformation from theory to clinical practice has both changed and saved lives. Furthermore, we have expanded our presence across the Kingdom and optimised our business practices in line with our strategic sustainable growth.

Expanding our care

In 2023, we increased the number of inpatients and outpatients by 10% compared to 2022 and have created a patient experience that transcends standard services to deliver an exceptional journey at the hands of every world-class member of our hospital teams.

We attended to the needs of 2.3 million outpatients last year, due in part to a 14% increase in the number of our outpatient clinics from 508 to 580 and admitted +80,000 inpatients to our hospitals, treating each case as unique, tailoring our resources to meet their individual requirements.



Hospitals (continued)

With a record number of clinics in 2023, and added subspecialties, Mouwasat successfully expanded its reach in terms of geography and population, bringing its brand and operational excellence to a new audience. We have already seen that these clinics are respected and valued by the people they serve, with outstanding facilities and physicians. We have even upgraded and extended many of our existing clinics, hospital departments and pharmacies.

Opening of
Mouwasat Qatif Diabetic Centre

Expansion of
Mouwasat Jubail Diabetic Centre

New
Mouwasat Madinah Physiotherapy Department

Upgrade of
Mouwasat Qatif Physiotherapy Department

New
Robotic Pharmacy in Mouwasat Hospital Dammam

Expansion of
Mouwasat Dammam ICU Department

Expansion of
Mouwasat Jubail Obstetrics and Gynaecology Department

In December last year, we received approval from the Ministry of Health to commence operations at the Mouwasat long-term care centre in Madinah. This is a major plus to Mouwasat's services to improve quality of life for patients with medical conditions or injuries that require special long-term care, meeting the needs of people with chronic illnesses or disabilities who cannot receive care in their own homes.

As one of Saudi Arabia's most important and influential healthcare providers, Mouwasat welcomes the responsibility for inspiring and enhancing the future of the Kingdom's medical professionals. In 2023, our Dammam hospital obtained the institutional accreditation from the Saudi Commission for Health Specialties for the residency programme in internal medicine, paediatric, clinical pharmacy, anaesthesia, geriatric, intensive care, and diagnostic radiology. It is a privilege and a core value that we are able to share our experience, expertise, and unrivalled medical resources.

Directing and delivering strategies

Our first-rate operational model and corporate administration are lynchpins in the overall performances of our hospitals and medical facilities. The standardised policies, procedures, and protocols we have adopted ensuring clear channels of communication and creating a robust responsibility and reporting matrix.

Operational strategies are identified and clarified, in line with the Mouwasat mission, vision and values to acquire national and international quality standards of excellence and global accreditations. We consistently strive to improve the efficiency of our resources by closely monitoring our daily practices and reviewing key performance indicators.

In 2023, we implemented a Centralised Revenue Cycle Management department, which has proved to be a significant benefit to our operations. In terms of streamlining, coordination, transparency, and

consolidation, we have created a far more succinct, time-effective, cost-efficient business process.

Exploring medical solutions

We are deeply committed to the future of medicine and have a profound belief that our dedicated research and development skills have the ability to make major contributions to medical breakthroughs.

In 2023, we established the Institutional Review Board (IRB) Committee to uphold rigorous ethical standards and guide scientific research initiatives. The Committee operates in strict accordance with national and international regulations, including the Saudi National Committee of Bioethics and King Abdulaziz City for Science and Technology (KACST). Since its inception, the IRB has reviewed more than 40 scientific research proposals, guaranteeing total compliance.

Our universal respect and credibility have been acknowledged across the globe for in-depth research published in prestigious, high-impact journals, demonstrating the quality and significance of our work. We have an excess of 460 published papers in medical journals worldwide, authored by experts in their fields. As well as providing the best possible patient services, Mouwasat has a unique culture of curiosity from the people who have chosen medicine as a vocation as well as a career. We understand that desire to discover, and actively encourage all employees to participate in research, nurturing a culture of innovation and knowledge sharing.

Hospitals (continued)

Investing in the Fourth Industrial Revolution

Robotics, artificial intelligence (AI) and machine learning have established themselves as vital cogs in the engine that drives healthcare progress, and their development is typically proportionate to the efficiency of hospitals and outcomes of patients. Mouwasat has acknowledged that technology is the key to progress, investing in some of the most advanced medical innovation and equipment available. It is an investment which is already paying dividends in the accuracy of diagnosis and effectiveness of treatment, from minor injuries to life-saving surgery.

The introduction of Da Vinci robotic surgery at Al-Mouwasat hospital in Al Khobar was a significant milestone in Mouwasat's technology aspirations, enabling surgeons to operate remotely through four arms equipped with surgical tools and high-definition cameras, while displaying comprehensive and precise real-time data. The robotic arms enable easy access to intricate areas, enabling smaller incisions, less noticeable scars, and significantly reduced recovery times. The procedure also significantly lowers the need for blood transfusions.

This cutting-edge innovation has delivered exceptional results in a number of fields, including oncology, urology, colorectal disease, obstetrics, and gynaecology conditions.

For the many cases that require operations on knees, robotic orthopaedic surgery has paramount precision delivering optimal results through CT scan data analysis, performing successful procedures within a significantly reduced time span.

The robotic rehabilitation device is one of the most advanced mechanical and electrical mobility tools in the world and the only one available in the Eastern Region. It is used to analyse and treat walking patterns post-injury through computer-based processes.

The device is calibrated for patients to support walking and balance issues following a variety of traumatic illnesses and injuries, including strokes, brain injuries, cerebral palsy, Parkinson's disease, and amputations, among many others.

Tele-ICU Command

The Tele-ICU Command was launched as the first smart intensive care centre in the Kingdom to support ICUs in Mouwasat hospitals, as a continuation of AI and medical technology. The projects' key goals are targeted at standardising medical care, treatment and performance plans, providing best treatment practices, quality improvement, and reducing costs and the duration of patient stays in intensive care departments.

Tele-ICU Smart Intensive Care Centre

The Tele-ICU Smart Intensive Care Centre is designed to monitor and supervise clinical cases and patient data, including all examinations performed, such as laboratory tests and radiology. The AI function warns the treating physician of the potential risk of complications that the patient may develop,

based on the collection of electronic data. In using responsible medicine, the physicians' requests will be implemented alongside the medical and nursing care plan. Accordingly, the Tele-ICU SmartCare will implement its scoring system to identify symptom risk through its calculating ratios and outcomes tool.



1,500
Bed capacity



Communication
between the command
centre and ICU
through audiovisual
technology



350
Operating beds



Integration of
services: health
information system,
image archiving,
communication
system, laboratory
information system
and cardiac archiving
and communication
system



Intensive care
specialists,
integrated teams of
nursing, specialised
medical staff
available around the
clock



Hospitals (continued)

There are enormous benefits and implications for both patients and hospitals with the emergence of the Tele-ICU Smart Intensive Care Centre, including a substantial reduction in the length of stay in the ICU, reducing the cost of patient care.

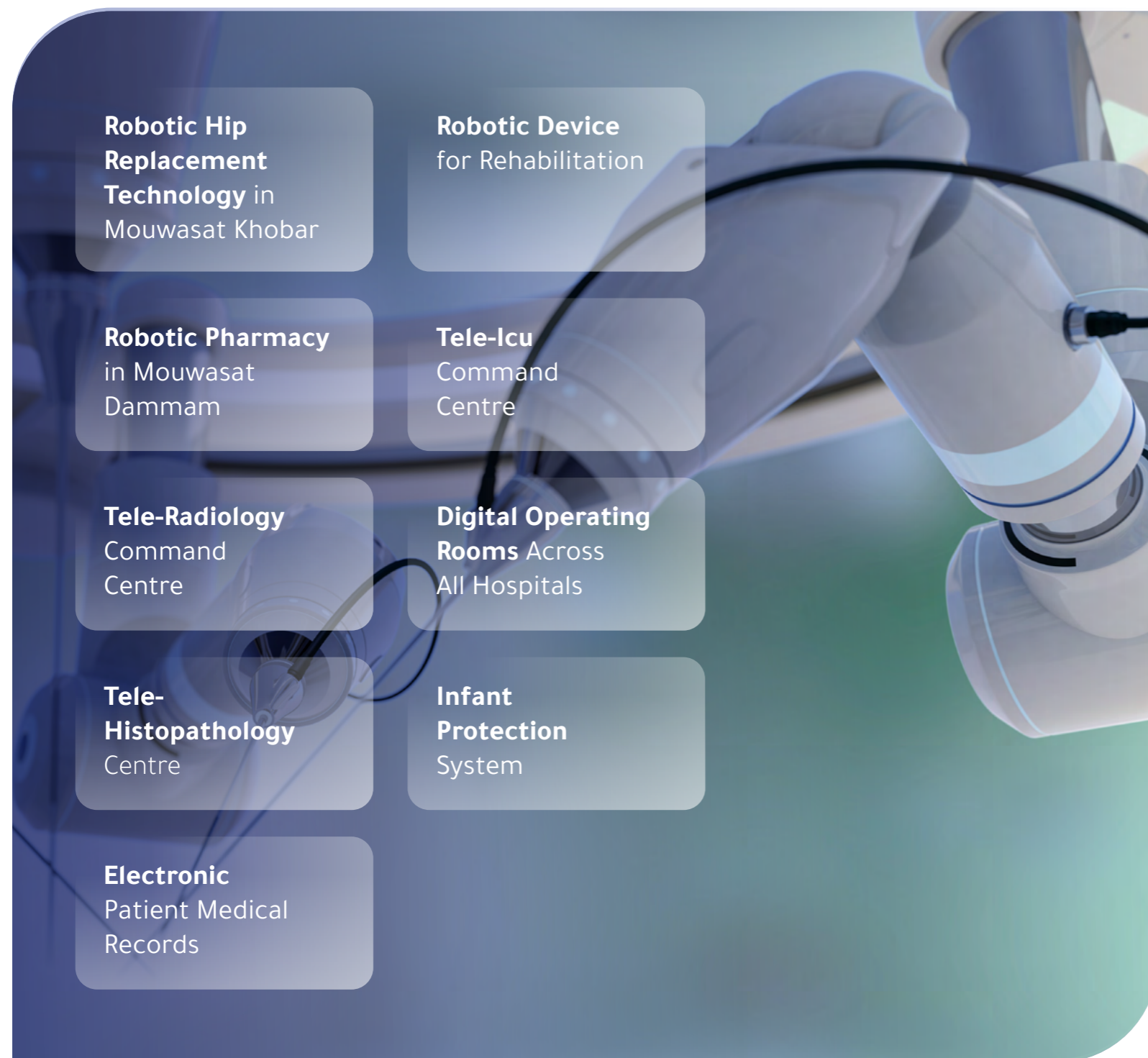
The AI tool is able to alert physicians to the risks patients may be exposed to and unify medical procedures to prioritise

treatment, improve quality of care, guarantee patient safety, and provide desired outcomes.

While the capability and benefits of automation, technology, and innovation are well established, their application to a wider range of uses is a constant source of exploration.

Advances in the international medical field are evolving at the fastest pace in history and patients are now able to experience the benefits of technology before they consult a physician or enter a hospital. The increasing use and familiarity of the Mouwasat App has significantly eased the patient journey in conjunction with several initiatives that deliver a coherent, comprehensive, and convenient service.

From check-ins to chatbots, the Mouwasat mobile app and website provide streamlined, automated processes that are part of our overriding mantra to put our patients first.



Robotic Hip Replacement Technology in Mouwasat Khobar

Robotic Device for Rehabilitation

Robotic Pharmacy in Mouwasat Dammam

Tele-Icu Command Centre

Tele-Radiology Command Centre

Digital Operating Rooms Across All Hospitals

Tele-Histopathology Centre

Infant Protection System

Electronic Patient Medical Records

Automated insurance pre-authorisation

Chronic medication refill service and delivery

Automated pharmacy management protocol

Automated appointment reminder calls through call system

Self-check-in through Mouwasat mobile app

24/7 call centre and complaints management system

Chatbot technology through Mouwasat website and mobile app

Establishing the Continuity of Care unit

Automation of sick leave issuance through SMS and mobile app

Pre-admission centre (one-stop-shop service)

Hospitals (continued)

Saudi Vision 2030

We have a duty and a passion to contribute to Saudi Vision 2030, through our own practices and through our influence on others. Our prime objective is to ensure we provide the people we serve with the easiest access to the most effective health services. Besides the substantial rise in new clinics, we provide essential care for those people who are even more isolated and in need of support in their own homes.

We are dedicated to health education and awareness, collaborating with the Saudi Ministry of Health to improve lifestyles and prevent disease with a long-term goal of longevity through activity. Furthermore, aligning with a key pillar of Vision 2030, Mouwasat is playing a front-line role in cutting-edge medical innovation, integrating the sector's most advanced technology to improve patient outcomes and clinical efficiency. We are rapidly becoming one of the Kingdom's frontrunners in a field that is pivotal to the industry and crucial to patient welfare.

In terms of Saudisation, Mouwasat is highly proactive in recruiting, retaining, and retraining Saudi nationals in both medical and non-medical roles, with a commitment to enhance their relevant skills and develop their careers. We consider the healthcare market to be an untapped sector for local talent and are committed to harnessing their hidden potential.

Recognition for our achievements

During 2023, we once again excelled in external evaluations of our services and the outstanding quality of care we give to our patients. Besides to being a highly successful organisation, we have a workforce dedicated to providing a better life to the people we serve with competence and compassion. Last year, we achieved 13 survey accreditations, and 4 services were accredited as Centres of Excellence: Orthopaedic Surgery, Neurosurgery, Cath Lab, and Cardiology.

Similarly, we were honoured to receive many prestigious local and international industry awards in 2023 for our service, value, technology, and environmental accomplishments.



Medical Provider of the Year
Best Value-based Healthcare Strategy Award 2023 by the Council of Health Insurance, Saudi Arabia



Medical Provider of the Year for Pharmacies Award
Medical Provider of the Year for Pharmacies Award 2023 by the Council of Health Insurance, Saudi Arabia



Khobar Hospital: World's Best 250 Smart Hospitals
Khobar Hospital selected among the World's Best 250 Smart Hospitals by Newsweek



Damman Hospital: World's Best 250 Smart Hospitals
Damman Hospital selected among the World's Best 250 Smart Hospitals by Newsweek



3rd Place in the Go Green competition
Mouwasat Hospital in Riyadh ranked third in the Go Green competition from GDIPC



Top 10 Newsweek Innovative Healthcare Companies
Mouwasat Medical Services Company was ranked within the top 10 Newsweek Innovative Healthcare Companies 2023 list from Forbes Middle East

ACCREDITATIONS



CENTRE OF EXCELLENCE CERTIFICATIONS



Building momentum in 2024

As we look back on 2023, we can be justifiably proud of our many successes, with targets that have been set to be broken. In 2024, we will continue to invest in one of most significant medical revolutions in history. Technology and innovation are pivotal in optimising care for our patients, delivering even better results in a shorter time frame with greater comfort.

We will remain consistent in our drive for efficiency to maximise our use of resources, based on value-based healthcare, delivering our assets where they are needed most.

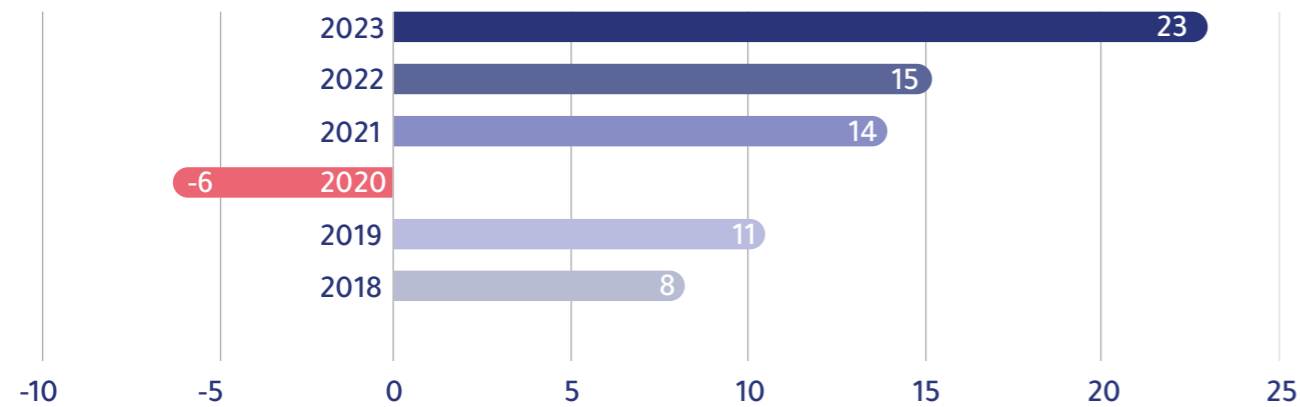
On both a national and international stage, we will promote our exceptional skills, services, techniques, and technologies, acquiring more accreditations and sharing more knowledge.

We have proven that Mouwasat is a truly cutting-edge healthcare provider with the energy and passion to push the boundaries of a new way of working, with the most intensive research and skilled practitioners. We are determined and driven and look ahead to a new year with inspiration and anticipation.

Pharmacies

The remarkable achievements of 2023 positioned our pharmacies as providers of world-class services with a global reputation. Patient-centric strategies exceeded all KPIs in every field, from a 23% growth in revenue to an 18% increase in customer satisfaction, and our investment in technology fundamentally changed the way we operate. We delivered industry-leading safety procedures and, following our substantial expansion, we have the largest number of facilities in our history. In recognition of all we achieved last year, we were also accredited with highly prestigious national and international awards.

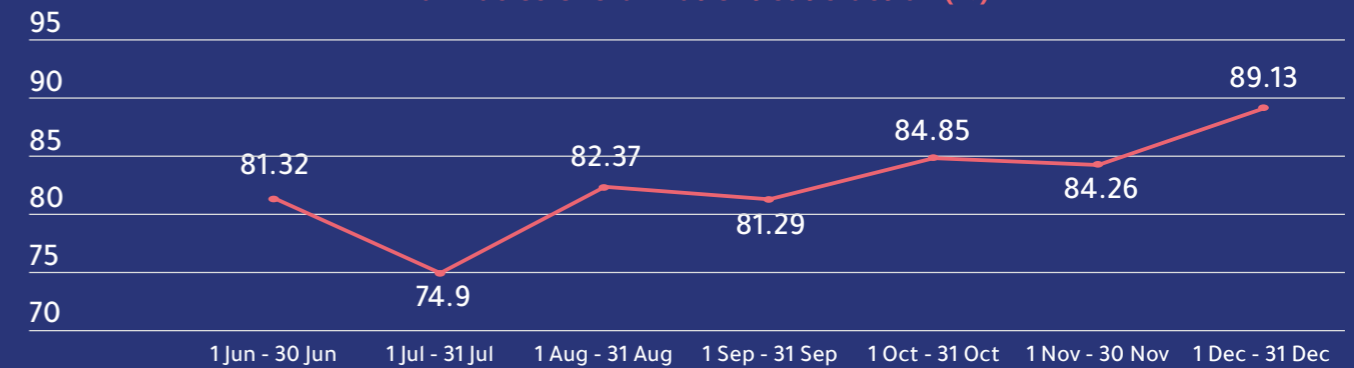
Pharmacy Revenue Growth (%)



Playing a large part in our reformation, the implementation of cutting-edge innovation revolutionised our customer service in 2023, providing a more comprehensive and convenient experience, while enhancing the most stringent safety precautions. Our patient-focused, end-to-end goals, combined with exceptional growth and diversification, achieved a remarkable 19% increase in our customer base. Despite ambitious targets, the results went far beyond expectations.

We believe one of the most accurate measures of success is patient satisfaction, an essential element in long-term, sustainable growth. Our intense, ongoing staff training, automated pharmacy services, and medication adequacy programmes played a major role in reducing average waiting times by 20%. In turn, we achieved an 18% increase in positive patient reviews and customer loyalty, an astounding achievement over the course of a year, underscoring the efficacy of our strategic direction and our commitment to its success.

Pharmacies Overall Patient Satisfaction (%)



Patient safety and savings

Following the Group's strategic expansion plan, we explored diverse growth avenues to shift from a product-centred to patient-centred approach, specifically focusing on improving our drug formulary.

Collaborating with the Pharmacy and Therapeutic Committee, we significantly reformed our hospital formulary to seamlessly integrate with the insurance drug formulary, offering patients wider access to covered medications. We then implemented an auto-allocation system for pharmacy items, enabling accurate pre-authorisation and minimising rejection rates, which enhanced efficiency and improved patient flow.

In standardising medicine-ordering with generic promotion, the hospital information system underwent several modifications to align with the Council of Health Insurance (CHI) rules for ordering by generic name. This encouraged a 50% reduction in brand-name dispensing and an 85% increase in generic usage.

These strategic steps not only boosted revenue, but also improved compliance, enhanced patient access, and promoted cost-effective medication. By prioritising both growth and responsible healthcare practices, we are creating a sustainable and impactful healthcare system.

Mouwasat is proud to be the first private hospital to open and operate a pharmacist-managed clinic through the opening of the anticoagulation clinic. This specialised clinic is dedicated to the precise management and monitoring of patients who are prescribed anticoagulant medications, ensuring optimal therapeutic outcomes while minimising the risk of adverse events.

Robotic dispatch and dispensaries

As technology continues to both serve and determine healthcare direction, we have sourced and integrated the most advanced innovations in the pharmacy sector. Our increased investment in AI and machine learning has brought the opportunity to improve our current practices and create entirely new methodologies.

As part of our technology realignment, we installed Saudi Arabia's largest robotic outpatient pharmacy in the private sector at Mouwasat Hospital Dammam. This provides fast, effective, safe, and accurate dispensing, releasing time for our pharmacy staff to care in front-line, customer-facing roles. Similarly, our inpatient automatic dispensing machines were imported to cover all critical areas in Mouwasat hospitals, providing accessible and timely medication management.

In enhancing accessibility to our services, our mobile apps and website provide medication management tools such as refills and home delivery as well as drug information services to the public.



Pharmacies (continued)

Building a future

As part of our departmental transformation, we conducted in-depth surveys into each stage of the patient's medication journey to assess shortfalls and introduce enhancements where necessary.

We implemented a robust Pharmacy Benefits Management (PBM) system to link medication orders with diagnoses through the National Platform for Health and Insurance Exchange Services (NPHIES) platform. Serving 3,000 patients per day, this system has a unique "decision support" feature that flags inappropriate prescriptions, based on the patient's condition, age, and potential drug interactions.

Working in conjunction with our clinical teams, we designed and built our own

PBM system, which has been integrated into the Hospital Information System, functioning in tandem with PBM systems from insurance companies.

As a result, the number of Pharmacy Benefits Management rejections during pre-approval dramatically decreased from 400 to fewer than 20 per day. This not only streamlined approvals, but also improved patient satisfaction and safety by preventing potentially harmful prescriptions.

We have made significant strides in eliminating the lengthy periods between discharge and dispensary, making sure patients who no longer required inpatient treatment received medications at their bedsides before leaving the hospital, removing the need to visit the pharmacy.

Pharmacists have an active role in fostering safe medication practices and patient safety, with more than 30,000 interventions in 2023. As an added measure to make certain our patients receive the most effective post-discharge care, we provide bedside education and advice on their medication. The numerous brand names for the same generic drug have previously caused confusion and inadvertently led to errors in self-administration, dosage, and consumption.

Furthermore, we have around-the-clock supplementary services providing drug information for both hospital staff and the public.

Extent informed about meds received (%)



Recognition near and far

Alongside the Joint Commission International (JCI) and the Saudi Central Board for Accreditation of Healthcare Institutions (CBAHI) accreditations, Mouwasat Pharmacies received accreditation from the American Society of Health-System Pharmacists (ASHP), becoming the first international healthcare system outside of the US to do so.

In a year of so many achievements, we were proud to be recognised by some of the most prestigious organisations in local healthcare, and receive international praise for our efforts.

It is a testament to the professionalism and passion we have for our work that the Saudi Commission for Health Specialties (SCFHS) authorised the Mouwasat Pharmacy department to provide the Postgraduate Clinical Pharmacy Diploma programme.

Besides, it was a great honour to receive the CHI Excellence award for Medical Provider of 2023 for our pharmacies, a true endorsement of our practices across the year.

In a global arena, Mouwasat Pharmacies became the first international healthcare system outside of the USA to be accredited by ASHP.

For more than 80 years, ASHP has championed innovation in pharmacy practice, advanced education and professional development, and served as a steadfast advocate for its members and patients. In line with ASHP's vision, we believe the use of medication must be optimal, safe, and effective for all people at all times.

In our capacity as one of the Kingdom's most advanced and successful pharmacy operations, we hosted the Saudi International Conferences for Pharmacists and conducted the seminar "Together to Prevent Antibiotic Resistance" for World Antimicrobial Awareness Week.

As part of our many initiatives to raise drug and medicine awareness among the public, we have always focused on our partnerships with our patients and provide them with awareness and education. We launched and participated in numerous campaigns during 2023, both independently and in collaboration with the Ministry of Health.

Maintaining momentum

In 2023, we witnessed the immense advantages of technology and the benefits it had on our entire operations; efficiency and safety are at new levels and next year we will increase our investment, including full automation in both inpatient and outpatient clinics.

Expansion will remain a core goal as we broaden our customer base still further and provide unrivalled services to a larger population. Our new specialised clinics will be managed by clinical pharmacists, and we will provide greater access than ever before with our increasing use of innovative healthcare solutions.

It was an exceptional year for Mouwasat's pharmacies. The advances have been comprehensive and the results have been extraordinary, reimagining, redesigning, and reforming vast operational models for the benefit of the patients we serve.



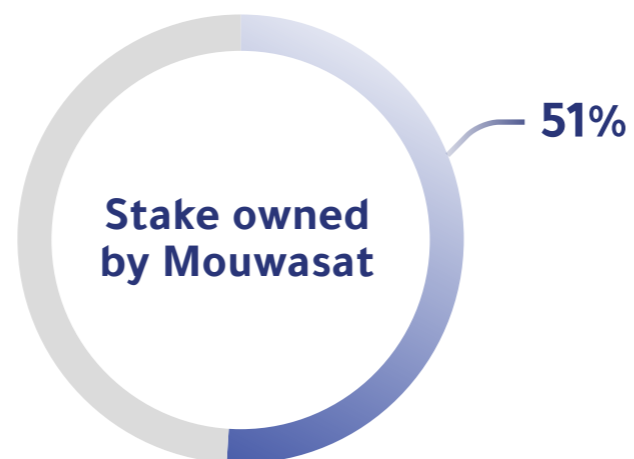
Subsidiaries and Associates

To better serve patients across the Kingdom and create value for our Shareholders, Mouwasat has significant ownership stakes in 2 well-established medical companies serving the Saudi Market.

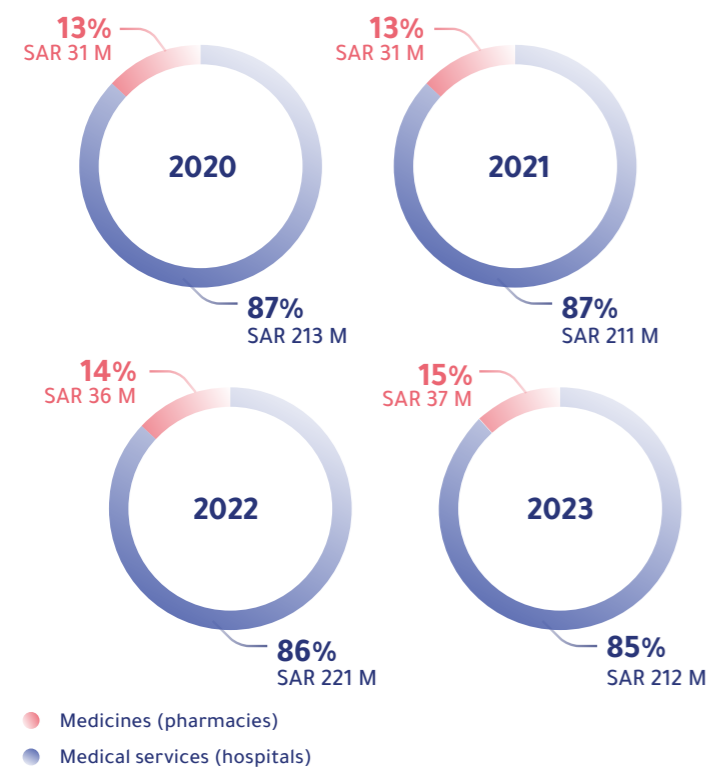
Eastern Medical Services Company Limited

Headquartered in Khobar in the Kingdom's Eastern Province, the Eastern Medical Services Company Limited stands as a key player in Saudi Arabia's healthcare sector. With paid up capital of SAR 60 million, the Company is dedicated to the establishment of modern hospitals, dispensaries, and private medical clinics.

In 2006, Mouwasat acquired a controlling 51% share in the company. This strategic acquisition solidified Mouwasat's presence in the region, as the Company owns and operates Mouwasat Hospital in Qatif in the Eastern Province. This hospital is fully integrated into the expansive network of Mouwasat Medical Services Company, contributing to our rich array of comprehensive and compassionate healthcare solutions for the community.



Proportions of main activities



Advanced Medical Projects Company Limited

Headquartered in Khobar in the Kingdom's Eastern Province, Advanced Medical Projects Company Limited plays a critical role in the Saudi healthcare value chain. With paid up capital of SAR 10 million, the Company specialises in wholesale and retail trade of medical and surgical equipment.

Mouwasat owns a 50% stake in the Advanced Medical Projects Company, which in turn owns Magrabi Eye centre, an Ophthalmology centre located adjacent to the Mouwasat Hospital in Dammam.

Mouwasat has recently declared its decision to divest from its investment in the Advanced Medical Projects Company. Initially, an agreement was reached between Mouwasat and Magrabi Hospitals and Centres to extend the establishment contract, which was set to expire on 31 December, 2022, until the end of 2025. Subsequently, this agreement was modified, specifying that the Magrabi Eye Centre would continue its services until the end of January 2024. Furthermore, as of 01 February, 2024, Mouwasat Hospital in Dammam commenced offering services to its patients from the same premises through the Mouwasat Eye Centre. The management at Mouwasat is optimistic that this centre will have a positive impact on the financial results. Details regarding the financial repercussions of the divestment will be disclosed upon its completion.



04



CORPORATE RESPONSIBILITY

- 56 Our People
- 59 Our Community

Advancing Healthcare and Community Wellbeing

Mouwasat is unwavering in our commitment to corporate responsibility and the wellbeing of both our people and the wider society. As a leading healthcare provider, we understand the profound impact we can make through the delivery of exceptional medical services and by fostering a supportive and enriching environment for our employees and engaging in meaningful community initiatives.

Our dedication extends beyond the walls of our facilities, as we strive to cultivate a culture that values growth, embraces diversity, and supports the professional and personal development of our team. This holistic approach guides us towards full alignment with the expectations of those we serve, reinforcing our role as a beacon of healthcare excellence and a champion for social progress.



Our People

As a leading healthcare provider in Saudi Arabia, Mouwasat places a high emphasis on attracting, engaging, and developing top talent to maintain our reputation for healthcare excellence and achieve our strategic ambitions. Recognising that the quality of patient care is directly linked to the expertise and motivation of our employees, we invest in creating an environment that fosters professional growth, satisfaction, and retention.

Mouwasat has a comprehensive talent acquisition strategy focused on attracting skilled healthcare professionals from within Saudi Arabia and across the globe, while emphasising the importance of cultural fit and alignment with the organisation's values.

Once part of the Mouwasat family, employees are engaged through a supportive culture that encourages collaboration, innovation, and constant improvement. We believe in empowering our people, providing them with the autonomy and resources they need to excel in their roles and make meaningful contributions to patient care. This approach enhances employee satisfaction and drives organisational performance, leading to better healthcare outcomes.

Understanding the rapid pace of advancements in medical technology and practices, Mouwasat places a strong emphasis on professional development and lifelong learning. The organisation offers a range of training programmes, workshops, and ongoing education opportunities to make certain our team remains at the forefront of medical and operational excellence. This commitment to development helps us to retain our position as a healthcare leader while ensuring our people can pursue rewarding career paths within the organisation.

Furthermore, our dedication to our workforce is evident in our approach to leadership development. By identifying and nurturing potential leaders within our ranks, we safeguard a future-ready leadership pipeline that is capable of steering our organisation towards the Group's long-term objectives. This strategic focus on talent management underpins our ability to deliver on our promise of healthcare excellence and supports our ambition to expand our services and reach within the healthcare sector. Through these efforts, we contribute to the wellbeing of our patients while simultaneously playing a pivotal role in advancing the healthcare industry in Saudi Arabia.

Our people in numbers

 **4,238**
Total

 **2,701**
Female

 **1,587**
Male

 **1,629**
Saudis

 **13**
Special needs

 **903**
Doctors

 **1,071**
Nurses

 **174**
Pharmacists

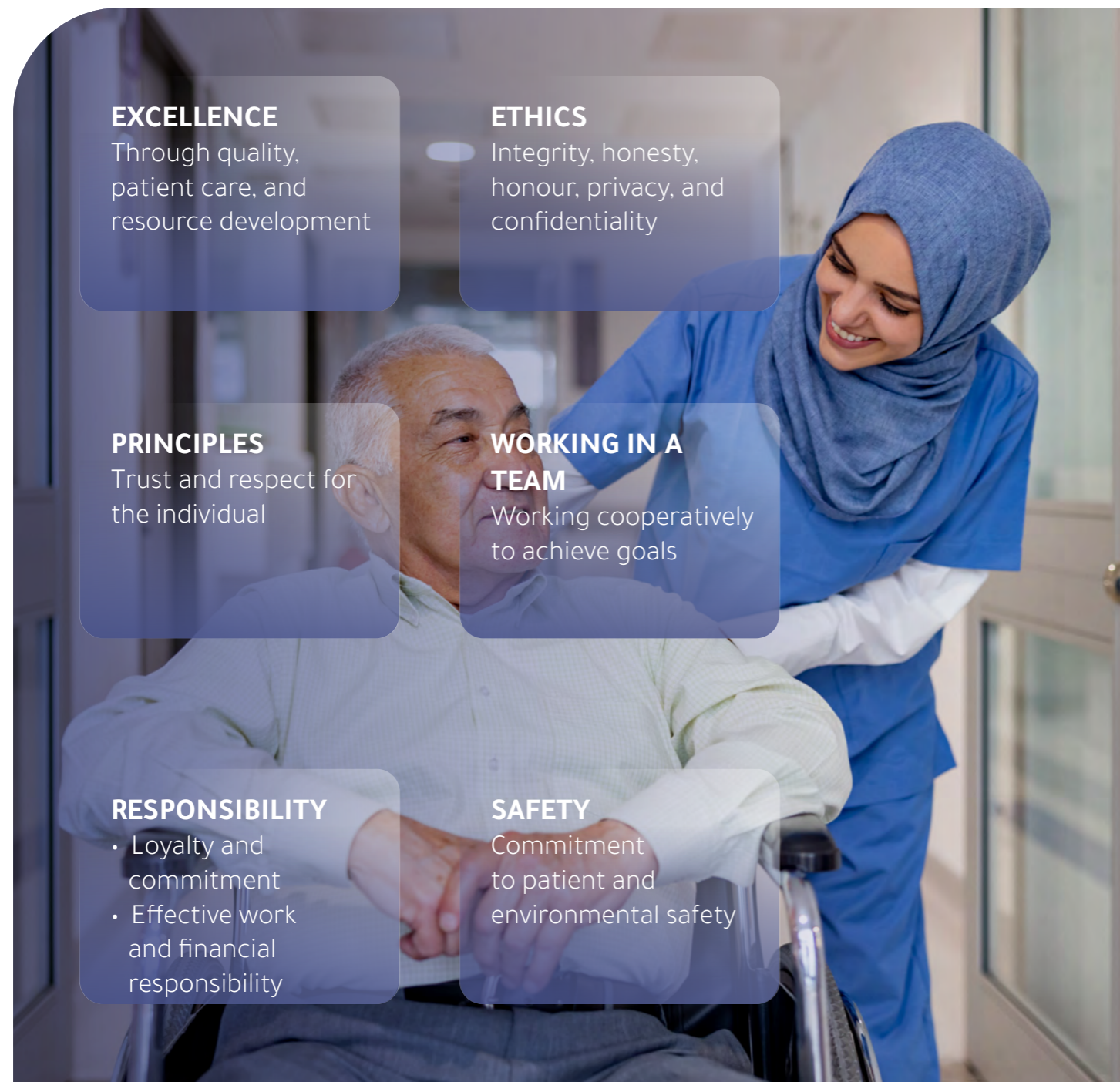
 **595**
Allied health

 **1,495**
Administrative

Our People (continued)

Living by our values

Across the Group, we take pride in upholding the core values that are the foundation of our strong culture and ability to deliver on our promises to our patients and Stakeholders.



EXCELLENCE

Through quality, patient care, and resource development

ETHICS

Integrity, honesty, honour, privacy, and confidentiality

PRINCIPLES

Trust and respect for the individual

WORKING IN A TEAM

Working cooperatively to achieve goals

RESPONSIBILITY

- Loyalty and commitment
- Effective work and financial responsibility

SAFETY

Commitment to patient and environmental safety

In aligning with our goals for people outcomes, it is essential for our employees to embody our core values in their daily tasks and responsibilities, as these values play a significant role in the evaluation of their performance. Furthermore, we have launched the Service Champion programme, designed to showcase the dedication and efforts of our people in living out these values in their interactions with patients. This programme serves as a testament to the commitment of our team members in upholding the principles that guide our mission, cultivating a culture of excellence and compassion in patient care.

People progress and achievements

In 2023, we placed a strong emphasis on the development, engagement, and recognition of our employees, underscoring our commitment to excellence in healthcare. Throughout the year, we conducted frequent training and educational programmes across various levels, including Basic Life Support (BLS), quarterly orientations on patient satisfaction fundamentals for our frontline workers, and service excellence courses for our physicians, nurses, and frontline employees. These initiatives were designed to enhance the skills and knowledge of our team, guaranteeing they are equipped to provide the highest level of care to our patients.

To foster a sense of community and keep everyone informed, we circulated an internal magazine that highlighted important Company updates. This publication featured people recognition, introductions to new policies, procedures, technologies, service hero stories, Company accreditations, awards, and information about new projects and expansion plans. It included fun sections like teasers and competitions, making it a well-rounded source of information and engagement for our people.

In terms of recruitment, we collaborated with TAQAT and the Human Resources Development Fund to provide opportunities for Saudi candidates in engineering, IT, nursing, pharmacy, allied health, and administrative roles. This initiative was part of our ongoing efforts to contribute to the local workforce development and employment.

Recognition of our employees' hard work and dedication was a key focus in 2023. We introduced the Patient Choice Award for physicians and the Employee of the Month programme for all employees, celebrating excellence and outstanding service within our team.

To ensure our people felt valued and fairly compensated, we revised the salary scale for allied health and frontline workers, reflecting our commitment to competitive compensation and retention. Moreover, we achieved significant milestones in learning and development, with over 85% of our physicians,

nurses, and frontline employees received service excellence training and 100% of our nursing team qualified in BLS.

Our efforts towards Saudisation were fruitful, achieving a 38% Saudisation rate among our total workforce, demonstrating our commitment to supporting the national workforce. Furthermore, we are proud of our diverse team, with 63% female representation and 13 members with special needs, highlighting our inclusive work environment.

Reflecting on 2023, our focus on employee development, engagement, and recognition has strengthened our team and reinforced our position as a leader in healthcare excellence.

People focus in 2024

In 2024, we are committed to enhancing employee retention and satisfaction, recognising that our team is the cornerstone of our success. We remain committed to offering frequent training programmes, investing in the skills and capabilities of our employees to allow them to thrive professionally.

Our focus will also include empowering female talent, aiming to qualify them for management positions and support their career growth. Additionally, we will actively support recruitment requirements to strengthen our workforce, securing the right talent to meet our goals and maintain our position as a leader in healthcare.



Our Community

Mouwasat is deeply committed to playing a significant role in the community by supporting worthy causes and contributing to social wellbeing and progress. Our dedication is reflected in our active engagement in various corporate social responsibility initiatives, aimed at improving healthcare access, enhancing patient care, and promoting health awareness.

Partnership with ratq

Marking a significant step towards enhanced healthcare for individuals with cleft lip and palate in Saudi Arabia, Mouwasat signed a Memorandum of Understanding (MoU) with the Association for Facial Deformities, Cleft Lip and Palate (ratq). This strategic partnership fosters collaboration towards achieving shared goals in providing comprehensive medical care, including orthodontic procedures, cosmetic surgeries, and speech-language therapy, to those affected by this condition. Under the MoU, Mouwasat's expertise and resources will complement ratq's advocacy and support services, paving the way for improved healthcare and treatment access for those in need. The agreement represents a significant step in advancing patient care and exemplifies the potential for collaborative efforts in the medical field.

Strengthening ties with KANAF

At the International Exhibition for the Non-Profit Sector and Endowments, we demonstrated our dedication to social wellbeing by signing a pivotal agreement with the KANAF Society. This exciting collaboration marks a significant step towards promoting health awareness, education, and access to expert medical services within the community. Through this agreement, Mouwasat's expertise and resources will be leveraged to support KANAF's programmes, amplifying their reach and impact within the community, and supporting them in activities and initiatives aimed at raising awareness about health-related issues and providing educational resources to promote better health practices within communities. Furthermore,

Mouwasat will provide a pool of skilled volunteers, including consultants and specialists, who will donate their time and expertise to support KANAF's various projects and activities.

Partnership with the Saudi Cancer Foundation

During the launch of the Early Detection of Breast Cancer Campaign by His Royal Highness Prince Saud bin Nayef bin Abdulaziz Al Saud, the Governor of the Eastern Province, Mouwasat signed a collaboration agreement with the Saudi Cancer Foundation, aimed at enhancing the foundation's operations and improving services to benefit patients. This agreement actively contributes to the improvement of the foundation's operations, enhancing the services provided to cancer patients. The collaboration aims to support the foundation's diverse initiatives, including supporting programmes for cancer patients, developing local healthcare expertise, raising public awareness about cancer, improving diagnostic and treatment services, and implementing early detection programmes aligned with global medical recommendations. This partnership is a testament to Mouwasat's dedication to improving the quality of life for cancer patients and their families, aligning with our mission to make a positive impact on healthcare and wellbeing in the community.

By forming strategic partnerships and supporting various health-related causes, we strive to be a positive force in the community, demonstrating our commitment to advancing medical care while fostering a healthier, more informed society. Our efforts underscore our belief in the importance of giving back and working collaboratively towards a brighter future for all.



CSR initiatives

Other community donations and engagements during 2023 included:

Charitable contributions in Al-Qatif Region

Contributed SAR 90,000 to various charity associations in Al-Qatif, including Al-Ber Sanabis, Al-Safa, Al-Jesh, Mudhar, Taroot, Umm Al-Hamam, and Qatif Charity.

Supporting orphan care

Donated SAR 150,000 to the Charity Society for Orphan Care in the Eastern Region (Bena).

Giving in Ramadan

Contributed SAR 50,000 to the Ramadan initiatives of the Ministry of Health in the Eastern Province.

Partnership with Qalbi Association

Established a partnership with the Qalbi Association to provide medical treatment for financially incapable patients in the Riyadh region.

Sponsorship for job fair at eastern province chamber

Acted as a platinum sponsor for the job fair organized by the eastern province chamber, contributing SAR 128,000.

Supporting for Retirees Association

Extended support of SAR 40,000 to the Retirees Association to honour retired individuals.

Empowering the community

Donated SAR 25,000 to support Al-Aujam Charity Association for Social Services in providing to needy families, orphans, and the poor.

Antimicrobial resistance campaign

Conducted a campaign titled "Together to Prevent Antibiotic Resistance" at Mouwasat Hospital in Al-Khobar, in collaboration with the Clinical Pharmacy College, at Imam Abdulrahman Bin Faisal University and the Infection Control Department of Eastern Province Health.

Awareness campaigns

-  WORLD CPR (CARDIOPULMONARY RESUSCITATION) DAY
-  WORLD HEART HEALTH DAY
-  WORLD HYPERTENSION DAY
-  WORLD PUBLIC HEALTH DAY
-  CERVICAL CANCER AWARENESS DAY
-  CANCER AWARENESS DAY



05



BOARD OF DIRECTORS' REPORT

1. GENERAL VISION

The Management of the Mouwasat Medical Services Company sees evidence of remarkable progress in the healthcare sector in the Kingdom of Saudi Arabia, as inspired by the Kingdom's Vision 2030 and its implications of creating a qualitative leap in developing the health system, improving the quality of health services, expanding the base of beneficiaries of the health insurance system, and developing and activating the legislative system. This encourages more private sector investment in health services, as the benefits of the private sector obtaining new shares from the healthcare sector become evident. It enables Mouwasat to assume its role and responsibilities to be the strategic partner and an extension of the public sector. To provide the best medical services, the Management of Mouwasat Medical Services Company continues to implement its vision of the healthcare sector in the Kingdom of Saudi Arabia that this sector still has promising prospects. It is considered one of the largest healthcare sectors in the Middle East and offers growth opportunities for the future, supported by the approach of the Kingdom's Vision 203. The Company's Management agrees with many experts and researchers that the private sector should continue to invest in the healthcare sector.

2. AFFILIATES AND ASSOCIATES

2.1 Affiliates

A) Eastern Medical Services Company Limited

It is a Saudi-origin company with limited liability with a capital of SAR 60 million. It is headquartered in Khobar, Eastern Region, Saudi Arabia and the company's main activity is establishing hospitals, dispensaries and private medical clinics. Mouwasat Medical Services has a 51% stake in the Eastern Medical Services Company, which owns Mouwasat Hospital in Qatif, Eastern Province, and operates within the Mouwasat medical network.

B) Jeddah Doctors Company

On 02 October, 2022, Mouwasat acquired a 51% stake in Jeddah Doctors Company, a closed Saudi joint stock company with a capital of SAR 173.7 million, headquartered in Jeddah, Western Region, Kingdom of Saudi Arabia. The company's main activities are human health and social work, education, real estate, and construction. Jeddah Doctors Company owns a hospital under construction called Jeddah Doctors Hospital, which will operate within the Mouwasat's medical network under a management and operating contract. The majority of the interior finishing work for this project is scheduled to be completed in 2024, and the hospital is expected to start operating in the second quarter of 2025.

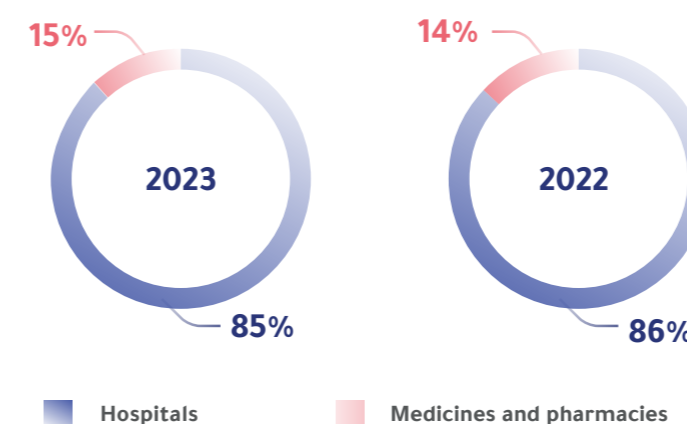
The following table summarises the data of affiliates

Affiliate name	Capital	The percentage of ownership of the company	Main activity	Operational head office	Country of foundation
Eastern Medical Services Company Limited	SAR 60 million	51%	Establishment and construction of hospitals, clinics, and private medical clinics	Kingdom of Saudi Arabia	Kingdom of Saudi Arabia
Jeddah Doctors Company	SAR 173.7 million	51%	Human health and social work, education, real estate activities, and construction	Kingdom of Saudi Arabia	Kingdom of Saudi Arabia

A description of the main activity types of the Group and its subsidiaries

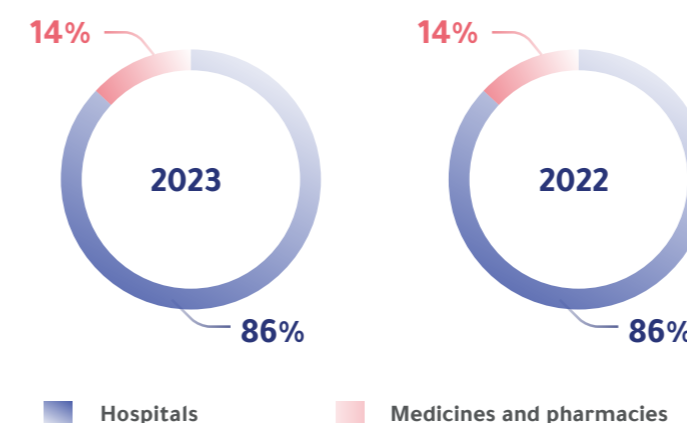
Primary activity	2023		2022	
	SAR million	Contribution ratio	SAR million	Contribution ratio
Medical services (hospitals)	2,312	85%	2,014	86%
Medicines/pharmacies	393	15%	320	14%
Total	2,705	100%	2,334	100%

Ratios of the main activities of the Group



Main activity of Eastern Medical Services Limited (subsidiary)

	2023		2022	
	SAR million	Contribution ratio	SAR million	Contribution ratio
Medical services (hospitals)	218	86%	221	86%
Medicines/pharmacies	37	14%	36	14%
Total	255	100%	257	100%



2.2 Associate companies

Advanced Medical Projects Company Limited

It is a Saudi-origin company with limited liability and capital of SAR 10 million. It is headquartered in Khobar, Eastern Region, Kingdom Saudi Arabia and the company's main activity is wholesale and retail trade in medical and surgical equipment.

Mouwasat Medical Services has a 50% share in the Advanced Medical Projects Company, which has a specialised centre in ophthalmology, Magrabi Eye Centre, located next to Mouwasat Hospital in Dammam.

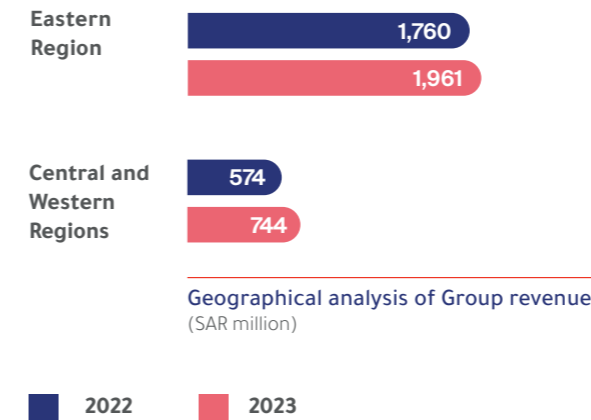
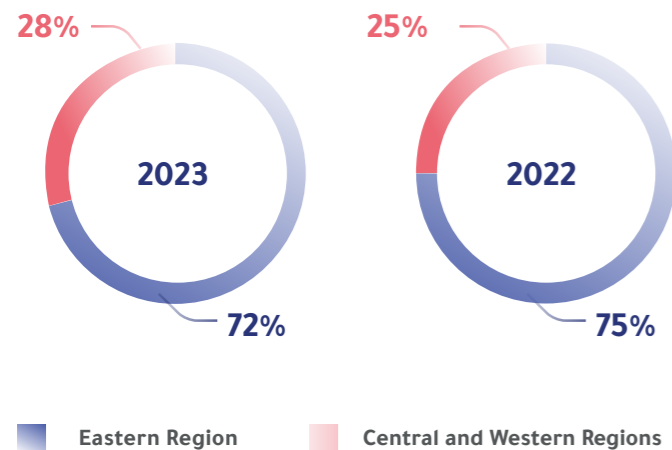
Mouwasat has recently declared its decision to divest from its investment in the Advanced Medical Projects Company. Initially, an agreement was reached between Mouwasat and Magrabi Hospitals and Centres to extend the establishment contract - which was set to expire on 31 December, 2022 - until the end of 2025. Subsequently, this agreement was modified, specifying that the Magrabi Eye Centre would continue its services until the end of January 2024. Furthermore, as at 01 February, 2024, Mouwasat Hospital in Dammam commenced offering services to its patients from the same premises through the Mouwasat Eye Centre. The management at Mouwasat is optimistic this centre will have a positive impact on the financial results. Details regarding the financial repercussions of the divestment will be disclosed upon its completion.

3. GEOGRAPHICAL ANALYSIS OF THE TOTAL INCOME OF THE COMPANY AND ITS SUBSIDIARIES

The following tables illustrate the geographical distribution in Saudi Arabia of the total revenue of the Company and its subsidiaries.

Geographical analysis of total revenue of the Group

Statements	2023		2022	
	SAR million	Ratio	SAR million	Ratio
Eastern Region	1,961	72%	1,760	75%
Central and Western Regions	744	28%	574	25%
Total	2,705	100%	2,334	100%



Geographical analysis of Group revenue
(SAR million)

Geographical analysis of the total revenues of the Eastern Medical Services Company Ltd

Statements	2023		2022	
	SAR million	%	SAR million	%
Eastern Region	255	100%	257	100%
Total	255	100%	257	100%

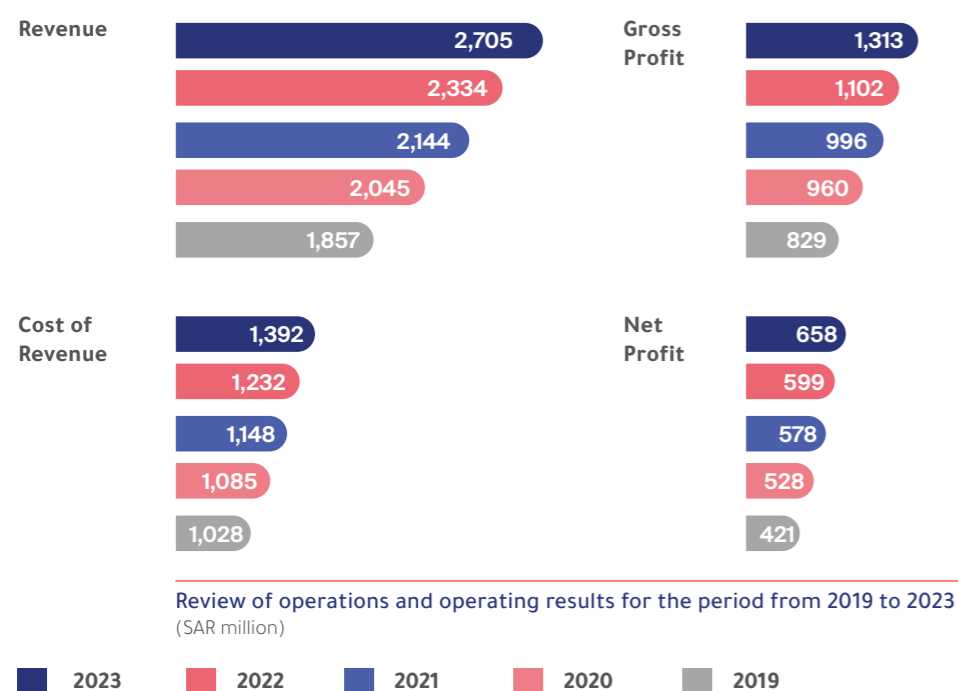
4. SUMMARY OF BUSINESS RESULTS

Company's operations and operating results for the last 5 fiscal years

Statements	SAR million				
	2023	2022	2021	2020	2019
Revenue	2,705	2,334	2,144	2,045	1,857
Revenue costs	1,392	1,232	1,148	1,085	1,028
Gross profit	1,313	1,102	996	960	829
Net profit	658	599	578	528	421

During the past 5 years, the Company's revenue grew steadily from SAR 1,857 million in 2019 to SAR 2,705 million in 2023, while the net profit increased from SAR 421 million in 2019 to SAR 658 million in 2023. The reasons for this continued growth is the extension of operational capacity in line with the Company's strategic growth plan, the continued efficiency in the operation of available assets, the ongoing development of medical systems that serve patients, the expansion of services provided to them, and the improvement of certain contractual terms with the Company's customers.

In this context, it is worth noting that despite the increase in the Company's profits for 2023 compared to 2022, the increase in the provisions for bad debts related to customer balances has put pressure on profit margins for the financial year 2023.



An explanation of any material differences in the operating results compared to the results of the previous year

Statements	SAR million			
	2023	2022	Change	Change ratio
Revenue/sales	2,705	2,334	371	16%
Direct costs	1,392	1,232	160	13%
Gross profit	1,313	1,102	211	19%
Other operating income	-	-	-	-
Other operating expenses	556	436	120	28%
Operating profit	757	673	84	12%

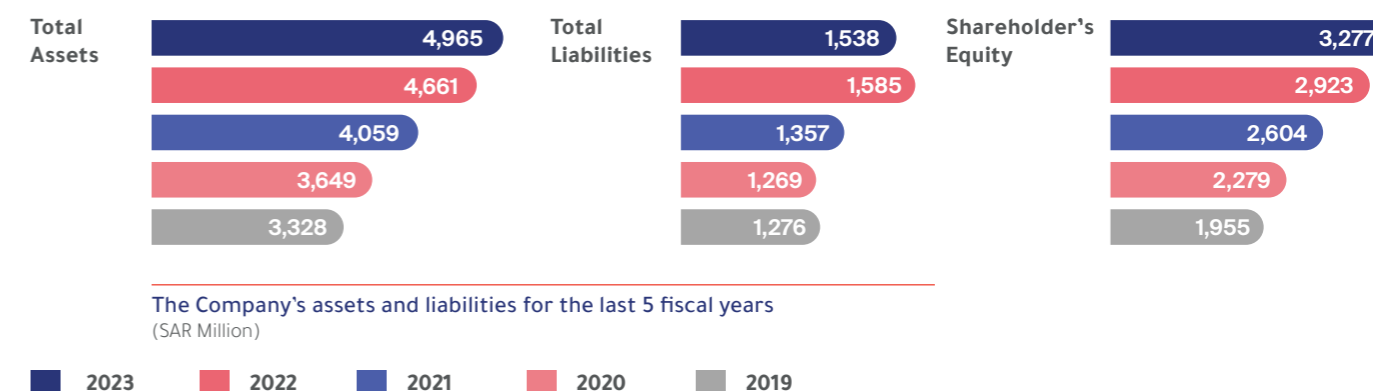
The reason for the increase in net profit during the current year compared with the previous year is owing to the increase in operating income because of the following:

- A. The increase in the number of outpatient visits and occupancy rates in the inpatient departments
- B. The continuous improvement in the performance of the new specialised departments in the Company's hospitals
- C. The continuous efforts to increase the efficiency of the resource utilisation

5. THE COMPANY'S ASSETS AND LIABILITIES FOR THE LAST 5 FISCAL YEARS

Statements	SAR million				
	2023	2022	2021	2020	2019
Current assets	1,618	1,573	1,315	1,196	1,066
Non-current assets	3,347	3,088	2,744	2,453	2,262
Total assets	4,965	4,661	4,059	3,646	3,328
Current liabilities	831	767	640	551	543
Non-current liabilities	707	818	717	718	733
Total liabilities	1,538	1,585	1,357	1,269	1,276
Equity attributable to Shareholders of the Company	3,277	2,923	2,604	2,279	1,955
Non-controlling interest	150	153	98	101	97

The Company's assets have grown steadily over the past 5 years from SAR 3,328 million in 2019 to SAR 4,965 million in 2023, in line with the Company's strategic plan, which aims to acquire a more substantial share of the expected increase in demand for medical services. The Company's financial statements showed a growth in Shareholders' rights during the last 5 years from SAR 1,955 million in 2019 to SAR 3,277 million in 2023.



6. CHALLENGES AND POTENTIAL RISKS

The Company's Management continues to diligently oversee the potential challenges and risks and measure their impact on achieving strategic objectives. Therefore, the Management's conclusion is as follows:

First: Challenges

- Gap of qualified medical and technical staff
- The continued increase in the cost of medical and technical staff qualified to work in the health sector
- The need to attract foreign expertise and the difficulty this poses in establishing the legal, operational, and financial environment that supports private sector growth and reduces future risks to its investments
- The continued increase in operational costs of medical facilities that aspire to a high level of quality in the provision of medical services
- Adverse and negative behaviours, which might be driven by the competition and severe pressure on providers of medical services

Second: Risks

- Shortage of trained manpower, especially from doctors, nurses, and technicians
- The rise in the cost of attracting skilled and trained workers is a constant challenge for the Company to reach the required levels of quality

- The high cost of high-tech medical systems and the short timeframe for their use, given the rapid pace of innovation and technological developments in a developed digital world
- Price competition, which is considered a serious risk to the Company

For the sake of overcoming these challenges and potential risks, the Company is following a dynamic path as follows:

- Implement workforce rehabilitation and development programmes and create a more attractive employment environment that helps to retain workers, especially the Saudi nationals and reduce drop-out rates, so that this does not present a challenge to Management and does not adversely affect future expansion of the Company
- Expand the Company's customer base, increase its share in the private medical services sector, and create a strategic relationship with all parties, including patients, medical insurance companies, the Cooperative Health Guarantee Council, the General Health Authorities, the Ministry of Health and other parties in the sector, with the aim of benefiting everyone, ensuring expected growth in revenue and maintaining planned profitability ratios
- Accept only the first and second levels of beneficiary classification in the Cooperative Health Insurance Programme to reduce price competition with other medical service providers
- Further development of operational performance indicators for all resources available to the Company and activate the control and the oversight of the direct and indirect operational burdens, as well as continue to develop and automate administrative, medical, technical, and financial systems to enhance the Company's competitiveness and reduce future risks that may arise from negative competition
- Increase the operational efficiency of available resources to overcome the rise in cost of attracting skilled and trained labour and the high cost of high-tech medical systems
- Develop programmes to measure the quality and satisfaction of the services provided by the Company to continuously create service features that are attractive to customers on patients' direct service or technical aspects
- Rely on technology, better use of interlinked software, and continuous development of computer technologies, major servers, and networks used throughout the Company to ensure its operating system is upgraded, continues to be successful, and benefits are the highest available. The Company has committed itself to operating its resources on these latest and advanced applications since 2014, fully automating all of its operational procedures and allowing data exchange with all relevant Stakeholders
- Obtain certifications from local and international organisations; the Company has received 97 certificates across various hospitals, resulting in a high level of technical performance of the medical network, and a number of certifications and International Departmental and Services Accreditations scores are as follows:



7. GENERAL TRENDS AND STRATEGIC PLAN OF THE COMPANY

The Company constantly confirms its presence as one of the major medical service providers in the private sector in Saudi Arabia and implements the highest degree of care to achieve its strategic objectives as follows:

1. Ensure continued growth in corporate revenue through vertical and horizontal expansion programmes of operational power
2. Reach the highest operating rates for all Company resources and assets to achieve the best return rates for Shareholders
3. Continue to achieve the highest levels of quality to ensure a safe treatment environment for patients
4. To reach the highest satisfaction scores for all corporate clients and users of their services
5. Continually support national employment replacement programmes at all administrative and technical levels to achieve the highest job stability ratios

The most important objectives achieved by the Company in the year 2023 were:

- Pursued construction of the new Mouwasat Hospital in Al-Suwari neighbourhood in Yanbu Industrial City; with the completion rate reaching 29% as at December 2023
- Commenced the construction of the Mouwasat Hospital project in Jeddah and making the necessary modifications, to align with Mouwasat Medical Services Company's business model, with the completion rate reached 17%
- Completed the development and preparation of the building to be used for the rehabilitation and extended care in the city of Madinah, and all the necessary requirements for licensing have been met. On 27 December, 2023, it was announced that the Company had received the approval of the Ministry of Health to operate the Mouwasat Long Term Care and Rehabilitation Centre, and began operating in mid-January 2024
- To enhance the Company's strategic growth plan in its assets, expand its medical network, and confirm its financial solvency and the strength of its financial position, during its Extraordinary General Assembly on 22 December, 2022, the Board of Directors recommended to increase the Company's capital from SAR 1,000 million to SAR 2,000 million by capitalising SAR 1,000 million from the retained earnings account. This will increase the number of shares from 100 million to 200 million shares, an increase of 100%, and free shares will be distributed to the Company's Shareholders at a rate of 1 share for each share owned
- Continued developing the service programmes provided to the Company's customers
- Continued to develop education and continuous training programmes in cooperation with many international organisations

8. THE COMPANY'S POLICY OF DISTRIBUTING DIVIDENDS

According to Article no. 40 of the Company's primary system, the net annual profit distribution policy is as follows:

- 10% of the net profit is to be set aside for the formation of a regular reserve, and the General Assembly may suspend such avoidance once the mentioned reserve reaches 30% of the paid capital
- The General Assembly may decide to set up other reserves to the extent that the interests of the Company or ensure fixed profits are distributed to Shareholders as much as possible, and the Assembly may also deduct from the net profits for the establishment of social institutions for the Company's workers or to assist those institutions
- The balance then distributes to Shareholders a ratio of 5% of the paid capital
- Subject to the provisions set in Article no. 20 of the Company's primary system, and Article 76 of its corporate system, if the members of the Board are paid a certain percentage of the Company's profits, this percentage may not exceed (10%) net profit after deducting the reserves decided by the General Assembly, after a profit distribution to Shareholders not less than (5%) of the Company's paid capital, the entitlement to this award shall be proportional to the number of sessions attended by the member
- The balance is then distributed to the Shareholders as an additional share of profits

After completing the controls established by the competent authorities, the Company may distribute semi-annual and quarterly profits.

For the fiscal year 2023, at its meeting on 25 December, 2023, the Board recommended cash dividends be distributed to Shareholders of the Company as follows:

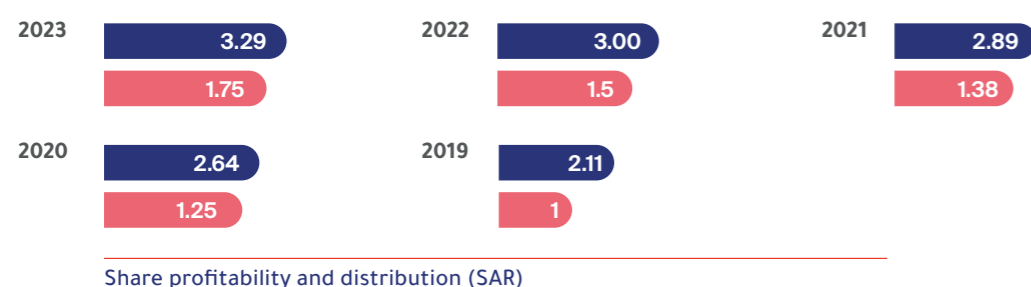
- The total amount distributed is SAR 350 million
- The number of shares due for profits is 200 million shares
- One share of the distribution is SAR 1.75
- The distribution ratio to the nominal arrow value is 17.5%

- The return of the shares will take place on the day of the General Assembly of the Company. Shareholders shall meet at the Securities Depository Centre Company (Depository Centre) at the end of the second trading day, following the General Assembly, the date of which will be announced later after the approval of the competent authorities by God's will
- The distribution date will be announced after the Company's General Assembly meeting

During the year 2023, cash dividends of SAR 300 million were distributed at SAR 1.5 per share, equivalent to 15% of the paid capital (SAR 2,000 million) for the financial year ended 31 December 2022.

Stock profit for the last 5 fiscal years

Profit on the share continued to grow during the last 5 fiscal years, with earnings per share up from SAR 2.11 in 2019 to SAR 3.29 in 2023.



■ Share profitability ■ Share distributions

The Extraordinary General Assembly held on 7 August, 2023 approved an increase in the capital from SAR 1,000 million to SAR 2,000 million by distributing free shares to the Shareholders. Accordingly, the comparative figures for previous years have been adjusted.

9. INFORMATION ON ANY LOANS TO THE COMPANY

For the purpose of financing the strategic growth plan in the Company's assets and expanding its medical network, the Company obtained loan facilities from the Ministry of Finance amounting to SAR 76.2 million at the end of 2023, and received Islamic Sharia-compliant loan facilities from local banks, which were issued at the end of 2023, amounting to SAR 689.9 million.

Table showing loans granted to the medical services provider (SAR million)

Name of the lender	The principal amount of the loan	Loan period		Paid in 2023	As at 31 December, 2023
		Of	To		
1. Ministry of Finance					
1.2 Ministry of Finance Loan - Dammam Medical Tower	10.3	2011	2026	0.6	2.0
1.3 Ministry of Finance Loan - Mouwasat Hospital, Riyadh	106.0	2018	2036	5.3	74.2
Total Ministry of Finance loans	116.3			5.9	76.2
2. Arab National Bank					
2.1 Arab National Bank Loan No. 12	103.4	2020	2025	20.7	27.6
Total Arab National Bank loans	103.4			20.7	27.6
3. Saudi National Bank/formerly Samba Financial Group					
3.1 Saudi National Bank/formerly Samba Financial Group Loan No. 2	150.0	2018	2023	20.0	0.0
Total Samba Group's financial loans	150.0			20.0	0.0
4. Saudi British Bank					
4.1 Saudi British Bank Loan No. 11	150.0	2021	2024	47.4	23.7
4.2 Saudi British Bank Loan No. 12	70.0	2022	2028	11.6	50.6
4.3 Saudi British Bank Loan No. 13	185.0	2022	2027	43.9	129.3
4.4 Saudi British Bank Loan No. 14	40.0	2022	2025	16.0	22.7
4.5 Saudi British Bank Loan No. 15	105.0	2023	2029	13.5	91.5
4.6 Saudi British Bank Loan No. 16	100.0	2023	2024	41.7	58.3
Total Saudi British Bank loans	650.0			174.1	376.1
5. Saudi National Bank					
5.1 Saudi National Bank Loan No. 3	205.0	2021	2026	41.0	92.2
5.2 Saudi National Bank Loan No. 4	80.0	2025	2030	0.0	80.0
Total Saudi National Bank loans	285.0			41.0	172.2
6. Al Bilad Bank					
6.1 Al Bilad Bank Loan No. 1	40.0	2021	2026	8.0	20.7
6.2 Al Bilad Bank Loan No. 2	30.0	2023	2028	2.0	28.0
6.3 Al Bilad Bank Loan No. 3	70.0	2023	2028	4.7	65.3
Total Al Bilad Bank loans	140.0			14.7	114.0
Total	1,444.7			276.4	766.1

The working part of long-term loans as at 31 December, 2023 amounted to SAR 266 million and the non-working part was SAR 500.1 million.

10. BOARD OF DIRECTORS

According to article no. 15 of the Company's law, the Company's Board of Directors consists of 7 members elected by the General Assembly for a period of 3 years, and the General Assembly, at its meeting on 22 December, 2022, elected the members of the Board of Directors for its new cycle, which started on 04 January, 2023. The following are the members elected using the accumulative voting method.

	Name of the member	Classification of membership
1.	Mr. Mohammed Sultan Al-Subaie	Non-executive
2.	Mr. Nasser Sultan Al-Subaie	Executive
3.	Mr. Mohammed Suleiman Al-Saleem	Executive
4.	Mr. Khaled Suleiman Al-Saleem	Executive
5.	Dr. Sami Abdulkarim Al-Abdulkarim	Independent
6.	Mr. Fahd Ayed Al-Aslami	Independent
7.	Dr. Mohammad Hamad Al-Kathiri	Independent



Mr. Mohammed Sultan Al-Subaie

Current jobs

- Chairman of the Board of Directors of Mouwasat Medical Services
- Chairman of the Board of Directors of the Mouwasat International Company

Previous jobs

- Chairman of the Board of Directors of Mouwasat Medical Services
- Chairman of the Board of Directors of Mouwasat International Company

Qualification

- Specialised courses in Business Management
- Secondary School Study

Experience

- Self-employment and establishment of the Mouwasat Dispensary in Dammam in 1394 H.
- Chairman of the Board of Directors of Mouwasat Medical Services
- Chairman of the Board of Directors of International Mouwasat Company



Mr. Nasser Sultan Al-Subaie

Current jobs

- Vice Chairman of the Board of Directors of Mouwasat Medical Services Company
- CEO of Mouwasat Medical Services Company
- Chairman of the Executive Committee of Mouwasat Medical Services Company
- Chairman of the Board of Directors of the Advanced Medical Projects Company
- Executive Director of Eastern Medical Services Company
- Member of the Board of Directors of the Mouwasat International Company
- Vice-President of Kanaf Charitable Association

Previous jobs

- Director-General of Health Services for the project of the management and operation of residential district clinics In Jubail Industrial City
- Executive Director of Mouwasat Medical Services Company
- Chairman of the Health Committee of the Chamber of Commerce and Industry in the Eastern Province
- Vice Chairman of the Health Committee of the Chamber of Commerce and Industry in Riyadh
- Member of the Health Security Council under the distinguished Cabinet resolution represented for the Private Health Sector
- Member of the Investment Committee of the Health Security Council
- Member of the Medical Services Board representing the private sector based on the decision of The Venerable Council of Ministers.
- Member of the Saudi Health Council according to the decision of His Excellency, the Minister the Health

Qualification

- Diploma in Medical Services Administration
- Many intensive training courses in the management of health services inside and outside the Kingdom in addition to scientific conferences in the field of health
- Participation in many scientific conferences in the health field

Experience

- Management and operation in the medical services sector
- Membership and chairmanship of governing bodies in the medical services sector
- Membership and chairmanship of health committees in the Chambers of Commerce and Industry
- Membership of the Health Security Council and its Investment Committee
- Membership of the Medical Services Board



Mr. Mohammed Suleiman Al-Saleem

Current jobs

- Managing Director of Mouwasat Medical Services Company
- Member of Executive Committee of Mouwasat Medical Services Company
- Board Member of Mouwasat Medical Services Company
- Member of Board of Directors of Mouwasat International Company
- Member of Board of Directors of Advanced Medical Projects Company

Previous jobs

- Managing Director of the United Medical Services Company
- Managing Director of Mouwasat Medical Services Company
- Executive Director of Mouwasat Medical Services Company
- Member of the Board of Trustees of the Arab Hospital Management Association (Sharjah, UAE)

Qualification

- Bachelor of Administrative Sciences, Accounting Division

Experience

- Management and Operation in the Medical Services Sector
- Membership of Boards of Directors in the Medical Services Sector
- Member of the Board of Trustees of the Arab Hospital Management Association - (Sharjah, UAE)



Mr. Khaled Suleiman Al-Saleem

Current jobs

- Member of Board of Directors and Deputy Managing Director of Mouwasat Medical Services Company
- Member of Executive Committee of Mouwasat Medical Services Company
- Member of Health Committee of Chamber of Commerce and Industry in the Eastern Region
- Member of the Strategic Committee for Insurance (Insurance Council)
- Member of the Board of Directors of the Council of Cooperative Health Insurance
- Chairman of the Private Hospitals Committee of the Council of Saudi Chambers of Commerce
- Member of the Saudi Health Council

Previous jobs

- Deputy Administrator Manager of the United Medical Services Company
- Deputy Administrator Manager of Mouwasat Medical Services Company
- Deputy Executive Manager of Mouwasat Medical Services Company
- Member of the Hospitals Committee of the Chamber of Commerce and Industry in Riyadh
- Founding member of the Arab Association for Hospital Management (Sharjah, UAE)
- Member of the Board of Directors of the Council of Cooperative Health Insurance

Qualification

- Diploma in English Language from Rice University, Houston, USA
- King Saud University (Public Administration) 1985-1987
- Comprehensive Secondary (Business Administration)

Experience

- Management and Operation in the Medical Services Sector
- Membership of Boards of Directors in the Medical Services Sector
- Membership and Chairmanship of Health Committees at the Saudi Chambers of Commerce
- Membership of the Board of Directors of the Cooperative Health Insurance Council
- Membership of the Saudi Health Council



Dr. Sami Abdulkarim Al-Abdulkarim

Current jobs

- CEO and Managing Director of the Care and Medical Sciences Company
- Chairman of Board of Trustees, Inaya Medical University
- Chairman of the Remuneration and Nominations Committee of the Royal Investment Company
- Member of Board of Directors of Mouwasat Medical Services Company
- Member of Audit Committee of Mouwasat Medical Services Company
- Member of the Executive Committee of Mouwasat Medical Services Company
- Chairman of Remuneration and Nominations Committee of the Mouwasat Medical Services Company
- Member of Board of Directors of Al-Irtiqaa Medical Services Company
- Chairman of the Board of Directors of Smart Solutions Company

Previous jobs

- Vice Chairman of the Board of Directors of the Chamber of Commerce in Riyadh
- Chairman of the National Health Committee in the Council of Chambers
- Chairman of the Medical Committee of the Riyadh Chamber
- Member of the Saudi Health Council
- Member of the Health Insurance Board of Directors
- Member of the Board of Trustees of the Health Specialties Authority
- Head of the Dental Department, Al Yamama Hospital
- Part-time work in the Ministry of Health - Responsible for medical licences for private dental centres
- Head of the Dental Department, Riyadh Medical Complex, Outpatient Clinics
- Deputy Director of the Dental Centre, Riyadh Medical Complex
- Member of the Board of Directors of Mulkia Investment Company

Qualification

- Master of Dental Implants Prosthodontics (International Commission for Dental Implants, USA)
- Fellowship in Dental Implantology (International Commission for Dental Implants, USA)
- Fellowship in Maxillofacial Surgery (American College of Maxillofacial Surgery)
- Bachelor of Dental Medicine and Surgery (Sindh University, Pakistan)

Experience

- Dental medicine and surgery
- Business Administration
- Membership of Boards of Directors in the Medical Services Sector
- Membership of the Board of Directors and Chairing of Medical Committees at the Saudi Chambers of Commerce
- Memberships with (Saudi Health Council, Cooperative Health Insurance, Board of Trustees of the Health Specialties Authority)



Mr. Fahad Ayed Al-Aslami

Current jobs

- Chief Executive of Finance at the National Housing Company
- Member of Board of Directors of Mouwasat Medical Services Company
- Member of the Remuneration and Nominations Committee for Mouwasat Medical Services Company
- Member of Board of Directors, Sico Reit Fund
- Member of Board of Directors, Wedyan Real Estate Company
- Member of Board of Directors, Saudi Real Estate Construction Company
- Member of Review Committee, Saudi Real Estate Construction Company

Previous jobs

- Financial Director of the Saudi Pharmaceutical Industries and Medical Appliances Company (SPIMACO)
- Director of Accounting Department at Ma'aden Aluminum Company
- SATORP Accounting Services Manager
- Project Manager, Financial Specialist, Accountant) at Saudi Telecom Company
- Chief Financial Officer at the National Housing Company
- Chairman of the Audit Committee of Solidarity Takaful Company
- Member of the Board of Trustees of the Development Housing Corporation, representing the National Housing Company

Qualification

- Fellowship of Saudi Accountants SOCPA
- Fellowship of (Certified Management Accountant) CMA
- Executive Diploma in Islamic Finance
- CFA Charter
- Executive Financial Managers Programme, ECFO
- Oxford Real Estate Programme
- International Directors Programme (IDP)
- Enterprise Risk Management Certificate COSO
- Stanford Business Leadership Series (SBLs)
- INSEAD Corporate Governance Certificate
- Bachelor of Administrative Sciences, Accounting, Imam Muhammad bin Saud Islamic University

Experience

- Accounting and Finance
- Project Management
- Investment
- Membership of Boards of Trustees



Dr. Mohammad Hamad Al-Kathiri

Current jobs

- CEO of Dr. Muhammad Al-Kathiri Consulting Centre
- Member of the Board of Directors of the National Gas and Industrialisation Company
- Member of the Executive Committee of the National Gas and Industrialisation Company
- Member of the Board of Directors of Makana Company for Commercial and Industrial Investment
- Member of the Board of Directors of Mouwasat Medical Services Company
- Member of the Audit Committee of Mouwasat Medical Services Company
- Member of the Remuneration and Nominations Committee of Mouwasat Medical Services Company

Previous jobs

- Secretary General of the Chamber of Commerce and Industry in Riyadh
- Undersecretary of the Ministry of Commerce and Industry for Foreign Trade (currently trade)

Qualification

- PhD in Business Administration, Strategic Management, University of Manchester, United Kingdom
- Master of Business Administration, University of Ottawa, Canada
- Bachelor of Business Administration, King Saud University
- INSEAD/IoD/BDI/IMD

Experience

- Secretary General of the Chamber of Commerce and Industry in Riyadh
- Undersecretary of the Ministry of Commerce and Industry for Foreign Trade (currently trade)

Qualifications and experience of the Chairman of the Audit Committee (outside the Board of Directors)



Dr. Mohammed Ibrahim Al-Tuwaijri

Current jobs

- Chairman of the Audit Committee, Mouwasat Medical Services Company
- Head of Al-Medra Training Centre

Previous jobs

- General Assistant Secretary of the League of Arab States for Economic Affairs
- Member of the Board of Directors, Mouwasat Medical Services Company
- Member of the Nominations and Rewards Committee, Mouwasat Medical Services Company
- Head of Al Madari office for Administrative and Financial Consulting

Qualification

- Doctor of Philosophy, Business Administration, Arizona State University, USA
- Master of Business Administration, Finance, University of Denver, Colorado, USA
- Bachelor of Science, Business Administration, University of Denver, Colorado, USA

Experience

- In the field of Procurement and Movement of Goods
- Saudi Aramco
- Teaching, Education, University Research and Consulting
- In the field of Administrative Development in the Arab Organisation for Administrative Development
- In the field of Arab Economy at the League of Arab States
- Board of Directors Membership

Names of companies in which a member of the Board of Directors is a member of their current and previous Boards of Directors or of their managers

Name of the member	Current companies		Previous companies			
	Company name	Inside the Kingdom/ outside the Kingdom	Legal entity	Company name	Inside the Kingdom/ outside the Kingdom	Legal entity
1. Mr. Mohammed Sultan Al-Subaie	<ul style="list-style-type: none"> Mouwasat Medical Services Company International Mouwasat Company 	Inside the Kingdom	<ul style="list-style-type: none"> Public joint stock Limited liability 			
2. Mr. Nasser Sultan Al-Subaie	<ul style="list-style-type: none"> Mouwasat Medical Services Company Advanced Medical Projects Company International Mouwasat Company Eastern Medical Services Company 	Inside the Kingdom	<ul style="list-style-type: none"> Public joint stock Limited liability Limited liability Limited liability 			
3. Mr. Mohammed Suleiman Al-Saleem	<ul style="list-style-type: none"> Mouwasat Medical Services Company Advanced Medical Projects Company International Mouwasat Company 	Inside the Kingdom	<ul style="list-style-type: none"> Public joint stock Limited liability Limited liability 			
4. Mr. Khaled Suleiman Al-Saleem	<ul style="list-style-type: none"> Mouwasat Medical Services Company 	Inside the Kingdom	<ul style="list-style-type: none"> Public joint stock 			
5. Dr. Sami Abdulkarim Al-Abdulkarim	<ul style="list-style-type: none"> Mouwasat Medical Services Company Care and Medical Sciences Company Smart Solution Company 	Inside the Kingdom	<ul style="list-style-type: none"> Public joint stock Closed joint stock Limited liability 	Al-Ertiqa Medical Services Company	Inside the Kingdom	Limited liability
6. Mr. Fahad Ayed Al-Aslami	<ul style="list-style-type: none"> Mouwasat Medical Services Company SICO Saudi Reit Fund Saudi Real Estate Construction Company Wedyan Real Estate Company 	Inside the Kingdom	<ul style="list-style-type: none"> Public joint stock Public joint stock Closed joint stock Closed joint stock 			
7. Dr. Mohammad Hamad Al-Kathiri	<ul style="list-style-type: none"> GASCO MAKANA Trading and Industrial Investment Company Mouwasat Medical Services Company 	Inside the Kingdom	<ul style="list-style-type: none"> Public joint stock Closed joint stock Closed joint stock 			

On 05 January, 2023, the elected Board of Directors of the Company for its new cycle decided the following:

1. Appointing of:

Mr. Mohammed Sultan Al-Subaie	Chairman of the Board of Directors
Mr. Nasser Sultan Al-Subaie	Deputy Chairman of the Board of Directors
Mr. Mohammed Suleiman Al-Saleem	Managing Director
Mr. Khaled Suleiman Al-Saleem	Deputy Managing Director

2. Appointing members of the main committees emanating from the Board of Directors, which are:

- Executive Committee
- Nomination and Remuneration Committee

Note that the Audit Committee was approved to form, define its tasks, work controls and remuneration for its members at the Ordinary General Assembly meeting on 22 December, 2022.

The most important activities of the Board of Directors:

- Formulate the overall strategy of the Company and its main objectives
- Define the authorities it delegates to Executive Management and decision-making procedures
- Establish policies and procedures, which ensure the Company implements all systems and regulations
- Develop policies and regulations on internal control systems and supervise the compliance of having them in place
- Review the performance of the Executive Committee
- Approve annual budgets
- Approve the Company's initial and annual financial statements
- Prepare the Board of Directors' report to be attached to the Company's annual financial statements
- Supervise the procedures related to the preparation and management of the General Assembly of Shareholders

The number of scheduled Board of Directors' meetings held during the fiscal year 2023, and the attendance record of members

Name of the member	Number of scheduled meetings (4)				Total
	First meeting 20/03/2023	Second meeting 19/06/2023	Third meeting 23/10/2023	Fourth meeting 25/12/2023	
1. Mr. Mohammed Sultan Al-Subaie	x	✓	✓	✓	3
2. Mr. Nasser Sultan Al-Subaie	✓	✓	✓	✓	4
3. Mr. Mohammed Suleiman Al-Saleem	✓	✓	✓	✓	4
4. Mr. Khaled Suleiman Al-Saleem	✓	✓	✓	✓	4
5. Dr. Sami Abdulkarim Al-Abdulkarim	✓	✓	✓	✓	4
6. Mr. Fahad Ayed Al-Aslami	✓	✓	✓	✓	4
7. Dr. Mohammad Hamad Al-Kathiri	✓	✓	✓	✓	4

The number of unscheduled Board meetings held during the fiscal year 2023, and the attendance record of members

Name of the member	Number of unscheduled meetings (2)		Total
	First meeting 05/01/2023	Second meeting 21/03/2023	
1. Mr. Mohammed Sultan Al-Subaie	✓	✓	2
2. Mr. Nasser Sultan Al-Subaie	✓	✓	2
3. Mr. Mohammed Suleiman Al-Saleem	✓	✓	2
4. Mr. Khaled Suleiman Al-Saleem	✓	✓	2
5. Dr. Sami Abdulkarim Al-Abdulkarim	✓	✓	2
6. Mr. Fahad Ayed Al-Aslami	✓	✓	2
7. Dr. Mohammad Hamad Al-Kathiri	✓	✓	2

Number of Shareholders' General Assembly meetings held during the fiscal year 2023, and the attendance record of members

Name of the member	Number of meetings (2)	
	Ordinary General Assembly Meeting	Extraordinary General Assembly Meeting
	07/05/2023	07/08/2023
1. Mr. Mohammed Sultan Al-Subaie	✓	✓
2. Mr. Nasser Sultan Al-Subaie	✓	✓
3. Mr. Mohammed Suleiman Al-Saleem	✓	✓
4. Mr. Khaled Suleiman Al-Saleem	✓	✓
5. Dr. Sami Abdulkarim Al-Abdulkarim	✓	x
6. Mr. Fahad Ayed Al-Aslami	✓	✓
7. Dr. Mohammad Hamad Al-Kathiri	✓	✓

The following table shows the interest of Board members and their relatives in shares for the financial year ending 31 December, 2023

The name of the person to whom the interest belongs	Beginning of the year		End of the year		Net change	Change ratio
	Number of shares	Debt instruments	Number of shares	Debt instruments		
1. Mr. Mohammed Sultan Al-Subaie	17,500,000	-	35,000,000	-	17,500,000	100.0%
2. Mr. Nasser Sultan Al-Subaie	17,500,000	-	35,000,000	-	17,500,000	100.0%
3. Mr. Mohammed Suleiman Al-Saleem	4,760	-	9,520	-	4,760	100.0%
4. Mr. Khaled Suleiman Al-Saleem	4,760	-	9,520	-	4,760	100.0%
5. Dr. Sami Abdulkarim Al-Abdulkarim	3,933	-	50,444	-	46,511	1,182%
6. Mr. Fahad Ayed Al-Aslami	0.0	-	0.0	-	0.0	0.0%
7. Dr. Mohammad Hamad Al-Kathiri	20	-	540	-	520	2,600%

* The Extraordinary General Assembly held on 7 August, 2023, approved an increase in capital from SAR 1,000 million to SAR 2,000 million through the distribution of free shares to the Company's Shareholders.

A table showing the interest of Senior Executives and their relatives in the Company's shares for the fiscal year ending 31 December, 2023

The name of the person to whom the interest belongs	Beginning of the year		End of the year		Net change	Change ratio
	Number of shares	Debt instruments	Number of shares	Debt instruments		
1. Dr. Ameen Mahmood Al-Nemr	0.0	0.0	0.0	0.0	0.0	0.0%
2. Mr. Yusuf Ahmed Sulaiman	0.0	0.0	0.0	0.0	0.0	0.0%

11. COMMITTEES EMANATING FROM THE COUNCIL

A) Executive Committee

- The Executive Committee was formed according to what was stipulated in the bylaw of this Committee and in citing the best regulations and practices in force in the health sector, locally and internationally. The Executive Committee exercises all powers and bears the duties of the Board of Directors in the period between Board meetings in cooperation with the Vice Chairman and Managing Director regarding the distribution of Company resources, which aims to achieve alignment between the Company's strategic plans and its long-term operational goals
- The Executive Committee shall review and prepare recommendations to the Board of Directors on strategic decisions related to operational priorities, financial planning, corporate credit rating, cash flows, borrowing activities and investment deposits, in cooperation with the Executive Management of the Company and the Review Committee
- The Executive Committee includes 4 members of the Board of Directors, which started its cycle on 4 January, 2023, as shown in the following table

Name of the member	Nature of membership
Mr. Nasser Sultan Al-Subaie	Chairman of the Committee
Mr. Mohammed Suleiman Al-Saleem	Member
Mr. Khaled Suleiman Al-Saleem	Member
Dr. Sami Abdulkarim Al-Abdulkarim	Member

Number of meetings of the Executive Committee during fiscal year 2023 and attendance record

Name of the member	Nature of membership	Number of meetings (2)		Total
		20/03/2023	24/12/2023	
Mr. Nasser Sultan Al-Subaie	Chairman of the Committee	✓	✓	2
Mr. Mohammed Suleiman Al-Saleem	Member	✓	✓	2
Mr. Khaled Suleiman Al-Saleem	Member	✓	✓	2
Dr. Sami Abdulkarim Al-Abdulkarim	Member	✓	✓	2

The most important topics on the agenda of the Executive Committee meetings:

- Review the critical risk and event report that may affect the Company's expected operational performance
- Periodic review and review of actual capital expenditures with approved budgets
- Study and discuss the best ways and opportunities for future expansion projects with added value to the Company under competition from the general medical services market and the cities where the Company's hospitals are private
- Prepare recommendations for the Board of Directors relating to annual and long-term financial goals and strategies and preparing performance indicators related to them
- Review and discuss all new items on JCI re-accreditation programmes and accreditation by the Central Board for Accreditation of Health Facilities (CBAHI) in all hospitals belonging to the medical network owned and managed by the Company

B) Audit Committee

On 22 December, 2022, the Ordinary General Assembly approved the formation of the Audit Committee, defining its tasks, its work controls, and the remuneration of its members, as stipulated in the internal governance regulations and policies, the Company's bylaws, and in accordance with the requirements of the Corporate Governance Regulations issued by the Capital Market Authority for the Board session for the period from 04 January, 2023 to 03 January, 2026. The Audit Committee includes 2 independent members of the Board and 1 member from outside the Board. On 23 October, 2023, the Board of Directors decided to increase the number of members of the Audit Committee from 3 to 4. Mr. Fahd Al-Aslami (an independent Board member) was appointed as a member of the Audit Committee. The Audit Committee now consists of the following members:

Name of the member	Member of the Board/from outside the Board of Directors	Nature of membership
Dr. Mohammed Ibrahim Al-Tuwaijri	Independent Board member	Chairman of the Committee
Dr. Sami Abdulkarim Al-Abdulkarim	Independent Board member	Member
Dr. Mohammad Hamad Al-Kathiri	Independent Board member	Member
Mr. Fahad Ayed Al-Aslami	Independent Board member	Member

The number of Audit Committee meetings during the fiscal year 2023 and the attendance record of members

Name of the member	Nature of membership	Number of scheduled meetings (8)							
		First meeting	Second meeting	Third meeting	Fourth meeting	Fifth meeting	Sixth meeting	Seventh meeting	Eighth meeting
		14/02/2023	21/03/2023	06/04/2023	11/05/2023	17/07/2023	07/08/2023	22/10/2023	01/11/2023
Dr. Mohammed Ibrahim Al-Tuwaijri	Chairman of the Committee	✓	✓	✓	✓	✓	✓	✓	✓
Dr. Sami Abdulkarim Al-Abdulkarim	Member	✓	✓	✓	✓	✓	✓	✓	✓
Dr. Mohammad Hamad Al-Kathiri	Member	✓	✓	✓	✓	✓	✓	✓	✓
Mr. Fahad Ayed Al-Aslami	Member	x	x	x	x	x	x	x	✓

Mr. Fahad Ayed Al-Aslami's membership in the Audit Committee began on 23 October, 2023

The most important actions undertaken by the Audit Committee during the past year:

- Analyse and examine the core risks faced by the Company, which include financial, technical, and operational risks, and review the policies applied by Management in identifying, assessing, and addressing those risks
- Supervise the Internal Control department and review its systems to verify their effectiveness in carrying out the tasks and tasks set by the Board of Directors, and developing reports and recommendations regarding them
- Study the internal audit reports and follow up on the implementation of corrective actions for the observations contained in these reports
- Study the preliminary and annual financial statements and the accounting policies used, express opinion on them, and recommend to the Board of Directors in their regard
- Ensure the independence of chartered accountants, following up on their performance, studying and evaluating audit plans with them

Results of the annual review of the effectiveness of the Company's internal control procedures

Report of the Review Committee

The following is the Audit Committee's report for the fiscal year ending 31 December, 2023

The Audit Committee is responsible for monitoring the Company's business and verifying the integrity of its financial reports and internal control systems, as well as for managing risks, and the functions of the Committee including, in particular:

Functions related to Internal Audit management activities

The Internal Audit department is responsible for evaluating the internal control system and its effectiveness and supervising its implementation. Check whether the Company and its employees adhere to applicable regulations, disciplines, instructions, policies, and procedures to address financial, operational, and legal risks and all its activities, and report to the Review Committee emanating from the board of directors, which is approved by the General Assembly- on a quarterly basis and which, in turn, supervises and evaluates the Internal Audit management activities, reviews its annual plan, methods of implementation and corrective actions by the Executive Management on the observations contained in its report, to ensure they are not repeated for the sake of reinforcing the opinion with the conviction of the Audit Committee. The Audit Committee discusses the observations and essential matters (of relative importance, if any) in the Board meeting. The scope of Internal Audit management includes the following:

- Prepare the Annual Audit Plan for approval by the Audit Committee
- Prepare a written general report and submit it to the Board of Directors and the Audit Committee regarding the audits conducted during the fiscal year and compare them with the approved plan. Clarify the reasons for any breach or deviation from the plan, if any, and the effectiveness of the Executive Management towards it, during the next quarter to the end of the fiscal year
- Evaluate the evolution of risk factors in the Company and the existing systems to meet the radical or unexpected changes in the financial market
- Evaluate workflow procedures and submit proposals to verify the adequacy of those procedures to ensure the effectiveness of internal control systems
- Verify that the internal control system is in line with the corporate governance regulations and internal control systems to protect the Company's assets and property
- Constant and continuous interaction with all departments to ensure full compliance with the approved internal regulations and laws governing the activity
- Submit proposals on developing the internal control system and raising awareness of the importance of the role of internal control and improving it
- Prepare audit reports and their results with their recommendations, follow up on their implementation and submit them to the Board of Directors and the Audit Committee

Functions relating to the activities of the External Auditor of the Company

The Audit Committee is responsible for verifying the Auditor's independence and objectivity, the effectiveness of the audit work, and reviewing his work plan, as well as studying the initial and annual financial statements of the Company before submitting these to the Board of Directors and expressing its opinion and recommendation to ensure its integrity, fairness, and transparency.

Tasks related to ensuring compliance

The Audit Committee shall study the legislation of the supervisory authorities, verify that the Company has taken the necessary measures in its regard, verify the Company's commitment to laws, regulations, and policies, raise whatever issues it deems necessary to take action in their regard to the Board of Directors, and make its recommendations of the measures to be taken.

It is worth noting that through the Audit Committee carrying out its duties and continuous work with the Internal Audit department, the external Auditor and the Executive Management, the Audit Committee confirms:

- Internal controls are effectively applied based on the evaluation of workflow procedures and a general assessment of the risks faced by the Company, and there was no substantive impact during 2022 on the implementation and reporting of financial systems as well as compliance with corporate governance rules
- The financial statements and the Board's report as at 31 December, 2023 contain information that allows Shareholders and investors to assess the Company's financial position, performance, business model, and strategy

The findings of the Board of Directors

In light of the work carried out by the Board of Directors during the year 2023 to verify the efficiency and effectiveness of internal control procedures, and based on the reports and recommendations received from the Audit Committee, the Company's Board of Directors confirms the following:

- That the control systems are effective and enable a general perception of the risks that the Company may face
- That there is no deficiency or any fundamental change in the internal control systems, that the internal control procedures are implemented efficiently and effectively to discover errors and prevent them, and that there were no breaches or violations of the internal control systems during the year 2023

C) Nomination and Remuneration Committee

The Company's Nomination and Remuneration Committee assists the Board of Directors in performing its supervisory duties efficiently and effectively. The Committee nominates members of the Board of Directors and Executive Directors, studies their qualifications, ensuring their capabilities, conducts an annual review of the performance of the Board of Directors in accordance with the guidelines issued and approved by the Board of Directors, and conducts a periodic review of the structure of the Board of Directors and the required needs for membership. It sets standards to determine the independence of the members, to ensure the member does not lose his independence and that there is no conflict of interest. The Committee makes recommendations regarding any changes and develops policies for salaries and programmes for rewards and incentives for members of the Board of Directors and Executives of the Company, which aims to maximise the value of the Company and evaluate the personal efforts made by each member of the Board of Directors and Executive Director in achieving the strategic objectives of the Company.

Members of the Nomination and Remuneration Committee

Name of the member	Member of the Board/from outside the Board of Directors	Nature of membership
Dr. Sami Abdulkarim Al-Abdulkarim	Independent Board member	Chairman of the Committee
Mr. Fahad Ayed Al-Aslami	Independent Board member	Member
Dr. Mohammad Hamad Al-Kathiri	Independent Board member	Member

Number of Nomination Committee meetings during the fiscal year 2023 and the attendance record of members

Name of the member	Nature of membership	Number of meetings (2)	
		First meeting	Second meeting
		01/03/2023	12/12/2023
Dr. Sami Abdulkarim Al-Abdulkarim	Chairman of the Committee	✓	✓
Mr. Fahad Ayed Al-Aslami	Member	✓	✓
Dr. Mohammad Hamad Al-Kathiri	Member	✓	✓

The most important points discussed in the meetings of this Committee during the year 2023:

1. Discussion of the structure of the Board of Directors
2. Verifying the independence of the independent members, investigate any grounds for independence of any of them and ensure no member of the Board of Directors has any competition for the Company's business, contrary to what the extraordinary General Assembly approved at its meeting on 07 May, 2023
3. Discussion of the Company's need for Executive positions

12. REMUNERATION POLICY FOR MEMBERS OF THE BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT

The remuneration of the members of the Board of Directors shall be determined according to the recommendations of the Nomination and Remuneration Committee, taking into consideration that they are in line with the statutory rules and within the framework of the corporate law or any other complementary systems. The Committee makes certain they are consistent with the strategy and objectives of the Company, and the need to attract the best members to the Board, maintain them and motivate them to perform their tasks and duties with high professionalism and efficiency, mindful of the sector in which the Company operates and the performance measurement indicators. In addition to what Senior Executives receive in terms of fixed salaries

and job allowances, the Board of Directors determines the remuneration of Senior Executives on the recommendation of the Nomination and Remuneration Committee, based on the annual evaluation made in this regard, ensuring it is compatible with the objectives of the Company and are appropriate to the nature of its business, its activity and size, and consistent with the Company's need to attract those with the necessary capabilities, qualifications, and skills consistent with the level of the position, tasks, and responsibilities.

The following are the tables that explain the details of the bonuses, allowances and compensations paid to members of the Board of Directors, members of committees emanating from the Board, and 5 Senior Executives during the fiscal year 2023

Board Members' Remuneration

Members of Board of Directors	Fixed rewards						Variable rewards					End-of-service benefits	Grand total	Expense allowance	
	A certain amount	Allowance for attending council sessions	Total attendance at committee sessions	Benefits in-kind	Allowance received by council members as workers or administrators	Remuneration for the Chairman, Managing Director, or secretary if he is a member	Total	Percentage of profits	Periodic reward	Short-term incentive plans	Long-term incentive plans				Granted shares
First: Independent members															
1. Dr. Mohammed Ibrahim Al-Tuwaijri ⁽¹⁾	450,000	-	24,000	-	-	-	474,000	-	-	-	-	-	-	474,000	-
2. Dr. Sami Abdulkarim Al-Abdulkarim	450,000	12,000	34,500	-	-	-	496,500	-	-	-	-	-	-	496,500	-
3. Mr. Fahad Ayed Al-Aslami	450,000	12,000	12,000	-	-	-	474,000	-	-	-	-	-	-	474,000	-
4. Dr. Mohammad Hamad Al-Kathiri ⁽²⁾	-	12,000	30,000	-	-	-	42,000	-	-	-	-	-	-	42,000	-
Total	1,350,000	36,000	100,500	-	-	-	1,486,500	-	-	-	-	-	-	1,486,500	-
Second: Non-Executive Members															
1. Mr. Muhammed Sultan Al-Subaie	450,000	9,000	-	-	-	-	459,000	-	-	-	-	-	-	459,000	-
Total	450,000	9,000	-	-	-	-	459,000	-	-	-	-	-	-	459,000	-
Third: Executive Members															
1. Mr. Nasser Sultan Al-Subaie	450,000	6,000	-	-	-	-	456,000	-	-	-	-	-	-	456,000	-
2. Mr. Mohammed Suleiman Al-Saleem	450,000	6,000	-	-	-	-	456,000	-	-	-	-	-	-	456,000	-
3. Mr. Khaled Suleiman Al-Saleem	450,000	6,000	-	-	-	-	456,000	-	-	-	-	-	-	456,000	-
Total	1,350,000	18,000	-	-	-	-	1,368,000	-	-	-	-	-	-	1,368,000	-

(1) Dr. Mohammed Ibrahim Al-Tuwaijri's membership expired on 03 January, 2023

(2) Dr. Mohammad Hamad Al-Kathiri's membership started on 04 January, 2023

Senior Executive remuneration

Remuneration and compensation paid to 5 of the top Executives who received the highest remuneration, including the CEO and CFO	Fixed rewards				Variable rewards						End-of-service benefits	Total Executives remuneration for the Board	Grand total	
	Salaries	Allowances	Benefits in-kind	Total	Periodic reward	Percentage of profits	Short-term incentive plans	Long-term incentive plans	Granted shares	Total				
For the year 2023	12,420,000	3,370,000	229,500	16,019,500	16,915,807	-	-	-	-	-	16,915,807	-	6,000	32,941,307

The Company has committed to disclosing the total compensation of Senior Executives in accordance with the regulatory requirements contained in subparagraph (4/b) of paragraph (a) of Article (90) of the Corporate Governance Regulations without disclosing it in detail as set out in Annex (1) on Senior Executives' compensation. This was done to protect the interests of the Company, its Shareholders and employees, and to avoid any harm that may be caused to the Company as a result of detailed disclosure.

Remuneration of Committee members

Name of the member	Fixed rewards (except for the allowance for attending sessions)	Allowance to attend sessions	Total
Audit Committee			
1. Dr. Mohammed Ibrahim Al-Tuwaijri	300,000	24,000	324,000
2. Dr. Sami Abdulkarim Al-Abdulkarim	200,000	24,000	224,000
3. Mr. Aziz Mohammed Al-Qhatani ⁽³⁾	200,000	-	200,000
4. Mr. Fahad Ayed Al-Aslami	-	6,000	6,000
5. Dr. Mohammad Hamad Al-Kathiri	-	24,000	24,000
Total	700,000	78,000	778,000
Remuneration and Nomination Committee			
1. Dr. Sami Abdulkarim Al-Abdulkarim	-	6,000	6,000
2. Dr. Mohammad Hamad Al-Kathiri	-	6,000	6,000
3. Mr. Fahad Ayed Al-Aslami	-	6,000	6,000
Total	0.0	18,000	18,000
Executive Committee			
1. Mr. Nasser Sultan Al-Subaie	-	-	-
2. Mr. Mohammed Suleiman Al-Saleem	-	-	-
3. Mr. Khaled Suleiman Al-Saleem	-	-	-
4. Dr. Sami Abdulkarim Al-Abdulkarim	-	4,500	4,500
Total	0.0	4,500	4,500

(3) Mr. Aziz Mohammad Al-Qahtani's membership expired on 03 January, 2023

13. SHAREHOLDER RELATIONS AND ACTIONS TAKEN BY THE BOARD OF DIRECTORS TO INFORM ITS MEMBERS OF THEIR PROPOSALS AND COMMENTS ABOUT THE COMPANY AND ITS PERFORMANCE

The Corporate Governance Regulations stipulate that the General Assembly meetings must be attended by the chairpersons of the committees emanating from the Board or whoever represents them from among the members of the committees to answer the Shareholders' enquiries and directly review the proposals and notes about the Company and its performance. In the event that any proposal or note is received during the deliberations and discussions, it shall be included in the minutes of the Assembly's meetings, in addition to the fact that during the next General Assembly meetings, Management intends to distribute cards to the Shareholders to express opinion and submit proposals about the Company's performance or any observations to be taken into account, and inform the members of the Board of Directors.

As a link between the Company and the external Shareholders and Stakeholders outside the Company's General Assembly hours, the Secretary of the Board of Directors helps the Managing Director to communicate in 2 directions: the current Shareholders, potential investors and external stakeholders on the one hand, and Executive Management and the Board of Directors on the other. In this manner, the opinions, enquiries, complaints, suggestions, and remarks of the aforementioned parties are received through various channels and swiftly shared with Executive Management and the Board of Directors who deal with them, as well as any potential investors and private analysts' visits. During its periodic meetings, the Board of Directors is informed of all developments on the investor relations file.

14. THE COMPANY'S REQUESTS FOR THE SHAREHOLDERS' REGISTER

During the fiscal year 2023, the Company requested the Shareholders' Register 3 times. The following table shows the number and dates of the Company's requests for the Shareholders' Register and their reasons.

Number of requests	Request date	Date of ownership file	Reasons for the request
1.	17/03/2023	31/12/2022	Company procedures for the end of the fiscal year and preparation of the Board of Directors' report
2.	16/04/2023	07/05/2023	Preparing for the Ordinary General Assembly meeting held on 07/05/2023
3.	17/07/2023	07/08/2023	Preparing for the Ordinary General Assembly meeting held on 07/08/2023

15. THE COMPANY'S COMMITMENT TO GOVERNANCE REGULATIONS

The Company is committed to implementing the provisions of the Corporate Governance Regulations issued by the Board of the Capital Market Authority. The Board of Directors supervises the commitment of the relevant departments of the Company to the governance standards and regulations issued by the Capital Market Authority and to conduct a continuous review of the Company's rules of governance to update them through the committees, which deemed that the commitment has been made in relation to provisions, policies and standards except for the following.

Article/paragraph number	Text of the article/paragraph	Reasons for not applying
Article Seven: Paragraph (d)	The Company shall appoint an official responsible for the tasks related to investor relations in a way that achieves effective and fair communication between the Company and its Shareholders.	The Company's Managing Director, assisted by the Secretary of the Board of Directors, shall be responsible for communicating with the current Shareholders, potential investors, and external Stakeholders. Paragraph of guidance material
Article 39: Evaluation Paragraph (b) Paragraph (e)	B) Performance appraisal procedures must be written and clear and disclosed to members of the Board of Directors and persons concerned with the evaluation. E) The Board of Directors shall make the necessary arrangements to obtain an evaluation by a competent external body of its performance every 3 years.	As stipulated in the Corporate Governance Regulations regarding the tasks entrusted to the Nomination and Remuneration Committee, which include, but are not limited to carry out a periodic review of the Board of Directors' structure, and set policies for salaries, rewards and incentives programmes for members of the Board of Directors and Executive Directors of the Company. To ensure this, it is necessary to evaluate those actions that the Board of Directors and Executive Management carry out, and work is underway to select a specialised external party. Paragraphs of guidance material
Article 67	Formation of the Risk Management Committee	The Internal Audit department covers the field of work of this Committee and prepares reports with its views on the risks the Company may face and how to manage these risks, while presenting its recommendations and discussing them with the Audit Committee during its periodic meetings.
Article 68	Terms of reference of the Risk Committee	
Article 69	Risk Committee meetings	
		Guidance materials
Article 82: Motivate workers Paragraph (2) Paragraph (3)	2) Programmes granting employees shares in the Company or a share of the profits it realises and retirement programmes, and the establishment of an independent fund to spend on these programmes 3) Establishing social institutions for company employees	Under study/Guidance material
Article 84: Social responsibility	The Ordinary General Assembly shall, based on a proposal from the Board of Directors, establish a policy that ensures a balance between its objectives and the objectives that the community seeks to achieve in order to develop the social and economic conditions of the community.	Under study/Guidance material
Article 85: Social work initiatives	The Board of Directors shall develop programmes and determine the necessary means to launch the Company's initiatives in the field of social work, including the following: 1. Developing performance indicators that link the Company's performance to its social work initiatives and comparing it to other companies with similar activities 2. Disclosing the social responsibility goals adopted by the Company to its employees and raising their awareness and educating them of these goals. 3. Disclosing the social responsibility achievement plans in the periodic reports related to the Company's activities 4. Developing community awareness programmes to raise awareness of the Company's social responsibility	Under study/Guidance material
Article 95	The formation of the Corporate Governance Committee	The Audit Committee is responsible for monitoring the implementation of the provisions of the Company's corporate governance regulations and following up on its updates. Guidance material

16. DISCLOSURE POLICIES AND ITS PROCEDURES

The Company applies an approved disclosure and transparency regulation of the Company's information in accordance with the requirements of the Corporate Governance Regulations issued by the Financial Market Authority and in accordance with the Company's corporate system, rules for the presentation of securities, continuing obligations, and the Company's primary system. Through a system of classification of information in terms of its nature and the necessity and periodicity of disclosure, Mouwasat Medical Services Company regularly provides updated and accurate information to all relevant parties without discrimination via the Saudi Financial Market (Tadawul) website and the Company's website: www.mouwasat.com taking into account the need to respond in a reasonable manner to the periodic questions of all interested parties and the media without prejudice to the requirements of the regulations and regulations, and in a manner that does not constitute a breach of the legal profession or a source of serious harm to the market or competitive position of the Company.

17. THE INTERESTS OF THE MEMBERS OF THE BOARD OF DIRECTORS AND RELATED PARTIES

Contracts and transactions that the Company executed with related parties during the year 2023

Pursuant to Article (4) of the Mouwasat Regulations for the Transparency and Disclosure Policy and Article (87) of the Corporate Governance Regulations, the management of the Mouwasat Company confirms the following:

- That during the year 2023, there are no businesses or contracts that the Company was a party to and have a direct or indirect interest to any of the Chairman and members of the Board or the Executive Directors of the Company or the Financial Director, except for what was approved by the General Assembly at its meeting on 07 May, 2023 as follows:
 - Supply and lease contracts and annual tickets between the Mouwasat Medical Services Company and the International Mouwasat Company Limited owned by and associated with an interest with some members of the Board of Directors (Mr. Mohammed Sultan Al-Subaie, Mr. Nasser Sultan Al-Subaie and Mr. Mohammed Suleiman Al-Saleem), as the value executed from these contracts during the year 2023 is an amount of SAR 36 million, and the Company's Management estimates the value of the supply, lease and air tickets contracts expected to be executed during the year 2024 at SAR 41 million, which will be contracted according to the Company's procurement system without preferential terms for a period of 1 year
 - Contracts for the implementation and supply of advertising and marketing works between the Mouwasat Medical Services Company and Advision Media Solutions, which is associated with an interest with a member of the Board of Directors (Mr. Khaled Suleiman Al-Saleem), as the value of these contracts during the year 2023 amounted to SAR 30 million, and the Company's Management is estimated. The value of contracts for the supply of works related to advertising and marketing expected to be implemented during the year 2024, is an amount of SAR 33 million, which will be contracted according to the Company's procurement system without preferential terms and for a period of 1 year

The following table summarizes transactions with related parties during the fiscal year 2023

Related party	Nature of relationship	Nature of contracts	Term of contract	Transaction value
International Mouwasat Company	Mr. Mohammed Sultan Al-Subaie ownership Mr. Nasser Sultan Al-Subaie ownership Linked to an interest with Mr. Mohammed Suleiman Al-Saleem	Procurement, lease, and travel tickets contracts	1 year	SAR 36 million
Advertising Vision Trading Est.	Linked to an interest with Mr. Khaled Suleiman Al-Saleem	Supplying advertising and marketing business	1 year	SAR 30 million

- That no member of the Board of Directors has any business competing with the business of Mouwasat Medical Services
- That the Company did not provide any cash loan of any kind to any of its Board members, nor did it provide any guarantees for the loans that any of its Board members contracted with others

4. The legal Auditor during the fiscal year 2023 did not receive any fees other than the below:

Service type	Fees
Annual Zakat declaration	75,000
Independent Limited Assurance Report on the requirements of Article 71 of the Companies Law	35,000
Independent Limited Assurance Report on the increase in the Company's capital	35,000
Total fees for non-audit services	145,000
Audit of the Company's accounts	800,000
Total	945,000

18. APPROVED ACCOUNTING STANDARDS

Based on what was stated in the FMA Circular No. S/ 1/12231/15 dated 12 August, 2015 regarding the adoption of the Implementation of International Accounting Standards in the Kingdom of Saudi Arabia to the financial statements prepared for financial periods start on 01 January, 2017, the Company has prepared its consolidated financial statements for the fiscal year 2023 in accordance with these standards, and accordingly, there are no differences from the standards for preparing financial statements as adopted in the Kingdom.

19. PAID AND DUE SYSTEM PAYMENTS

It was agreed with the General Authority of Zakat and Income on the final zakat assessments for the Company for all years up to 2016, and the Company submitted its Zakat declaration for the fiscal year 2022, and an amount of SAR 31 million was paid during the fiscal year 2023 for the amount due to the General Authority of Zakat and Income.

A statement of the value of the regular payments paid and due (SAR million)

Statement	2023		Brief description	Reasons statement
	Paid	Due up to the end of the financial period		
Zakat	31	34	Estimated from bowl Zakat until the year 2023	Payment will be made with submitting the Zakat declaration during the following year
VAT	238	21	Tax calculated for the services provided is reported to the General Authority of Zakat and Income on a monthly basis	Payment is made during the month following the calculation month
Withholding tax	2.7	0.04	For services provided by foreign and non-resident parties, as well as for dividend distributions to non-resident Shareholders	Payment is made during the month following the deduction month
General Organization for Social Insurance	32	3	Monthly insurance premiums due for workers	Payment is made during the month following the maturity month

20. DECLARATIONS OF THE BOARD OF DIRECTORS

The Company's Board of Directors acknowledges the following:

- That the account records have been prepared correctly
- The internal control system was set on a solid base and has been effectively implemented
- There is no doubt about the ability of the Company to continue its activity

The Board of Directors also acknowledges the following:

- There are no shares or debt instruments issued by the subsidiaries
- No person has informed the Company of any class of shares eligible to vote
- There are no convertible debt instruments, contractual securities, subscription right notes, or similar rights issued by the Company during the fiscal year 2023
- There are no transfer or subscription rights under convertible debt instruments, contractual securities, subscription right notes, or similar rights issued or granted by the Company
- There is no refund, purchase, or cancellation by the Company of any redeemable debt instruments
- There are no arrangements or agreements whereby a member of the Company's Board of Directors or a Senior Executive waived any remuneration
- There are no arrangements or agreements whereby any of the Shareholders of the Company waived any rights to profits
- There are no treasury shares held by the Company
- There is no penalty, substantial penalty, or reserve restriction imposed on the Company during the year 2023
- The Auditor's report does not include any reservations about the annual financial statements during the fiscal year 2023
- The Board of Directors has not been recommended to change the Auditor before the expiration of the period for which it is appointed
- There are no investments or reserves created for the benefit of the Company's employees

21. DETAILS OF SOCIAL CONTRIBUTIONS

In the belief of the Company's Board of Directors, the Company has played its part by actively contributing to the service of the community by participating in many activities and events in a number of cities in the Kingdom where the Company's hospitals are located, and one of its most important contributions in the year 2023 was the following:

- Participating in sponsoring some events with a number of official and civil society organisations
- Making financial donations to some charitable associations
- Organising many cultural and awareness-raising events

22. BOARD RECOMMENDATIONS AND CLOSING SPEECH

It is the pleasure of the Board of Directors to express its pride in the results reviewed in this report and shown through the consolidated financial statements for the fiscal year ending on 31 December, 2023, and as the Company turns a new page of achievements made during the fiscal year 2023, the Board of Directors recommends the following:

- Approval of the Board of Directors' report for the fiscal year ending on 31 December, 2023
- Approval of the Company's Auditor's report for the fiscal year ending 31 December, 2023
- Approval of the financial statements for the fiscal year ending 31 December, 2023
- Approval of the appointment of the Company's Auditor from among the candidates, based on the recommendation of the Audit Committee, to examine, review, and audit the financial statements for the second and third and annual quarters of the fiscal year 2024 and the first quarter of the fiscal year 2025, and determine their fees
- Approval of the Board of Directors' recommendation to distribute cash dividends to Shareholders for the fiscal year ending 31 December, 2023 at an amount of SAR 350 million at a rate of SAR 1.75 per share, equivalent to 17.50% of the capital, provided that the eligibility of the profits is to the Shareholders who own the shares on the day of the General Assembly of the Company and those who are registered in the register of the Company's Shareholders at the Securities Depository Centre Company (Depository Centre) at the end of the second trading day following the date of the Company's General Assembly
- Approval of the works and contracts that will be concluded between the Company and the International Mouwasat Company Ltd, which is for the members of the Board of Directors, Mr. Mohammed Sultan Al-Subaie and Mr. Nasser Sultan Al-Subaie who have a direct interest in it. The member of the Board of Directors, Mr. Mohammed Soleiman Al-Saleem has an indirect interest in it, which consists of supply contracts, rent, and travel tickets according to the Company's procurement system without preferential conditions, noting that the value of what was implemented during the year 2023 of supply contracts, leases, and tickets amounted to SAR 36 million
- Approval of the business and contracts that will be concluded between the Company and Advision Media Solutions, which is for a member of the Board of Directors, Mr. Khaled Suleiman Al-Saleem who has an indirect interest in it, which is a contract for the implementation and supply of works related to advertising and marketing according to the Company's procurement system without preferential terms, noting that the value of what was implemented during the year 2023 of contracts for the implementation and supply of works related to advertising and marketing amounted to SAR 30 million

- Approved to absolve the members of the Board of Directors from liability for the period ending 31 December, 2023
- Approval of disbursing an amount of SAR 450,000 as a reward for each member of the Board of Directors for the year ending 31 December, 2023, for their membership on the Board

IN CONCLUSION

The Board of Directors extends its sincere thanks to the Shareholders, customers, banks, and government agencies for their trust, cooperation, and support. It also expresses its appreciation for the efforts made by all employees of the Company in accomplishing the tasks and achieving the goals.

May Allah protect you

Mouwasat Medical Services Company's Board of Directors

Chairman

Mohammed Sultan Al-Subaie

Vice Chairman and CEO

Nasser Sultan Al-Subaie

Managing Director

Mohammed Suleiman Al-Saleem



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FINANCIAL STATEMENTS

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كي بي إم جي للاستشارات المهنية

الطابق ١٦، برج البرغش
٦١٨٩ طريق الأمير تركي، الكورنيش
ص.ب. ٤٨٠٣
الخبير ٣١٤٦ - ٣٤٤١٢
المملكة العربية السعودية
سجل تجاري رقم ٢٠٥١٠٦٢٣٢٨

المركز الرئيسي في الرياض

Independent Auditor's Report

To the Shareholders of Mouwasat Medical Services Company (A Saudi Joint Stock Company)

Opinion

We have audited the consolidated financial statements of **Mouwasat Medical Services 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 IFRS Accounting 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 Matter

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



Independent Auditor's Report

To the Shareholders of Mouwasat Medical Services Company (A Saudi Joint Stock Company) (Continued)

Key audit matter (continued)

Revenue recognition

Refer Note 4(a)(iii) and 3(e) for the accounting estimate and policy relating to revenue recognition and Note 28 for revenue disclosure.

The key audit matter

During the year ended 31 December 2023, the Group recognized revenue of SR 2.706 billion (2022: SR 2.334 billion).

The Group recognizes revenue upon satisfaction of performance obligation related to medical and related services at the consideration to which the Group expects to be entitled in exchange for those goods or services.

Certain contracts 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.

Revenue recognition is considered as a key audit matter because the estimation of the variable consideration involves significant judgement and estimates in determining the amount.

How the matter was addressed in our audit

We performed the following among other procedures:

- Assessed the appropriateness of the Group's revenue recognition accounting policies by considering the requirements of relevant accounting standards;
- Assessed the design and implementation and tested (on a sample basis) the operating effectiveness of the Group's key internal control in relation to the estimates of variable consideration;
- Assessed the appropriateness of significant accounting judgments, estimates and assumptions made by management to determine the variable consideration;
- Performed a retrospective review (on a sample basis) of actual claims settled to the original gross claims;
- Performed tests (on a sample basis) of settlements and claims with major customers of the Group; and
- Assessed the adequacy of relevant disclosures and presentation in the consolidated financial statements.



Independent Auditor's Report

To the Shareholders of Mouwasat Medical Services Company (A Saudi Joint Stock Company) (Continued)

Key audit matter (continued)	
Valuation of accounts receivables	
Refer Note 4(a)(i) and 3(k) for the accounting estimate and policy related to impairment loss based on expected credit losses (ECLs) and Note 14 for accounts receivable disclosure.	
The key audit matter	How the matter was addressed in our audit
<p>During the year ended 31 December 2023, the gross carrying amount of accounts receivables amounted to SR 1.316 billion (2022: SR 1.109 billion). The impairment loss based on ECLs on these receivables amount to SR 163.4 million (2022: SR 72.5 million).</p> <p>The Group's management has applied a simplified expected credit loss ("ECL") model to determine the impairment loss of accounts receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e. payor groups). The provision matrix is initially based on the Group's historical observed default rates. The Group calibrate the matrix to adjust the historical credit loss experience with forward-looking information.</p> <p>We considered this a key audit matter due to the judgements and estimation involved in assessing the recoverability of outstanding trade receivable and determining the impairment thereon as per the requirement of IFRS 9 Financial Instruments.</p>	<p>We performed the following among other procedures:</p> <ul style="list-style-type: none"> - Obtained an understanding of management's processes, systems and controls over trade receivables; - Evaluated the appropriateness of the accounting policies of the Group and evaluating these against the requirements of FRS 9 Financial Instruments; - Evaluated the reasonableness of management's key judgements and estimates made, including selection and application of methods, models, significant assumptions, data sources and selection of the point estimate and retrospective testing; - Evaluated the competence of management expert and checked the completeness, accuracy and relevance of data shared with management expert. - Involved our own specialist to assess the working and evaluate the assumptions made by the management expert in the model and working used. - Tested the basis of specific provisions based on historic data, ageing and collection trends; and - Assessed the reasonableness and adequacy of disclosures and presentation in the consolidated financial statements.



Independent Auditor's Report

To the Shareholders of Mouwasat Medical Services Company (A Saudi Joint Stock Company) (Continued)

Other Information
<p>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.</p> <p>Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.</p> <p>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.</p> <p>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.</p>
Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements
<p>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 Regulations 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.</p> <p>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.</p> <p>Those charged with governance, the Audit Committee are responsible for overseeing the Group's financial reporting process.</p>
Auditor's Responsibilities for the Audit of the Consolidated Financial Statements
<p>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.</p> <p>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:</p> <ul style="list-style-type: none"> • 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.



Independent Auditor's Report

To the Shareholders of Mouwasat Medical Services Company (A Saudi Joint Stock Company) (Continued)

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


- 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 **Mouwasat Medical Services 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.

KPMG Professional Services


Nasser Ahmed Al Shutairy
License No: 454

Al Khobar, 15 Ramadan 1445H
Corresponding to: 25 March 2024G



MOUWASAT MEDICAL SERVICES COMPANY (A SAUDI JOINT STOCK COMPANY)

Consolidated Statement of Financial Position


AS AT 31 DECEMBER 2023

(All amounts in Saudi Riyals unless otherwise stated)

	Note	2023	2022
ASSETS			
Non-current assets			
Property and equipment	7	3,046,129,447	2,808,394,204
Goodwill	8	16,371,000	16,371,000
Intangible assets	9	20,186,569	16,389,300
Right-of-use asset	10	19,683,031	27,596,156
Investment in an associate	11	-	18,788,375
Advances to contractors and suppliers	12	244,460,781	200,522,745
Total non-current assets		3,346,830,828	3,088,061,780
Current assets			
Inventories	13	197,164,786	203,387,227
Accounts receivable	14	1,152,656,746	1,036,428,927
Due from related parties	35	916,431	2,323,208
Advances, prepayments and other current assets	15	98,957,277	76,503,968
Term deposits	16	100,000,000	111,000,000
Cash and cash equivalents	17	49,049,506	143,876,493
Investment in associate - held for sale	11	18,971,023	-
Total current assets		1,617,715,769	1,573,519,823
Total assets		4,964,546,597	4,661,581,603
EQUITY AND LIABILITIES			
Equity			
Share capital	18	2,000,000,000	1,000,000,000
Statutory reserve	20	365,768,791	300,000,000
Retained earnings		911,287,213	1,622,846,424
Equity attributable to shareholders of the Company		3,277,056,004	2,922,846,424
Non-controlling interest	21	149,790,712	153,486,781
Total equity		3,426,846,716	3,076,333,205
Liabilities			
Non-current liabilities			
Long-term borrowings	22	500,049,694	627,750,414
Employees' benefits	23	153,800,438	137,079,848
Lease liabilities	24	18,783,185	25,394,954
Retention payable	25.1	34,434,661	28,063,626
Total non-current liabilities		707,067,978	818,288,842
Current liabilities			
Accounts payable	25	231,706,734	215,306,911
Due to related parties	35	5,136,187	6,672,662
Accruals and other current liabilities	26	184,304,042	174,877,913
Refund liability	28.2	106,084,803	105,108,775
Current maturity of lease liabilities	24	3,612,000	4,300,000
Current portion of long-term borrowings	22	266,034,059	234,716,005
Provision for zakat	27	33,754,078	25,977,290
Total current liabilities		830,631,903	766,959,556
Total liabilities		1,537,699,881	1,585,248,398
Total equity and liabilities		4,964,546,597	4,661,581,603

The accompanying notes 1 through 41 on pages 6 to 53 form an integral part of these consolidated financial statements.


Mohammed Al Saleem
(Managing Director)


Mohammed Al Saleem
(Authorized Board Representative)


Yusuf Sulaiman
(Chief Financial Officer)

MOUWASAT MEDICAL SERVICES COMPANY (A SAUDI JOINT STOCK COMPANY)

Consolidated Statement of Profit or Loss and Other Comprehensive Income


AS AT 31 DECEMBER 2023


(All amounts in Saudi Riyals unless otherwise stated)

	Notes	2023	2022
Revenue			
Medical services revenue	28	2,312,553,391	2,014,476,950
Pharmaceutical sales	28	392,954,730	319,635,334
		2,705,508,121	2,334,112,284
Cost of revenue			
Cost of operations	29	(1,109,986,629)	(999,989,100)
Cost of sales		(282,442,254)	(232,551,446)
		(1,392,428,883)	(1,232,540,546)
Gross profit		1,313,079,238	1,101,571,738
Selling and marketing expenses	30	(110,215,067)	(99,061,797)
General and administrative expenses	31	(337,427,376)	(318,514,813)
Impairment loss on accounts receivables	14.1	(117,256,160)	(18,270,433)
Other income	32	8,675,713	6,971,424
Operating profit		756,856,348	672,696,119
Finance income		6,482,135	575,335
Finance cost	33	(46,456,505)	(22,880,351)
Share of result of an associate	11	10,205,829	9,880,203
Profit before zakat		727,087,807	660,271,306
Zakat expense	27	(38,699,067)	(27,583,650)
Profit for the year		688,388,740	632,687,656
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Re-measurement loss on employees' end-of-service benefits obligations	23	(3,404,169)	(5,926,191)
Re-measurement loss on employee's retirement benefit obligations of the associate	11	(171,060)	164,569
Other comprehensive loss for the year		(3,575,229)	(5,761,622)
Total comprehensive income for the year		684,813,511	626,926,034
Profit for the year attributable to:			
Shareholders of the Company		657,687,906	599,305,261
Non-controlling interest	21	30,700,834	33,382,395
Profit for the year		688,388,740	632,687,656
Total comprehensive income for the year attributable to:			
Shareholders of the Company		654,209,580	593,656,393
Non-controlling interest	21	30,603,931	33,269,641
Total comprehensive income for the year		684,813,511	626,926,034
Earnings per share:			
Basic and diluted earnings per share for profit attributable to the shareholders of the Company	34	3.29	3.00

The accompanying notes 1 through 41 on pages 6 to 53 form an integral part of these consolidated financial statements.


Mohammed Al Saleem
(Managing Director)


Mohammed Al Saleem
(Authorized Board Representative)


Yusuf Sulaiman
(Chief Financial Officer)

MOUWASAT MEDICAL SERVICES COMPANY (A SAUDI JOINT STOCK COMPANY)

Consolidated Statement of Changes in Equity


FOR THE YEAR ENDED 31 DECEMBER 2023

(All amounts in Saudi Riyals unless otherwise stated)

	Notes	Attributable to the shareholders of the Company				Non-controlling interest	Total equity
		Share capital	Statutory reserve	Retained earnings	Total shareholders' equity		
Balance at 1 January 2022		1,000,000,000	300,000,000	1,304,190,031	2,604,190,031	97,881,293	2,702,071,324
Acquisition of a subsidiary		-	-	-	-	56,635,847	56,635,847
Total comprehensive income for the year							
Profit for the year		-	-	599,305,261	599,305,261	33,382,395	632,687,656
Other comprehensive loss for the year		-	-	(5,648,868)	(5,648,868)	(112,754)	(5,761,622)
Total comprehensive income for the year		-	-	593,656,393	593,656,393	33,269,641	626,926,034
Transactions with owners in their capacity as owners							
Dividend	19	-	-	(275,000,000)	(275,000,000)	-	(275,000,000)
Dividend to non-controlling interest	21	-	-	-	-	(34,300,000)	(34,300,000)
Balance at 31 December 2022		1,000,000,000	300,000,000	1,622,846,424	2,922,846,424	153,486,781	3,076,333,205
Balance at 1 January 2023		1,000,000,000	300,000,000	1,622,846,424	2,922,846,424	153,486,781	3,076,333,205
Total comprehensive income for the year							
Profit for the year		-	-	657,687,906	657,687,906	30,700,834	688,388,740
Other comprehensive loss for the year		-	-	(3,478,326)	(3,478,326)	(96,903)	(3,575,229)
Total comprehensive income for the year		-	-	654,209,580	654,209,580	30,603,931	684,813,511
Transfer to statutory reserve	20	-	65,768,791	(65,768,791)	-	-	-
Transactions with owners in their capacity as owners							
Dividend	19	-	-	(300,000,000)	(300,000,000)	-	(300,000,000)
Dividend to non-controlling interests	21	-	-	-	-	(34,300,000)	(34,300,000)
Increase in share capital	18	1,000,000,000	-	(1,000,000,000)	-	-	-
Balance at 31 December 2023		2,000,000,000	365,768,791	911,287,213	3,277,056,004	149,790,712	3,426,846,716

The accompanying notes 1 through 41 on pages 6 to 53 form an integral part of these consolidated financial statements.


Mohammed Al Saleem
(Managing Director)


Mohammed Al Saleem
(Authorized Board Representative)


Yusuf Sulaiman
(Chief Financial Officer)

MOUWASAT MEDICAL SERVICES COMPANY (A SAUDI JOINT STOCK COMPANY)

Consolidated Statement of Cash Flows

AS AT 31 DECEMBER 2023

(All amounts in Saudi Riyals unless otherwise stated)

	Notes	2023	2022
Cash flows from operating activities			
Profit for the year		688,388,740	632,687,656
Adjustments for:			
Depreciation on property and equipment	7	214,957,726	179,909,562
Depreciation on right-of-use asset	10	2,811,862	3,452,233
Amortization of intangible assets	9	5,703,196	5,183,315
Impairment loss on accounts receivables	14	117,256,160	18,270,433
Share of results of an associate	11	(10,205,829)	(9,880,203)
Finance cost	33	46,456,505	22,880,351
Interest income on term deposits		(6,482,135)	(575,335)
Property and equipment written off		65,642	-
Gain on modification of leases	24.2	(393,525)	-
Provision for employees' benefits	23	31,414,774	23,290,524
Gain on disposal of property and equipment	32	(292,893)	(237,957)
Zakat expense	27	38,699,067	27,583,650
		1,128,379,290	902,564,229
Changes in:			
Inventories		6,222,441	(16,494,982)
Accounts receivable		(233,483,979)	(263,666,119)
Due from related parties		1,406,777	2,901,564
Advances, prepayments and other current assets		(21,781,817)	14,188,166
Retention payable		6,371,035	6,552,844
Accounts payable		16,399,823	28,523,578
Due to related parties		(1,536,475)	(7,806,076)
Accruals and other current liabilities		10,744,766	41,795,169
Refund liabilities		976,028	69,089,981
Cash generated from operating activities		913,697,889	777,648,354
Employees' benefits paid	23	(18,098,353)	(16,973,466)
Finance cost paid	37.1	(50,894,189)	(28,018,305)
Zakat paid	27	(30,922,279)	(25,329,810)
Net cash from operating activities		813,783,068	707,326,773
Cash flows from investing activities			
Purchase of property and equipment		(277,038,015)	(292,808,341)
Purchase of intangible assets	9	(9,500,465)	(5,865,124)
Proceeds from disposal of property and equipment		791,300	477,326
Dividend received from an associate	11	9,852,121	5,224,772
Advances to contractors		(215,617,973)	(67,793,838)
Term deposits		11,000,000	(11,000,000)
Interest received on term deposits		5,810,643	568,371
Acquisition of a subsidiary, net of cash acquired	38	-	(101,654,696)
Net cash used in investing activities		(474,702,389)	(472,851,530)
Cash flows from financing activities			
Dividend paid	19	(300,000,000)	(275,000,000)
Proceeds from term loans	22	180,000,000	300,000,000
Repayment of term loans	22	(276,382,666)	(233,867,538)
Payment of lease liabilities including finance cost	24	(3,225,000)	(4,300,000)
Dividend paid to non-controlling interests in subsidiary	21	(34,300,000)	(34,300,000)
Net cash outflow from financing activities		(433,907,666)	(247,467,538)
Net decrease in cash and cash equivalents		(94,826,987)	(12,992,295)
Cash and cash equivalents at beginning of the year		143,876,493	156,868,788
Cash and cash equivalents at the end of the year	17	49,049,506	143,876,493
Non-cash transactions:			
Finance cost capitalized	7.4	4,539,066	9,474,280
Transfer from advances to contractors and suppliers to property and equipment	12	171,679,937	110,105,799
Modification of right-of-use asset	10	(5,101,263)	-
Modification in lease liability	24	(5,494,788)	-
Advance to contractors and suppliers as a result of acquired subsidiary	38	-	9,948,462
Dividend receivable from an associate	11.2	-	5,224,772

The accompanying notes 1 through 41 on pages 6 to 53 form an integral part of these consolidated financial statements.

Mohammed Al Saleem
(Managing Director)

Mohammed Al Saleem
(Authorized Board Representative)

Yusuf Sulaiman
(Chief Financial Officer)

MOUWASAT MEDICAL SERVICES COMPANY (A SAUDI JOINT STOCK COMPANY)

Notes To The Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2023

(All amounts in Saudi Riyals unless otherwise stated)

1. GENERAL

Mouwasat Medical Services Company ("the Company") is registered in Saudi Arabia under Commercial Registration number 2050032029 dated Ramadan 12, 1417H (corresponding to January 21, 1997). The Company was converted into a Saudi Joint Stock Company in accordance with Ministerial Resolution No. 1880 dated Dhu-al-Hijja 4, 1426H (corresponding to 4 January 2006).

Details regarding the Company's subsidiary are as follows:

Name	Country of Incorporation	Activities	Percentage %
Eastern Medical Services Company Limited	Saudi Arabia	Medical services	51%
Jeddah Doctor Company	Saudi Arabia	Medical services	51%

Eastern Medical Services Company Limited is a limited liability company registered in the Kingdom of Saudi Arabia under commercial registration number 2051023824 dated Ramadan 10, 1420H (corresponding to 18 December 1999). This subsidiary is engaged in construction and operation of hospitals, dispensaries and special clinics.

Jeddah Doctors Company Limited ("JDC") (Saudi Closed Joint Stock Company) is registered in Kingdom of Saudi Arabia under commercial registration number 4030278617 dated Muharram 13, 1436H (corresponding to 6 November 2014). The subsidiary is engaged in general construction of non-residential buildings including (schools, hospitals, hotels etc.), demolition of buildings; purchase, sale and division of land and real estate, and off-plan sales activities; colleges and university institutes, hospitals, medical operation of hospitals. Also see note 38.

The Company through its multiple branches is engaged in the acquisition, management, operation and maintenance of hospitals, medical centers, drug stores, pharmacies and wholesale of medical equipment and drugs.

Branch	Commercial Registration Number	Date
Dammam	2050046891	18/09/1425H
Dammam	2050111494	20/04/1438H
Dammam	2050111780	25/05/1438H
Dammam	2050086573	27/11/1433H
Khobar	2051064380	12/09/1438H
Jubail	2055004626	09/03/1421H
Jubail	2055006727	19/09/1425H
Madinah	4650029967	06/05/1421H
Madinah	4650030759	11/11/1421H
Madinah	4650083001	18/01/1438H
Madinah	4650252425	19/05/1444H
Riyadh	1010295838	09/11/1431H
Yanbu	4700118283	04/06/1444H

The consolidated financial statements include the financial information of the branches mentioned above and its subsidiaries (together referred as 'Group').

2. BASIS OF PREPARATION

2.1. Statement of compliance

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) as endorsed in the Kingdom of Saudi Arabia (KSA) and other standards and pronouncements that are issued by Saudi Organization for Chartered and Professional Accountants ("SOCPA") (here and after referring to as "IFRSs as endorsed in KSA").

MOUWASAT MEDICAL SERVICES COMPANY (A SAUDI JOINT STOCK COMPANY)

Notes To The Consolidated Financial Statements FOR THE YEAR ENDED 31 DECEMBER 2023

(All amounts in Saudi Riyals unless otherwise stated)

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 26/6/1444H (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 Law and will amend its By-Laws for any changes to align the By-Laws to the provisions of the Law. Consequently, the Group shall present the amended By-Laws to the shareholders in their General Assembly meeting for their ratification.

2.2. Basis of measurement

These consolidated financial statements have been prepared on a historical cost basis except for employees' end-of-service benefits obligation which is measured at the present value of the obligations as explained in the relevant accounting policy, financial assets at fair value through profit or loss which are measured at fair value and financial assets at fair value through other comprehensive income which are measured at fair value.

2.3. Functional and presentation currency

These consolidated financial statements are presented in Saudi Riyals (SR) which is the Group's functional currency. All financial information presented in these financial statements have been rounded off to the nearest Saudi Riyals, unless otherwise stated.

3. MATERIAL ACCOUNTING POLICIES

The Group has adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) from 1 January 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements.

The amendments require the disclosure of "material", rather than "significant", accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

Management reviewed the accounting policies and made updates to the information wherever required in line with the amendments. The accounting policies stated below have been consistently applied to all periods presented in these financial statements, unless otherwise stated.

a) Basis of consolidation

The consolidated financial statements comprise the consolidated financial statements of the Company (Parent Company) and its subsidiary as at 31 December 2023. Subsidiaries are all the entities over which the Group has control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if, and only if, the Group has:

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

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

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

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Parent Company and non-controlling interest, even if this results in the non-controlling interest having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions among members of the Group are eliminated in full on consolidation.

Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Parent. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognized within equity attributable to owners of the Parent Company.

Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities.

Non-Controlling Interests (NCI)

Non-Controlling interests (NCI) are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Interests in equity accounted investees

The Group's interest in equity-accounted investees comprise interest in an associate.

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies of these entities. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method.

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the group's share of the post-acquisition profits or losses of the investee in profit or loss, and the group's share of movements in other comprehensive income of the investee in other comprehensive income, until the date on which significant influence ceases. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment separately. Dividends received or receivable from associates are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity accounted investment equals or exceeds its investment in the investee, the carrying amount of the investment, together with any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has incurred obligation or has made payments on behalf of the investee.

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Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the statement of profit or loss. The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in the relevant accounting policy.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated. Unrealized gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

b) Business combination

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The acquisition of an asset or a group of assets that does not constitute a business. In such cases the acquirer shall identify and recognise the individual identifiable assets acquired (including those assets that meet the definition of, and recognition criteria for, intangible assets in IAS 38 Intangible Assets) and liabilities assumed. The cost of the group shall be allocated to the individual identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction or event does not give rise to goodwill.

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

c) Current and non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realized or intended to sell or consumed in the 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.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification. The Group classifies all other liabilities as non-current.

d) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. 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 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 from the asset's highest and best use or by selling it to another market participant that would utilize 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 consolidated financial statements are categorized within the fair value hierarchy. This is 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.

For assets and liabilities that are recognized in the consolidated financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. The Group determines the policies and procedures for both recurring fair value measurement, and for non-recurring measurement.

External valuers are involved for valuation of significant assets, whenever required. The involvement of external valuer is decided by the Group after discussion and approval by the Company's management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Group decides, after discussions with the Company's external valuer, which valuation techniques and inputs to use for each case.

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At each reporting date, the Group analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Group's accounting policies. For this analysis, the Group verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents. The Group also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

e) Revenue recognition

The Group generates its revenue from sale of pharmaceuticals and rendering of inpatient and outpatient services over time and at a point in time. Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The goods and services are sold both on their own in separately identified contracts with customers and together as a bundled package of goods and/or services.

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

Operating revenue

Revenues are measured at the transaction price which is the amount of consideration that the Group expects to be entitled to in exchange for the services provided. Revenue primarily comprises fees charged for inpatient and outpatient hospital services. For operating revenues, the revenue is recognized when the treatment is provided, and the invoice is generated (i.e., after satisfaction of performance obligation). Net patient services revenue is recognised at the estimated net realisable amounts from the third-party payers (insurance companies) and others for the services rendered, net of estimated retroactive revenue adjustments (rejection of claims) when the related services are rendered. Unbilled revenue is recorded for the service rendered where the patients are not discharged and final invoice is not raised for the services.

Some contracts include variable considerations such as claims disallowed (rejection of claims) which is not paid by third-party payor, volume discount and prompt payment discount. Discounts comprise retrospective volume discounts granted to certain insurance companies on attainment of certain levels of business and constitute variable consideration. These are accrued over the course of the arrangement based on estimates of the level of business expected and are adjusted against revenue at the end of the arrangement to reflect actual volumes. The normal business process associated with transactions with insurers includes amount of claims disallowed (disallowance provision) which is not paid by the insurer. These disallowed claims could be for various technical or medical reasons. Accordingly, the Group expects an amount of consideration that is less than what was originally invoiced. These disallowances constitute a variable consideration and are assessed based on all information (historical, current and forecast) that is reasonably available to the Group and identify a reasonable number of possible consideration amounts. Management estimates variable consideration using the single most likely amount method for prompt payment discount.

Revenue from inpatient services are recognized over a period of time and outpatient services are recognized at the point in time.

Sale of goods

Sales of goods represents the invoiced value of medicines and drugs supplied by the Group. The Group's contracts with customers for the sale of medicines and drugs generally include one performance obligation. Revenue from sale of medicines and drugs is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery/dispensing of the medicines and drugs.

Interest income on term deposits

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Rental income

Rental income is recognized on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

Dividend

Dividend income from investments is recognized when the shareholders right to receive payment has been established.

f) Foreign currency transactions

Transactions and balances

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates, are generally recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other income and expense.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

Group companies

On consolidation, the assets and liabilities of foreign operations are translated into Saudi Riyals at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in other comprehensive income (OCI). On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

g) Property and equipment

Property and equipment excluding land and construction work in progress (CWIP) are carried at cost less accumulated depreciation and any accumulated impairment losses, if any.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Expenditure incurred to replace a component of an item of property and equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of property and equipment. All other expenditure is recognised in the consolidated statement of profit or loss as incurred.

Depreciation is calculated based on the estimated useful lives of the applicable assets on a straight-line basis commencing when the assets are ready for their intended use. The estimated useful lives, residual values and depreciation methods are reviewed at each statement of financial position date, with the effect of any changes in estimate accounted for on a prospective basis. Freehold land and properties under construction are not depreciated.

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The following useful lives are used in the calculation of depreciation:

	Years
Buildings	33 years
Building system and improvements	3 to 10 years
Medical equipment and tools	4 to 10 years
Furniture and fixture	3 to 10 years
Motor Vehicles	4 years

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the net sales proceeds and the carrying amount of the asset and is recognised in the statement of profit or loss.

Construction work in progress (CWIP)

CWIP is recognized at cost less accumulated impairment, if any. CWIP is transferred to the related property and equipment when the construction or installation and related activities necessary to prepare the property and equipment for their intended use have been completed, and the property and equipment are ready for operational use.

Land is recognised at cost, less impairment, if any.

h) Intangibles assets

Intangible assets represent the software license and operating license of certain hospitals. They are accounted for using the cost model whereby capitalised costs are amortised on a straight-line basis over their estimated useful lives ranging between 3 to 10 years. Useful lives are reviewed at each reporting date.

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses, if any. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Derecognition of intangible assets

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognized in profit or loss when the asset is derecognized.

Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

i) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

i) Group as a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. Currently, Group has no contract which includes lease and non-lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made on or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying assets to restore the underlying assets or the site on which it is located less any lease incentive returned.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability mainly comprise of fixed lease payments.

The lease liability is subsequently carried at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low value assets and short term leases including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

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ii) Group as a lessor

The Group enters into lease agreements as a lessor with respect to some of its building properties.

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

When a contract includes lease and non-lease components, the Group applies IFRS 15 to allocate consideration under the contract to each component.

j) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

k) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i) Recognition and initial measurement

Accounts receivable and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is an accounts receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. Accounts receivable without a significant financing component is initially measured at the transaction price.

ii) Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through OCI ("FVOCI"); or fair value through profit or loss ("FVTPL").

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms 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. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

iii) Financial assets - Business model and 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. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- How the performance of the portfolio is evaluated and reported to the Group's management;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- How managers of the business are compensated - e.g., whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- The frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

iv) Financial assets - Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g., liquidity risk and administrative costs), as well as a profit margin. In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g., non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

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v) Financial assets - 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 derecognition is recognised in profit or loss.
Financial assets at FVOCI	Equity instrument 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 recognized in OCI and are never reclassified to profit or loss.

vi) Financial liabilities - Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, 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 recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

vii) Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expires, 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 it does not retain control of the financial asset. The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

viii) Offsetting

Financial assets and financial liabilities 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 amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

l) Impairment

i) Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

The Group applies the general approach to provide for ECLs on all other financial instruments. ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For accounts receivable and contract assets, the Group applies a simplified approach in calculating ECLs.

Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The Group assesses all the information available, including past due status, credit ratings, the existence of third party insurance and forward-looking economic factors in the measurement of the expected credit losses associated with its accounts receivable and contract assets.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held)

The Group considers a contract asset to be in default when the customer is unlikely to pay its contractual obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are probability-weighted estimates of credit losses. 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 Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor;
- a breach of contract such as a default;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or the disappearance of an active market for a security because of financial difficulties.

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Presentation of allowance for ECLs in the statement of financial position

Loss allowances for financial assets measured at amortised cost and contract assets are deducted from the gross carrying amount of these assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

ii) Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and contract 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. For goodwill the recoverable amount is estimated each year at the same time. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on most recent budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to projected future cash flows after the fifth year.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. 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 amortisation, if no impairment loss had been recognised.

An impairment loss in respect of an associate is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with the requirements for non-financial assets. An impairment loss is recognised in profit or loss. An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount and only to the extent that the recoverable amount increases.

Goodwill that forms part of the carrying amount of an investment in an associate is not recognised separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment in an associate is tested for impairment as a single asset when there is objective evidence that the investment in an associate may be impaired.

m) Inventories

Inventories are stated at the lower of cost and net realisable value. Costs are those expenses incurred in bringing each product to its present location and condition and calculated on a weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

n) Cash and cash equivalent

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts that are repayable on demand and that form an integral part of the Group's cash management are included in cash and cash equivalents. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet, if any.

o) Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the consolidated income statement net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a discount rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Decommissioning liability

Decommissioning costs are provided for at the present value of expected costs to settle the obligation using estimated cash flows and are recognized as part of the cost of the relevant asset. The cash flows are discounted at a rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is expensed in the consolidated income statement as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied, are added to or deducted from the cost of the asset.

p) Contingencies

Contingent liabilities are not recognised in the consolidated financial statements. These are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Liabilities which are probable, are recorded in the consolidated statement of financial position under accounts payable and accruals. A contingent asset is not recognised in the consolidated financial statements but disclosed when an inflow of economic benefits is probable. A contingent asset becomes a realized asset recordable on the consolidated statement of financial position when the realization of cash flows associated with it becomes relatively certain.

q) Zakat and tax

Zakat

The Group is subject to the regulations of the Zakat, Tax and Custom Authority ("ZATCA") in the Kingdom of Saudi Arabia. Zakat is charged to the statement of profit or loss on an accruals basis. The zakat charge is computed on the Saudi shareholders' share of the zakat base or adjusted net profit whichever is higher. Any difference in the estimate is recorded when the final assessment is approved, at which time the provision is cleared.

Value added tax

Expenses and assets are recognised net of the amount of value added tax ("VAT"), except:

- When the VAT incurred on a purchase of assets or services is not recoverable from the ZATCA, in which case, the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- When receivables and payables are stated with the amount of VAT included.
- The net amount of VAT recoverable from, or payable

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r) Employees' benefits

Retirement benefit costs and termination benefits

For defined retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Re-measurement, comprising actuarial gains and losses is reflected immediately in the statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they occur. Re-measurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognized in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorized as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- re-measurement.

Curtailment gains and losses are accounted for as past service costs.

A liability for a termination benefit is recognized at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognizes any related restructuring costs.

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in profit or loss in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet. Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

s) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's Chief Operating Decision Maker to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

The Group's Board of Directors are considered to be the chief operating decision maker. Segment results that are reported to the Group's Chief Operating Decision Maker include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. 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.

t) Earnings per share

Basic and diluted earnings per share is calculated by dividing the profit attributable to shareholders of the Company, excluding any costs of servicing equity other than ordinary shares by the weighted average number of ordinary shares outstanding during the financial year.

u) Statutory reserves

In accordance with Company's Articles of Association, the Company has established a statutory reserve by the appropriation of 10% of net income until the reserve equals 30% of the share capital. This reserve is not available for dividend distribution.

v) Short term investments

Short term investments in the statements position are deposits with having maturity of more than three months but less than a year from date of placement.

w) Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

x) Asset held for sale

Non-current assets or disposal groups comprising assets and liabilities, are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property or biological assets (if any), which continued to be measured in accordance with the Group's other accounting policies. Impairment losses on initial classification as held for sale or held for distribution and subsequent gains and losses on remeasurement are recognized in the consolidated statement of profit or loss.

Once classified as held for sale, intangible assets and property, plant and equipment are no longer amortized or depreciated, and any equity-accounted investee is no longer equity accounted.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the statement of financial position.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the Group's consolidated financial statements in conformity with IFRS, as endorsed in KSA, requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur. Further, certain estimates and assumptions include the direct and indirect impact of the COVID-19 pandemic on the Group's business, financial condition and results of operations. The economic impact of the pandemic on the Group's business depends on its severity and duration, which in turn depend on highly uncertain factors. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

a. Critical accounting estimates

i. Provision for expected credit losses of accounts receivable and contract assets

The Group uses a provision matrix to calculate ECLs for accounts receivable and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e. payor groups). The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information.

At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed. The assessment of the correlation between historical observed default rates, forecast 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 customer's actual default in the future.

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ii. Employees' end-of-service benefits

The cost of the employees' end-of-service benefits are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate and future salary increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

iii. Revenue recognition - estimating variable consideration

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, customers' right to volume discounts, prompt payment discounts and claims disallowance of certain services provided to the patients upon submission of invoices to the customers. The Group uses its accumulated historical experience to estimate the percentage. 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.

iv. 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 available data from binding sales transactions, conducted at arm's length for similar assets or observable market prices 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 investments that will enhance the asset's 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.

v. Useful lives of property and equipment

Management determines the estimated useful lives of property, plant and equipment for calculating depreciation. This estimate is determined after considering expected usage of the assets and physical wear and tear. Management reviews the residual value and useful lives annually and change in depreciation charges, if any, are adjusted in current and future periods.

vi. Useful lives of intangible assets

Management reviews the amortization period and the amortization method for any intangible asset with a finite useful life at least at each financial year-end. If the expected useful life of the asset is different from previous estimates, the Company changes the amortization period accordingly. If there has been a change in the expected pattern of consumption of the future economic benefits embodied in the asset, the Group changes the amortization method to reflect the changed pattern.

vii. Zakat

The Group is subject to Zakat in accordance with the Zakat, Tax and Custom Authority ("ZATCA") regulations. Zakat computation involves relevant knowledge and judgement of the Zakat rules and regulations to assess the impact of Zakat liability at a particular period end. This liability is considered an estimate until the final assessment by ZATCA is carried out until which the Group retains exposure to additional Zakat liability.

b. Critical judgements in applying accounting standards

i. Incremental borrowing rate for lease agreements

The Group cannot readily determine the interest rate implicit in the lease agreement, 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. The Group estimates the IBR using observable inputs, such as market interest rates when available and is required to make certain entity-specific estimates.

ii. Determining the lease term of contracts

The Group determines the lease term as 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.

5. NEW STANDARDS AND AMENDMENTS TO EXISTING STANDARDS

Amendments to existing standards adopted by the Group

The Group has applied the following amendments for the first time for their annual reporting period commencing 1 January 2023:

- IFRS 17 Insurance Contracts;
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2);
- Definition of Accounting Estimate (Amendments to IAS 8);
- Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction and Amendments to IAS 12 Income Taxes;
- International Tax Reform - Pillar Two Model Rules - Amendments to IAS 12.

However, these amendments did not have an impact on the consolidated financial statements of the Group. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Amendments to existing standards issued but not yet effective

The amendments to existing standards that are issued, but not yet effective, up to the date of issuance of the Group's consolidated financial statements are disclosed below. The Group intends to adopt these amendments to existing standards, if applicable, when they become effective:

- Non-current Liabilities with Covenants - Amendments to IAS 1 and Classification of Liabilities as Current or Non-current - Amendments to IAS 1, effective for annual periods beginning on or after 1 January 2024;
- Lease Liability in a Sale and Leaseback - Amendments to IFRS 16, effective for annual periods beginning on or after 1 January 2024;
- Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7, effective for annual periods beginning on or after 1 January 2024;
- IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures, effective for annual periods beginning on or after 1 January 2024;
- Lack of Exchangeability - Amendments to IAS 21, effective for annual periods beginning on or after 1 January 2025;
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28, effective date deferred indefinitely.

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6. OPERATING SEGMENTS

The Board of Directors monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on revenue & gross profit and is measured consistently in the consolidated financial statements.

The Group's operations consist mainly of the medical services and sale of pharmaceuticals products and accordingly following are selected financial information as at 31 December 2023 and 2022 by business segment:

- Medical Services segment: Inpatient and outpatient services.
- Pharmaceuticals'.

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

	Medical Services	Pharmaceuticals	Total
For the year ended 31 December 2023			
Revenue from external customers	2,312,553,391	392,954,730	2,705,508,121
Gross profit	1,202,566,762	110,512,476	1,313,079,238
Unallocated income / (expenses)			
Selling and marketing expenses			(110,215,067)
General and administrative expenses			(337,427,376)
Impairment loss on accounts receivables			(117,256,160)
Other income			8,675,713
Share of result of an associate			10,205,829
Finance income			6,482,135
Finance cost			(46,456,505)
Profit before zakat			727,087,807
Zakat expense for the period			(38,699,067)
Profit for the period			688,388,740
For the year ended 31 December 2022			
Revenue from external customers	2,014,476,950	319,635,334	2,334,112,284
Gross profit	1,014,487,850	87,083,888	1,101,571,738
Unallocated income / (expenses)			
Selling and marketing expenses			(99,061,797)
General and administration expenses			(318,514,813)
Impairment loss on accounts receivables			(18,270,433)
Other income			6,971,424
Share of result of an associate			9,880,203
Finance income			575,335
Finance cost			(22,880,351)
Profit before zakat			660,271,306
Zakat expense for the period			(27,583,650)
Profit for the period			632,687,656

	Medical Services	Pharmaceuticals	Total
As at 31 December 2023			
Segment assets	4,716,319,267	248,227,330	4,964,546,597
Segment liabilities	1,391,618,392	146,081,489	1,537,699,881
As at 31 December 2022			
Segment assets	4,428,502,523	233,079,080	4,661,581,603
Segment liabilities	1,434,649,800	150,598,598	1,585,248,398

Geographical segments:

All of the Group's operating assets and principal markets of activity are located in the Kingdom of Saudi Arabia.

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment profit represents the profit earned by each segment without allocation of the share of results of associates, central administration costs including directors' salaries, profit from term deposits, non-operating gains and losses in respect of financial instruments and finance costs. This is the measure reported to the Group's Board of Directors for the purpose of resource allocation and assessment of segment performance. Details regarding capital expenditure and investment in associate has been separately disclosed in these consolidated financial statements.

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7. PROPERTY AND EQUIPMENT

	Land	Buildings	Building system and improvement	Medical equipment and tools	Furniture and fixture	Motor vehicles	Construction work in progress	Total
Cost								
1 January 2022	378,061,632	957,037,955	543,923,560	843,633,059	198,131,042	35,728,548	601,090,925	3,557,606,721
Acquisition of a subsidiary (note 38)	87,600,986	-	-	-	-	-	69,921,514	157,522,500
Additions	51,268,526	12,251,532	36,347,370	129,031,780	30,775,336	4,824,371	147,889,505	412,388,420
Transfers (note 7.3)	-	394,311,365	272,280,148	3,805,113	-	-	(670,396,626)	-
Disposals	-	-	(159,583)	(1,659,559)	(2,728,611)	(2,795,386)	-	(7,343,139)
31 December 2022	516,931,144	1,363,600,852	852,391,495	974,810,393	226,177,767	37,757,533	148,505,318	4,120,174,502
Additions	200,000	10,452,594	12,933,060	94,916,419	17,360,725	5,783,335	311,610,885	453,257,018
Transfers (note 7.3)	-	117,399,785	23,656,443	7,084,170	-	-	(148,140,398)	-
Write off	-	(478,281)	(36,563,830)	(117,781,545)	(26,374,173)	(473,693)	-	(181,671,522)
Disposals	-	-	(104,711)	(686,354)	(1,228,669)	(1,927,663)	-	(3,947,397)
31 December 2023	517,131,144	1,490,974,950	852,312,457	958,343,083	215,935,650	41,139,512	311,975,805	4,387,812,601
Accumulated depreciation								
1 January 2022	-	266,218,008	275,685,763	458,417,159	115,331,925	23,321,651	-	1,138,974,506
Depreciation charge for the year	-	30,451,576	58,971,818	67,019,451	18,243,751	5,222,966	-	179,909,562
Disposals	-	-	(157,048)	(1,609,687)	(2,725,560)	(2,611,475)	-	(7,103,770)
31 December 2022	-	296,669,584	334,500,533	523,826,923	130,850,116	25,933,142	-	1,311,780,298
Depreciation charge for the year	-	38,628,072	76,141,686	75,918,241	19,473,643	4,796,084	-	214,957,726
Write off	-	(478,242)	(36,562,922)	(117,723,083)	(26,367,948)	(473,685)	-	(181,605,880)
Disposals	-	-	(104,695)	(395,590)	(1,213,954)	(1,734,751)	-	(3,448,990)
31 December 2023	-	334,819,414	373,974,602	481,626,491	122,741,857	28,520,790	-	1,341,683,154
Carrying amount								
As at 31 December 2023	517,131,144	1,156,155,536	478,337,855	476,716,592	93,193,793	12,618,722	311,975,805	3,046,129,447
As at 31 December 2022	516,931,144	1,066,931,268	517,890,962	450,983,470	95,327,651	11,824,391	148,505,318	2,808,394,204

7.1 Depreciation charge for the year has been allocated as follow:

	Note	2023	2022
Cost of operations	29	171,966,180	143,927,649
General and administration expenses	31	42,991,546	35,981,913
		214,957,726	179,909,562

7.2 As at 31 December 2023, plots of land amounting to SR 52.92 million (2022: SR 56.1 million) have been pledged as security against term loans from Ministry of Finance. During 2021, the Group has fully paid the outstanding loan amount related to one region and applied for release of mortgage against land (having carrying amount of SR 3.18 million). During the year, the mortgage on the aforementioned land has been successfully released.

7.3 Construction Work in progress:

Construction work in progress mainly represents costs incurred to construct new hospitals and expansion of existing hospitals, which is currently in work-in-progress.

7.4 In 2023, borrowing costs of SR 4.54 million (2022: SR 9.47 million) have been capitalised.

8. GOODWILL

On 24 July 2006, the Group acquired 51% of the voting shares of EMS, an unlisted company registered in the Kingdom of Saudi Arabia. The Group performed its annual impairment test and compared the carrying value to their estimated recoverable amount based on appropriate method. The results of impairment test at 31 December 2023 indicated no impairment loss.

The recoverable amount of the EMS is also determined based on value in use calculation using cash flow projections from financial budgets approved by senior management covering a five-year period. The projected cash flows have been updated to reflect the increased demand for services. The pre-tax discount rate applied to the cash flow projections is 11.29% (2022: 12.8%). The long-term growth rate used to extrapolate the cash flows of the unit beyond the five-year period is 2% (2022: 2%). As a result of the analysis, the estimated recoverable amount exceeded its carrying amount by approximately SR 238 million (2022: SR 235 million) and management did not identify an impairment for this CGU.

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Key assumptions used in value in use calculations

The calculation of value in use is most sensitive to the following assumptions:

- Gross margins
- Discount rates
- Growth rates used to extrapolate cash flows beyond the forecast period

Gross margins are based on average values achieved in the three years preceding the start of the budget period. These are increased over the budget period for anticipated efficiency improvements.

Discount rates represent the current market assessment of the risks specific to cash generating unit, regarding the time value of money and individual risks of the underlying assets which have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service. Segment-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data.

Growth rate estimates are based on published industry research.

Management have considered and assessed reasonably possible changes for key assumptions and have not identified any instances that could cause the carrying amount of the CGU to exceed its recoverable amount. Management believes a reasonable range of increase or decrease in any of the assumptions within the projected cash flows would not change the outcome of the impairment analysis for the goodwill.

9. INTANGIBLE ASSETS

Cost	Softwares	Operating licenses	Total
1 January 2022	25,635,180	11,096,144	36,731,324
Additions during the year	3,176,449	2,688,675	5,865,124
Written off during the year	(1,550)	(2,763,920)	(2,765,470)
31 December 2022	28,810,079	11,020,899	39,830,978
Additions during the year	5,389,522	4,110,943	9,500,465
Written off during the year	(3,372,927)	(570,978)	(3,943,905)
31 December 2023	30,826,674	14,560,864	45,387,538
Accumulated amortization			
1 January 2022	13,178,696	7,845,137	21,023,833
Amortization charge for the year	2,299,646	2,883,669	5,183,315
Written off during the year	(1,550)	(2,763,920)	(2,765,470)
31 December 2022	15,476,792	7,964,886	23,441,678
Amortization charge for the year	2,672,250	3,030,946	5,703,196
Written off during the year	(3,372,927)	(570,978)	(3,943,905)
31 December 2023	14,776,115	10,424,854	25,200,969
Carrying amount			
31 December 2023	16,050,559	4,136,010	20,186,569
31 December 2022	13,333,287	3,056,013	16,389,300

The amortization of intangible assets has been allocated as follows:

	2023	2022
Cost of operations (note 29)	2,137,801	1,839,717
General and administration expenses (note 31)	3,565,395	3,343,598
	5,703,196	5,183,315

10. RIGHT-OF-USE ASSET

The Group has a contract for lease of building having lease term of 11 years.

During the year ended 31 December 2023, lease rentals were reduced as Company returned certain portion of the leased asset to the lessor, accordingly the right of use assets and lease liabilities are modified as per the requirement of IFRS 16 Leases and resulted gain on modification has been recorded in this condensed consolidated statement of profit or loss and other comprehensive income.

	2023	2022
1 January	27,596,156	31,048,389
Effect of modification (note 24.2)	(5,101,263)	-
Depreciation expense	(2,811,862)	(3,452,233)
31 December	19,683,031	27,596,156

The depreciation of right-of-use asset has been allocated as follows:

	2023	2022
Cost of operations (note 29)	2,249,490	2,761,786
General and administration expenses (note 31)	562,372	690,447
	2,811,862	3,452,233

11. INVESTMENT IN AN ASSOCIATE - HELD FOR SALE

The Group has 50% share in Advance Medical Project Company ("AMPC"), a limited liability company registered in the Kingdom of Saudi Arabia. AMPC is engaged in operating ophthalmology, ears, noses and throats clinics. This investment is accounted for under the equity method and share in result of associate has been recorded in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2023.

Subsequent to the year end, the Company has formally announced its decision to exit its investment in Advanced Medical Projects Co ("AMPC"). Earlier it was agreed to extend the memorandum of association ending on 31 December 2022 to the end of 2025. Subsequently, an amendment was made, and services will continue until the end of January 2024. Starting from 1 February 2024, Mouwasat hospital in Dammam will provide services through their Mouwasat Eye Center. Pursuant to exit, Group will no longer have significant influence over AMPC.

Consequently, as of 31 December 2023, the Group has classified investments in associates as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. This investment is carried at lower of fair value and carrying amount as management consider the fair value of investment approximate to the carrying value.

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The movement in the investment during the year was as follows:

	2023	2022
1 January	18,788,375	19,193,147
Share in results	10,205,829	9,880,203
Dividends (note 11.2)	(9,852,121)	(10,449,544)
Other comprehensive loss	(171,060)	164,569
Transferred to investment in associate held for sale	(18,971,023)	-
31 December	-	18,788,375

11.1 The financial information of the associate is not material at the Group level, therefore summarised financial information of the associate has not been presented.

11.2 This includes dividend receivable amounting to SR nil (2022: SR 5,224,772).

12. ADVANCES TO CONTRACTORS AND SUPPLIERS

This represents advances made to contractor and supplier for hospital projects under progress and purchase of medical equipment. The movement in advances to contractors and suppliers was as follows:

	2023	2022
Balance as at 1 January	200,522,745	242,834,706
Acquisition of a subsidiary (note 38)	-	9,948,462
Payments during the year	215,617,973	57,845,376
Transfer to property and equipment	(171,679,937)	(110,105,799)
Balance as at 31 December	244,460,781	200,522,745

13. INVENTORIES

	2023	2022
Pharmaceuticals and cosmetic materials	100,165,384	114,239,924
Surgical and consumable tools	88,265,344	82,644,734
Other consumables	8,734,058	6,502,569
	197,164,786	203,387,227

No expense or reversal has been recognized in respect of impairment for inventories as expired inventories are recalled by the suppliers before the expiry date as per terms of agreement.

No write downs of inventory to net realisable value and of the reversal of such write-downs have been recognized because sales prices of pharmaceutical inventories are regulated by ministry of health and have not significantly changed subsequent to year end.

14. ACCOUNTS RECEIVABLE

	2023	2022
Accounts receivable	1,316,142,867	1,108,930,209
Less: Impairment loss (note 14.1)	(163,486,121)	(72,501,282)
	1,152,656,746	1,036,428,927

The Group's credit terms require receivables to be repaid within 30-60 days of the claim date depending on the type of customer, which is in line with healthcare industry. It is not the practice of the Group to obtain collateral over receivables and therefore are unsecured. No interest is charged on outstanding balance. As at 31 December 2023, approximately 95% of the Group's accounts receivable balance was due from various governmental and insurance entities (31 December 2022: 93%)

The Group always measures the loss allowance for accounts receivable at an amount equal to lifetime ECL. The expected credit losses are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

The Group writes off accounts receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings.

The following table details the risk profile of accounts receivable based on the Group's provision matrix. As the Group's historical credit loss experience does not show significantly different loss pattern for different customer segments.

	Accounts receivable - days past due					Total
	Not past due	30-90	90 -180	180-360	>360	
31 December 2023	240,985,980	382,895,698	163,024,018	207,130,504	158,620,546	1,152,656,746
31 December 2022	197,932,339	228,036,153	112,956,355	202,002,724	295,501,356	1,036,428,927

14.1 Following is the movement of impairment loss on accounts receivable:

	2023	2022
Balance at 1 January	72,501,282	57,510,112
Impairment loss on accounts receivables	117,256,160	18,270,433
Write offs	(26,271,321)	(3,279,263)
Balance at 31 December	163,486,121	72,501,282

15. ADVANCES, PREPAYMENTS AND OTHER CURRENT ASSETS

	2023	2022
Prepaid expenses	51,003,045	49,057,460
Advances to suppliers	22,974,918	16,058,089
Contract assets (note 28.1)	8,610,772	4,212,160
Other assets	16,368,542	7,176,259
	98,957,277	76,503,968

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16. TERM DEPOSITS

As at 31 December 2023, Islamic term deposits of SR 100 million (2022: SR 111 million) were placed with a local bank with maturities of more than three months and earn commission income at fixed agreed rate specified in the placement letter. The agreed rate was prevailing market interest rate at the time of its placement.

17. CASH AND CASH EQUIVALENTS

	2023	2022
Cash in hand	409,514	542,771
Bank balances	48,639,992	143,333,722
	49,049,506	143,876,493

Cash and cash equivalents comprise cash at banks and cash in hand which are subject to an insignificant risk of changes in value.

Balances with banks are assessed to have low credit risk of default since these banks are highly regulated by the central banks of the respective countries. None of the balances with banks at the end of the reporting period are past due, and taking into account the historical default experience and the current credit ratings of the bank, the management of the Company have assessed that there is no impairment, and hence have not recorded any loss allowances on these balances.

18. SHARE CAPITAL

The authorised, issued and fully paid share capital of the Company is divided into 200 million shares (2022: 100 million shares) of SR 10 each.

During the year 2022, the Company's board of directors recommended in its meeting held on 22 December 2022 for capital increase by granting free shares to the Company's shareholders, with one share for each of the shares owned on the day of the extra ordinary general meeting and registered in the Company's shareholder register. The share capital increase was proposed by way of capitalization of SR 1 billion from retained earnings. The proposed bonus shares issuance was approved by the Company's shareholders in an Extraordinary General Assembly Meeting held on 7 August 2023. During the year ended 31 December 2023, bonus shares were distributed, share capital was increased and accordingly all the legal formalities have been finalised.

19. DIVIDENDS

The Board of Directors at their meeting held on 12 Jumada Al-Akhirah 1445H (corresponding to 25 December 2023G) proposed a cash dividend of SR 1.75 per share amounting to SR 350 million for the year ended 31 December 2023G. The approval of the shareholders of the Group for the dividend shall be obtained in their forthcoming Annual General Meeting. The consolidated financial statements for the year ended 31 December 2023 do not include the effect of the aforementioned proposed dividend, which will be accounted for in the consolidated financial statements for the year ending 31 December 2024.

The Board of Directors at their meeting held on 28 Jumada Al-Awwal1444H (corresponding to 22 December 2022G) proposed a cash dividend of SR 3 per share amounting to SR 300 million for the year ended 31 December 2022G, which was subsequently approved by shareholders in General Assembly Meeting held on 17 Shawwal 1444H (corresponding to 7 May 2023G), which has been accounted for in the consolidated financial statements for the year ended 31 December 2023.

The Board of Directors at their meeting held on 14 Jumada Al-Akhirah 1443H (corresponding to 17 January 2022G) proposed a cash dividend of SR 2.75 per share amounting to SR 275 million for the year ended 31 December 2021G, which was subsequently approved by shareholders in General Assembly Meeting held on 8 Shawwal 1443H (corresponding to 9 May 2022G), which has been accounted for in the consolidated financial statements for the year ended 31 December 2022.

20. STATUTORY RESERVE

In accordance with the By-laws of the Company, 10% of the profit for the year is required to be transferred to the statutory reserve until the balance in the reserve equals 30% of the capital.

21. NON-CONTROLLING INTERESTS

The following table summarises the information relating to the Group's subsidiaries (Eastern Medical Services Company "EMS" and Jeddah Doctor Company "JDC") that has material non-controlling interests (NCI), before any intra group eliminations.

Summarized statements of financial positions

31 December 2023	EMS	JDC	Total
Non-current assets	113,896,827	172,974,581	286,871,408
Current assets	132,451,789	5,051,743	137,503,532
Non-current liabilities	(20,099,128)	(10,553)	(20,109,681)
Current liabilities	(34,227,167)	(64,342,748)	(98,569,915)
Net assets	192,022,321	113,673,023	305,695,344
Attributable to:			
Equity holder of parent	97,931,393	57,973,239	155,904,632
Non-controlling interests	94,090,928	55,699,784	149,790,712

31 December 2022	EMS	JDC	Total
Non-current assets	108,351,764	116,012,334	224,364,098
Current assets	144,948,837	10,443,185	155,392,022
Non-current liabilities	(18,498,076)	(5,185,488)	(23,683,564)
Current liabilities	(36,923,716)	(5,910,496)	(42,834,212)
Net assets	197,878,809	115,359,535	313,238,344
Attributable to:			
Equity holder of parent	100,918,202	58,833,361	159,751,563
Non-controlling interests	96,960,607	56,526,174	153,486,781

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Summarized statements of profit or loss and other comprehensive income for the year ended 31 December:

31 December 2023	EMS	JDC	Total
Revenue	255,509,638	-	255,509,638
Cost of sales	(119,372,507)	-	(119,372,507)
Selling and distribution expenses	(11,593,995)	-	(11,593,995)
General and administration expenses	(53,748,819)	(1,298,749)	(55,047,568)
Impairment loss on accounts receivables	(6,200,000)	-	(6,200,000)
Other income	8,255	-	8,255
Finance income	751,767	-	751,767
Profit before zakat	65,354,339	(1,298,749)	64,055,590
Zakat for the year	(1,013,065)	(387,762)	(1,400,827)
Net profit for the year	64,341,274	(1,686,511)	62,654,763
Other comprehensive loss for the year	(197,762)	-	(197,762)
Total comprehensive income for the year	64,143,512	(1,686,511)	62,457,001
Profit attributable to non-controlling interest	31,527,224	(826,390)	30,700,834
Total comprehensive income attributable to non-controlling interests	31,430,321	(826,390)	30,603,931
Dividends to non-controlling interest	34,300,000	-	34,300,000

31 December 2022	EMS	JDC	Total
Revenue	256,675,879	-	256,675,879
Cost of sales	(120,462,125)	-	(120,462,125)
Selling and distribution expenses	(11,048,680)	-	(11,048,680)
General and administration expenses	(53,021,247)	(223,826)	(53,245,073)
Impairment loss on accounts receivables	-	-	-
Other income	35,935	-	35,935
Finance income	100,425	-	100,425
Profit before zakat	72,280,187	(223,826)	72,056,361
Zakat for the year	(3,929,027)	-	(3,929,027)
Net profit for the year	68,351,160	(223,826)	68,127,334
Other comprehensive loss for the year	(230,110)	-	(230,110)
Total comprehensive income for the year	68,121,050	(223,826)	67,897,224
Profit attributable to non-controlling interest	33,492,068	(109,673)	33,382,395
Total comprehensive income attributable to non-controlling interests	33,379,314	(109,673)	33,269,641
Dividends to non-controlling interest	34,300,000	-	34,300,000

Summarised cash flow information for the year ended 31 December:

31 December 2023	EMS	JDC	Total
Cash from operating activities	67,020,236	39,217,081	106,237,317
Cash used in investing activities	(262,458)	(39,251,600)	(39,514,058)
Cash used in financing activities	(70,000,000)	-	(70,000,000)
Net decrease in the cash and cash equivalents	(3,242,222)	(34,519)	(3,276,741)

31 December 2022	EMS	JDC	Total
Cash from operating activities	70,860,798	1,640,249	72,501,047
Cash used in investing activities	(12,001,249)	(1,542,320)	(13,543,569)
Cash used in financing activities	(70,000,000)	-	(70,000,000)
Net decrease in the cash and cash equivalents	(11,140,451)	97,929	(11,042,522)

Non-controlling interest percentage	2023	2022
Eastern Medical Services Company	49%	49%
Jeddah Doctor Company	49%	49%

22. LONG-TERM BORROWINGS

	2023	2022
Current		
Loans from commercial banks (a)	259,443,829	228,769,065
Loans from Ministry of Finance (b)	6,590,230	5,946,940
	266,034,059	234,716,005
Non-Current		
Loans from commercial banks (a)	430,458,956	551,569,446
Loans from Ministry of Finance (b)	69,590,738	76,180,968
	500,049,694	627,750,414

Movement in bank loans and borrowings is as follows:

	2023	2022
Balance at 1 January	862,466,419	796,333,957
Additions	180,000,000	300,000,000
Payments made during the year	(276,382,666)	(233,867,538)
Balance at 31 December	766,083,753	862,466,419

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- The Group obtained Islamic loans facilities from various local commercial banks. These loans are secured by promissory notes and assignment of insurance and contract proceeds. The facilities are subject to commission at SIBOR plus an agreed margin.
- The Group obtained loans facility of SR 147.3 million from Ministry of Finance for expansions and building of new hospitals and purchase of medical equipment. The loans are secured by a mortgage on the Group's plots of land (refer note 7.2) and are repayable on equal annual installments. These loans do not carry any financial charges.
- The Group had SR 2,007 million of unutilized facilities available for drawdown from total facilities of SR 3,396 million (2022: SR 1,995 million of unutilized facilities available for drawdown from total facilities of SR 3,500 million).

The Group is required to comply with certain covenant under the loan facility agreements mentioned above. A future breach of covenants may lead to renegotiation. The covenants are monitored on a monthly basis by management, in case of potential breach, actions are taken by management to ensure compliance. The Group was in compliance with financial covenants as of 31 December 2023 and 31 December 2022.

Following are the combined aggregate amounts of future maturities representing principal amounts of the term loans as at 31 December:

	2023	2022
Within one year	266,034,059	234,716,005
Later than one year but not later than five years	417,547,612	530,568,615
Later than five years	82,502,082	97,181,799
	766,083,753	862,466,419

23. EMPLOYEES' BENEFITS

The Group operates a defined benefit plan in line with the Labour Law requirement in the Kingdom of Saudi Arabia. The end-of-service benefit payments under the plan are based on the employees' final salaries and allowances and their cumulative years of service at the date of their termination of employment, as defined by the conditions stated in the Labour Laws of the Kingdom of Saudi Arabia. Employees' end-of-service benefit plans are unfunded plan.

Amounts recognised in the consolidated statement of profit or loss and other comprehensive income

The amounts recognised in the consolidated statement of profit or loss and other comprehensive income related to employee benefit obligations are as follows:

Total amount recognized in profit or loss:

	2023	2022
Current service cost	24,878,169	20,449,338
Interest cost on benefit obligation	6,536,605	2,841,186
	31,414,774	23,290,524

Total amount recognised in other comprehensive income

Remeasurement loss arising from:	2023	2022
Actuarial loss due to change in experience adjustments	1,867,710	6,928,796
Actuarial loss / (gain) due to change in financial assumptions	1,536,459	(1,002,605)
	3,404,169	5,926,191

Movement in the present value of defined benefit obligation:

	2023	2022
As at 1 January	137,079,848	124,821,994
Acquisition of a subsidiary (note 38)	-	14,605
Current service cost	24,878,169	20,449,338
Interest cost	6,536,605	2,841,186
Remeasurement losses on the obligation	3,404,169	5,926,191
Benefits paid during the year	(18,098,353)	(16,973,466)
As at 31 December	153,800,438	137,079,848

Significant assumptions used in determining the post-employment defined benefit obligation includes the following:

	2023	2022
Discount rate	4.60%	4.65%
Future salary increases	4.85%	4.90%
Mortality rates	WHO SA19	WHO SA19
Rates of employee turnover	Heavy	Heavy

Assumptions regarding future mortality have been based on published statistics and mortality tables. For current year World Health Organization "WHO" 19 mortality table has been used (2022: World Health Organization "WHO" 19 mortality table was used) for Kingdom of Saudi Arabia. There is no major deviation in the mortality tables used.

A quantitative sensitivity analysis for discount rate assumption on the defined benefit obligation as at 31 December is shown below:

Assumptions	Discount rate	
	0.5% increase	0.5% decrease
Sensitivity analysis		
Defined benefit obligation as at 2023	149,889,898	(158,024,344)
Defined benefit obligation as at 2022	134,540,382	(141,920,931)
	Future salary increase	
	0.5% increase	0.5% decrease
Defined benefit obligation as at 2023	157,993,805	(149,880,664)
Defined benefit obligation as at 2022	141,893,229	(134,532,009)

The sensitivity analyses above have been determined based on a method that extrapolates the impact on the defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analysis is based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analysis may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

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The following payments are expected against the defined benefit liability in future years:

	2023	2022
Year 1	21,792,960	18,922,444
Year 2	38,713,633	34,664,578
Year 3	25,363,086	20,597,126
Year 4	24,038,507	24,401,359
Year 5	25,573,426	22,603,312
Beyond 5 years	123,216,031	113,354,350
	258,697,643	234,543,169

24. LEASE LIABILITIES

The Group has contracted for lease of building having lease period of 11 years from the date of agreement with an option to renew thereafter on mutual consent. Lease payments agreed at the time of inception of lease, may change during the tenure of agreement based on mutual consent of both parties.

During the year ended 31 December 2023, lease rentals were reduced as Group returned certain portion of the leased asset to the lessor, accordingly the right of use assets and lease liabilities are modified as per the requirement of IFRS 16 Leases and resulted gain on modification has been recorded in this condensed consolidated statement of profit or loss and other comprehensive income.

Information about leases for which the Group is a lessee is presented below:

24.1 Lease liabilities

	2023	2022
1 January	29,694,954	32,528,235
Effect of modification (note 24.2)	(5,494,788)	-
Interest expense	1,420,019	1,466,719
Payments	(3,225,000)	(4,300,000)
Balance as at 31 December	22,395,185	29,694,954

	2023	2022
Current portion	3,612,000	4,300,000
Non-current portion	18,783,185	25,394,954
Balance as at 31 December	22,395,185	29,694,954

24.2 Amounts recognized in profit or loss

Leases under IFRS 16

	2023	2022
Interest on lease liabilities (note 33)	1,420,019	1,466,719
Depreciation on right-of-use assets (note 10)	2,811,862	3,452,233

	2023	2022
Effect of modification of lease liability (note 24.1)	5,494,788	-
Effect of modification of right-of-use asset (note 10)	(5,101,263)	-
Gain on modification of leases	393,525	-

24.3 Leases as lessor

The Group has rented out outlets for a period of less than one year and has no material finance lease contract as a lessor.

25. ACCOUNTS PAYABLE

	2023	2022
Accounts payable	230,222,076	213,202,860
Retention payable (note 25.1)	1,484,658	2,104,051
	231,706,734	215,306,911

The average credit period on purchases of goods is three months. No interest is charged on the accounts payable outstanding balance. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

25.1 Non-current retention payable amounting to SR 34,434,661 (2022: SR 28,063,626) represents retention amount payable to contractors, in accordance with contractual agreements for long term projects.

26. ACCRUALS AND OTHER CURRENT LIABILITIES

	2023	2022
Accrued employee cost	47,947,613	46,800,782
Value added tax (VAT)	43,647,676	37,881,572
Accrued management incentives	39,145,119	50,678,712
NPHIES accrual	25,352,553	15,172,491
Accrued material and services cost	19,765,845	17,496,688
Accrued finance cost	1,825,754	3,144,391
Other payables	6,619,482	3,703,277
	184,304,042	174,877,913

27. ZAKAT

The principle elements of zakat base are as follows:

	2023	2022
Non-current assets	(3,346,830,828)	(3,088,061,780)
Non-current liabilities	707,067,978	818,288,842
Opening shareholders' equity	3,076,333,205	2,702,071,324
Profit before zakat	727,087,807	660,271,306
Dividend paid	(300,000,000)	(275,000,000)

Some of the above amounts have been adjusted in arriving at approximate zakat base and the zakat charge for the year.

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Movement of zakat provision as follow:

	2023	2022
Balance at 1 January	25,977,290	23,723,450
Charge		
Current year	33,754,078	25,977,290
Prior year	4,944,989	1,606,360
	38,699,067	27,583,650
Payments during the year	(30,922,279)	(25,329,810)
Balance at 31 December	33,754,078	25,977,290

Status of assessment:

Mouwasat Medical Services Company

The Company has submitted its zakat returns up to year ended December 31, 2022, settled zakat as per the return and obtained the required certificates and official receipts. The assessments for the years up to 2016 were finalized and settled in 2018. Zakat, Tax and Custom Authority ("ZATCA") raised queries for years 2017 and 2018 and the Company has provided the relevant information. According to ZATCA portal, the inquiry case for these years were closed and ZATCA did not raise any Zakat differences. ZATCA raised assessments for years 2019 and 2020 with a total liability of SR 7.3 million. Company has submitted an objection against ZATCA's assessment for the year 2019 and 2020 and subsequent to the objection, ZATCA issued a revised assessment with a total liability of SR 6.3 million, on which the Company filed an appeal against the rejection with the Committee for Resolution of Tax Violations and Disputes "CRTVD" through the General Secretariat of Tax Committees "GSTC" portal. The CRTVD has issued its decision where it has rejected the Company appeal. Subsequently, the Company has appeal the CRTVD's decision with the Appellate Committee of Tax Violations and Dispute Resolution (ACTVDR), and the lawsuit is still under study by the ACTVDR. The management is confident that the outcome of the claim when finally determined by ACTVDR will not be significant. The assessment for the year 2021 and 2022 is still under review by the ZATCA.

Eastern Medical Services Company Limited

The subsidiary has submitted its zakat returns up to year ended 31 December 2022, settled zakat as per the returns and obtained the required certificates and official receipts. The assessments for the years from 2013 to 2016 and for the year 2018 were finalized and settled in 2018. ZATCA raised an assessment for the year 2019 amounting to SR 0.663 million and the Company has submitted an objection against ZATCA's assessment for the year 2019 and the objection is currently under review by ZATCA. ZATCA issued a revised assessment rejecting the Company appeal; the Company filed an appeal against the rejection with the Committee for Resolution of Tax Violations and Disputes "CRTVD" through the General Secretariat of Tax Committees "GSTC" portal. The case is still under study with the CRTVD. The management is confident that the outcome of the claim will not be significant. The assessment for the years 2020, 2021 and 2022 are still under review by the ZATCA.

Jeddah Doctor Company

The subsidiary has submitted the zakat return up to year ended 31 December 2022, settled zakat as per the returns and obtained the required certificates and official receipts. The subsidiary has not received any assessments from Zakat, Tax and Customs Authority ("ZATCA") since inception.

28. REVENUE

The Group generates revenue primarily from:

- Services relating to inpatient and outpatient; and
- Sale of pharmaceutical goods.

Disaggregation of revenue

In the following table, revenue from contracts with customers is disaggregated by service lines and timing of revenue recognition. All revenues are generated within Kingdom of Saudi Arabia.

Revenue by service lines	2023	2022
Medical services	2,312,553,391	2,014,476,950
Pharmaceuticals	392,954,730	319,635,334
	2,705,508,121	2,334,112,284

Timing of revenue recognition	2023	2022
Medical services and pharmaceuticals sales transferred at a point in time	1,639,043,858	1,347,105,551
Medical services transferred over time	1,066,464,263	987,006,733
	2,705,508,121	2,334,112,284

As at 31 December	2023	2022
Contract assets (note 28.1 and 15)	8,610,772	4,212,160
Refund liability (note 28.2)	106,084,803	105,108,775

28.1 Contract assets:

Contract assets are related to in-patients who were provided services during the reporting period but were not discharged or billed as of the reporting date.

28.2 Refund liability:

Certain contracts provide for discounts comprise retrospective volume discounts granted to insurance companies on attainment of certain admission levels / certain levels of patient visits. The retrospective volume discounts give rise to variable consideration. Variable consideration is recognised as a revenue to the extent that it is highly probable that it will not reverse. Discounts are accrued over the course of the period based on the estimates of the level of business expected using single most likely amount method. This is adjusted at the end of the period to reflect actual volumes. Volume discounts are recorded as a reduction in revenue and liabilities are created based on these estimates.

	2023	2022
Balance at 1 January	105,108,775	36,018,794
Addition during the year	103,407,470	74,086,273
Adjusted during the year	(102,431,442)	(4,996,292)
Balance at 31 December	106,084,803	105,108,775

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29. COST OF OPERATIONS

	2023	2022
Employees' cost	525,284,082	495,594,538
Material consumption	198,021,119	166,941,447
Depreciation (note 7)	171,966,180	143,927,649
Drug consumption	100,333,146	90,434,678
Repair and maintenance	42,903,114	39,182,996
Support services	28,891,224	28,372,386
Utilities	18,586,186	17,132,686
Depreciation on right-of-use of asset (note 10)	2,249,490	2,761,786
Amortization of intangible assets (note 9)	2,137,801	1,839,717
Others	19,614,287	13,801,217
	1,109,986,629	999,989,100

30. SELLING AND MARKETING EXPENSES

	2023	2022
Employee's cost	75,040,584	70,799,220
Advertisement and promotion	35,174,483	28,262,577
	110,215,067	99,061,797

31. GENERAL AND ADMINISTRATION EXPENSES

	2023	2022
Employees' cost	151,251,671	141,672,204
Depreciation (note 7)	42,991,546	35,981,913
NPHIES fee accrual (note 31.1)	25,230,061	15,172,491
Repair and maintenance	18,391,589	16,792,712
Executives' salaries	14,550,000	14,550,000
Management bonus	13,825,149	29,676,854
Support services	12,382,220	12,196,593
Utilities	7,971,549	7,381,320
Office stationery and supplies	6,559,275	7,613,758
Board of directors' remuneration	4,150,003	4,699,996
Amortization of intangible assets (note 9)	3,565,395	3,343,598
Legal and professional fees	2,913,070	1,784,746
Depreciation on right-of-use of asset (note 10)	562,372	690,447
Others	33,083,476	26,958,181
	337,427,376	318,514,813

31.1 NPHIES fee accrual represents fee accrued during the year 2023 for using NPHIES portal which is a unified electronic service platform for health and insurance exchange services.

32. OTHER INCOME

	2023	2022
Rental income	1,895,722	1,810,755
Gain on disposal of property and equipment	292,893	237,957
Others	6,487,098	4,922,712
	8,675,713	6,971,424

33. FINANCE COST

	2023	2022
Interest on Islamic loans	45,036,486	21,413,632
Interest on lease liabilities (note 24)	1,420,019	1,466,719
	46,456,505	22,880,351

34. EARNINGS PER SHARE

Basic and diluted earnings per share is calculated by dividing the net income for the period attributable to the shareholders of the Company by the weighted average number of outstanding shares during the period as follows:

	2023	2022
Profit for the period attributable to the shareholders of the Company	657,687,906	599,305,261
Weighted average number of outstanding shares during the year	200,000,000	200,000,000
Basic and diluted earnings per share attributable to the shareholders of the Company	3.29	3.00

The weighted average number of outstanding shares have been retrospectively adjusted for prior year to reflect the distribution of 100 million bonus shares during the year ended 31 December 2023.

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35. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties include the Company's shareholders, associated companies and their shareholders, key management personnel, Board of Directors, and entities controlled, jointly controlled or significantly influenced by such parties. Terms and conditions of these transactions are approved by the Group's management. During the year, the Group transacted with the following related parties:

Related Party	Relationship
Advance Medical Project Company ("AMPC")	Associate
Al-Mouwasat International Company	Owned by shareholder
AdVision Media Solution	Entity with significant influence

Related Party	Nature of transaction	2023	2022
Advance Medical Project Company ("AMPC")	Revenue	(3,318,258)	(3,125,988)
	Share in result	(10,205,829)	(9,880,203)
	Purchase of services	5,564,459	6,780,306
	Other services	4,437,356	752,754
Al-Mouwasat International Company	Purchases	33,611,630	35,350,640
	Rent expense	2,676,000	2,676,000
	Other services	(87,889)	(85,913)
AdVision Media Solution	Advertisement services	29,996,015	28,190,660

The breakdown of the amounts due to / due from related parties are as follows:

a) Due to related parties

	2023	2022
Al-Mouwasat International Company	5,094,362	5,881,147
AdVision Media Solution	41,825	791,515
	5,136,187	6,672,662

b) Due from related parties

	2023	2022
Advance Medical Project Company ("AMPC")	916,431	2,323,208

Amounts due to and due from related parties as at 31 December 2023 principally include balances related to the above mentioned transactions. Outstanding balances at the reporting date are unsecured, interest free and payable within 12 months in ordinary course of business. Prices and terms of payment of the above transactions are approved by the Group's management.

c) Compensation to key management personnel

The remuneration of directors and other members of key management personnel during the period was as follows:

	2023	2022
Salary and allowances	19,640,000	19,740,000
Incentives and other benefits	18,879,348	17,145,307
	38,519,348	36,885,307

The remuneration of directors and key executives is determined by the remuneration committee considering the performance of individuals and market trends. Board of Directors' fee of SR 3.85 million (2022: SR 3.95 million) have been included as part of key management personnel remuneration.

On 20 March 2023, the Board of Directors of Zakat, Tax, and Customs Authority (ZATCA) in the Kingdom of Saudi Arabia (KSA) approved the amendments to the Transfer Pricing Bylaws (TP Bylaws) to bring the following into effect: a) extend applicability of the Transfer Pricing (TP) provisions to Zakat paying entities; and b) introduced Advance Pricing Agreements (APA) provisions for Tax payers and Zakat payers and these amendments were subsequently approved by Ummul Qura on 14 April 2023. The amendments will be applicable for Financial Years (FYs) starting on or after 1 January 2024. Under these new requirements, Zakat paying entities will need to ensure that their transactions with related parties are priced at arm's length and will be required to submit a TP disclosure form and TP Affidavit with their Zakat returns along with other compliances as stipulated in the TP Bylaws. Currently management is assessing the impact of these amendments on transactions with related parties and will make necessary changes in policies, procedures and agreements with its related parties to comply with the requirement of TP By-laws.

36. CONTINGENT LIABILITIES AND COMMITMENTS

Guarantees

As of 31 December 2023, the Group's bankers have given guarantees, on behalf of the Group, amounting to SR 0.5 million (2022: SR 17.8 million) mainly in respect of performance guarantees to customers and others.

Capital commitments

As of 31 December 2023, the Group's capital commitments amounted to SR 484.24 million (2022: SR 364.15 million) relating to certain expansion projects.

As of 31 December 2023, the Group has outstanding letter of credits amounting to SR 7.88 million (2022: SR 18.16 million).

37. FINANCIAL INSTRUMENTS

37.1 Financial instruments risk management objectives and policies

The Group's principal financial liabilities comprise loans, lease liability, accounts payable, accrual and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include accounts receivable, term deposits and cash and cash equivalents that derive directly from its operations.

The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks. The Group's senior management regularly review the policies and procedures to ensure that all the financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives. The Group does not engage into any hedging activities. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: interest rate risk, currency risk and other price risk such as equity price risk and commodity price risk. Financial instruments affected by market risk include: loans and borrowings, deposits, and certain other financial instruments.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates. Management monitors the changes in interest rates and believes that fair value and cash flow interest rate risks to the Group are not significant.

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Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings. With all other variables held constant, the Group's profit before Zakat is affected through the impact on floating rate borrowings, as follows:

	2023	2022
Increase by 50 basis points	(3,401,079)	(2,512,986)
Decrease by 50 basis points	3,401,079	2,512,986

Foreign Currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a different currency from the Group's functional currency).

The Group did not undertake significant transactions in currencies other than Saudi Riyals and US Dollars. Since Saudi Riyal is on a fixed parity with the US Dollar, the management believes that the Group does not have any significant exposure to currency risk.

Commodity price risk

The Group is exposed to the impact of market fluctuations of the prices of various inputs to cost of revenues including pharmaceuticals supplies. The Group prepares annual budgets and periodic forecasts including sensitivity analyses in respect of various levels of such materials to manage the risk.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily for accounts receivable) and from its investing activities, including deposits with banks and financial institutions.

	2023	2022
Cash in bank	48,639,992	143,333,722
Term deposits (note 16)	100,000,000	111,000,000
Accounts receivable (note 14)	1,152,656,746	1,036,428,927
Due from related parties (note 35)	916,431	2,323,208
Contract asset (28.1)	8,610,772	4,212,160
Other current assets	16,368,542	7,176,259
	1,327,192,483	1,304,474,276

Accounts receivable

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Accounts receivable of the Group are spread across large number of customers comprising of Ministries, insurance companies, semi-government companies and individual patients. The Group holds the accounts receivable with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. The Group seeks to manage its credit risk with respect to customers by setting credit limits for individual customers, monitoring outstanding receivables and ensuring close follow ups. The management has established a credit policy under which each new insurance company is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. An impairment analysis is performed at each reporting date on an individual basis for major customers. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The calculation is based on actual historical data. The Group evaluates the concentration of risk with respect to accounts receivable as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets. Accounts receivable and contract assets are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, management has fully exhausted recoveries through legal means and a failure to make contractual payments.

Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with the Group's policy. The Group seeks to manage its credit risk with respect to banks by only dealing with reputable banks having rating "Baa1" or better. The stated rating is as per the global bank ratings by Moody's Investors Service. At the reporting date, no significant concentration of credit risk were identified by the management.

Due from related parties

The Group is not significantly exposed to any credit risk on its receivables balance which are due from its related parties as all the balances are originated and settled between the Group companies on regular basis.

Contract asset and other current assets

Contract assets are not more than six months. The Group is not significantly exposed to any credit risk on these balances.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to realise financial assets quickly at an amount close to its fair value. The Group manages its liquidity risk by monitoring working capital and cash flow requirements on regular basis. The Group manages its liquidity risk by ensuring that bank facilities are available. The Group's term of sales and services provided require amounts to be paid within 30 to 60 days of the date of submitting the invoice. Accounts payable are normally settled within 60 to 90 days of the date of purchase.

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry.

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In order to avoid excessive concentrations of risk, the Group's policies and procedures include specific guidelines to focus on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly. The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

As at 31 December 2023	Carrying amount	Contractual undiscounted cash flows			Total
		Within 12 months	2 to 5 years	> 5 years	
Accounts payable	231,706,734	231,706,734	-	-	231,706,734
Due to related parties	5,136,187	5,136,187	-	-	5,136,187
Retention payable	34,434,661	-	34,434,661	-	34,434,661
Accruals and other payable	184,304,042	184,304,042	-	-	184,304,042
Refund liability	106,084,803	106,084,803	-	-	106,084,803
Loans and borrowings	766,083,753	303,411,804	468,531,088	84,037,121	855,980,013
Lease liabilities	22,395,185	3,612,000	15,507,750	8,058,000	27,177,750
	1,350,145,365	834,255,570	518,473,499	92,095,121	1,444,824,190

As at 31 December 2022	Carrying amount	Contractual undiscounted cash flows			Total
		Within 12 months	2 to 5 years	> 5 years	
Accounts payable	215,306,911	215,306,911	-	-	215,306,911
Due to related parties	6,672,662	6,672,662	-	-	6,672,662
Retention payable	28,063,626	-	28,063,626	-	28,063,626
Accruals and other payable	174,877,913	174,877,913	-	-	174,877,913
Refund liability	105,108,775	105,108,775	-	-	105,108,775
Loans and borrowings	862,466,419	266,858,693	575,709,165	98,401,878	940,969,736
Lease liabilities	29,694,954	4,300,000	18,285,000	14,220,000	36,805,000
	1,422,191,260	773,124,954	622,057,791	112,621,878	1,507,804,623

Reconciliation of movements of liabilities to cash flows arising from financing activities

	Note	Liabilities			Equity			Total
		Long term loan (including related accrued finance cost)	Lease liabilities	Share capital	Statutory reserve	Retained earnings	Non-controlling interest	
Balance at 1 January 2023		865,610,810	29,694,954	1,000,000,000	300,000,000	1,622,846,424	153,486,781	3,971,638,969
Changes from financing cash flows								
Proceeds from long-term loans	22	180,000,000	-	-	-	-	-	180,000,000
Repayment of long-term loans	22	(276,382,666)	-	-	-	-	-	(276,382,666)
Payment of lease liabilities		-	(1,804,981)	-	-	-	-	(1,804,981)
Interest paid		(50,894,189)	(1,420,019)	-	-	-	-	(52,314,208)
Total changes from financing cash flows		(147,276,855)	(3,225,000)	-	-	-	-	(150,501,855)
Other change								
Interest expense	33	45,036,486	1,420,019	-	-	-	-	46,456,505
Interest capitalised		4,539,066	-	-	-	-	-	4,539,066
Effect of modification	24	-	(5,494,788)	-	-	-	-	(5,494,788)
Total liability related changes		49,575,552	(4,074,769)	-	-	-	-	45,500,783
Total equity related changes		-	-	1,000,000,000	65,768,791	(711,559,211)	(3,696,069)	350,513,511
Balance at 31 December 2023		767,909,507	22,395,185	2,000,000,000	365,768,791	911,287,213	149,790,712	4,217,151,408

	Note	Liabilities			Equity			Total
		Long term loan (including related accrued finance cost)	Lease liabilities	Share capital	Statutory reserve	Retained earnings	Non-controlling interest	
Balance at 1 January 2022		796,608,741	32,528,235	1,000,000,000	300,000,000	1,304,190,031	97,881,293	3,531,208,300
Changes from financing cash flows								
Proceeds from long-term loans	22	300,000,000	-	-	-	-	-	300,000,000
Repayment of long-term loans	22	(233,867,538)	-	-	-	-	-	(233,867,538)
Payment of lease liabilities		-	(2,833,281)	-	-	-	-	(2,833,281)
Interest paid		(28,018,305)	(1,466,719)	-	-	-	-	(29,485,024)
Total changes from financing cash flows		38,114,157	(4,300,000)	-	-	-	-	33,814,157
Other change								
Interest expense	33	21,413,632	1,466,719	-	-	-	-	22,880,351
Interest capitalised		9,474,280	-	-	-	-	-	9,474,280
Total liability related changes		30,887,912	1,466,719	-	-	-	-	32,354,631
Total equity related changes		-	-	-	-	318,656,393	55,605,488	374,261,881
Balance at 31 December 2022		865,610,810	29,694,954	1,000,000,000	300,000,000	1,622,846,424	153,486,781	3,971,638,969

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Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants may lead to negotiation. There have been no breaches of the financial covenants of any loans and borrowing in the current period. No changes were made in the objectives, policies or processes for managing capital during the year ended 31 December 2023 and 31 December 2022.

Accounting classifications and fair values

The following table shows the carrying value of financial assets and financial liabilities. As at 31 December 2023 and 2022, all financial assets and financial liabilities of the Group are categorized as held at amortized cost. Management believes that the fair values of the Group's financial assets and liabilities are not materially different from their carrying values.

37.2 Financial assets

	2023	2022
Accounts receivable (note 14)	1,152,656,746	1,036,428,927
Due from related parties (note 35)	916,431	2,323,208
Contract asset (note 15)	8,610,772	4,212,160
Term deposits (note 16)	100,000,000	111,000,000
Cash and cash equivalents (note 17)	49,049,506	143,876,493
Other current assets	16,368,542	7,176,259
Total financial assets not measured at fair value	1,327,601,997	1,305,017,047

37.3 Financial liabilities

	2023	2022
Loans and borrowings (note 22)	766,083,753	862,466,419
Lease liabilities (note 24)	22,395,185	29,694,954
Accounts payable (note 25)	231,706,734	215,306,911
Due to related parties (note 35)	5,136,187	6,672,662
Retention payable (note 25.1)	34,434,661	28,063,626
Refund liability (note 28.2)	106,084,803	105,108,775
Other current liabilities	88,918,486	100,623,885
Total financial liabilities not measured at fair value	1,254,759,809	1,347,937,232

37.4 Measurement of fair values

The Group's principal financial assets include cash and cash equivalents, accounts receivable and certain other receivables that arise directly from its operations. The Group's principal financial liabilities comprise long-term borrowings and accounts payable, due to related parties and other payables. The main purpose of these financial liabilities is to finance the Group's operations. Due to the short-term nature of the financial assets and financial liabilities classified as current assets and current liabilities, their carrying amounts are approximate to be the same as their fair values. For non-current financial liabilities, management consider that the fair values not significantly different from their carrying amounts.

38. ACQUISITION OF SUBSIDIARY

During the year 2022, Mouwasat Medical Services Company (Mouwasat) entered into Share Purchase Agreement (SPA) with the Jeddah Doctors Company Limited ("JDC") (Saudi Closed Joint Stock Company) duly registered in Kingdom of Saudi Arabia, to acquire 51% equity interest in the JDC against purchase consideration amounting to SR 102 million.

As per the agreement, the Group undertook management and operation of JDC effective from 1 October 2022, such management and operation includes, but not limited to, all operating, financial, administrative and marketing affairs. Accordingly, the closing financial statements of JDC were prepared on 30 September 2022.

The sale agreement was consummated on 1 October 2022 i.e. the acquisition date. Identified assets, liabilities assumed or incurred have been recorded at their fair values as at the acquisition date. The fair values of identifiable assets acquired, liabilities assumed and excess consideration paid as a result of such acquisition are as follows:

Identifiable net assets	Amount
Property and equipment	114,470,014
Cash and cash equivalents	345,304
Advances to contractors and suppliers	9,948,462
Other receivable	315,268
Trade payables	(57,938)
Accruals and other payables	(5,661,541)
Due to related parties	(3,761,603)
Employees' benefits	(14,605)
Net identifiable net assets	115,583,361
Percentage acquired	51%
Net identifiable assets acquired	58,947,514
Excess of consideration paid on acquisition (allocated to property and equipment)*	43,052,486
Total assets acquired	102,000,000
Represented by:	
Cash paid	102,000,000
Less: cash and cash equivalents acquired	(345,304)
	101,654,696

*During the year, the management has made the reclassification entry from goodwill to property and equipment as per the requirement of IFRS 3 as this represents the excess of consideration paid on acquisition of subsidiary over the net fair value of the acquired assets and liabilities which has been allocated to property and equipment (2022: this excess consideration was recorded as goodwill). Management has reclassified the last year numbers to match current year presentation. Synergies will result from building new hospital in the Jeddah as the Company has no presence in Jeddah.

The final purchase price allocation was based on the independent valuation of certain assets. The valuation techniques used for measuring the fair value of material assets acquired were as follows:

Property and equipment

The carrying value of property and equipment is based on the present condition of the asset, the level of maintenance, deterioration as well as functional and economic obsolescence. It mainly includes Land and project under construction and management considered fair value of property and equipment acquired approximate to their carrying value and excess consideration paid on acquisition allocated to property and equipment.

Current assets and current liabilities

Due to the short maturity of these assets and liabilities, their fair values closely approximate their carrying values; therefore, their fair values are deemed to be their respective carrying values.

MOUWASAT MEDICAL SERVICES COMPANY (A SAUDI JOINT STOCK COMPANY)

Notes To The Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2023

(All amounts in Saudi Riyals unless otherwise stated)

Although the acquisition was legally completed on 30 September 2022, for the purpose of consolidation, JDC financials were combined with effect from 1 October 2022.

Non-controlling interests (NCI) are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

39. SUBSEQUENT EVENTS

There are no significant subsequent events occurred since 31 December 2023 that would have a material impact on the financial position or financial performance of the Group.

40. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to comply with the current period presentation of the consolidated financial statements.

41. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements have been approved by the Board of Directors on 14 Ramadan 1445H, corresponding to 24 March 2024G.



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Mouwasat Medical Services Co.